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## Responding to Value Pluralism in Hybrid Organizations

**ABSTRACT**

In this paper, we derive a four-stage process model of how hybrid organizations respond to specific challenges that arise under conditions of value pluralism and institutional complexity. Engaging in exploratory qualitative research of six Australian hybrid organizations, we identify institutional and organizational responses to pluralism, particularly as organizations strive to uphold multiple value commitments, such as social, environmental and/or financial outcomes. We find that by employing a process of separating, negotiating, aggregating, and subjectively assessing the value that is created, our cases demonstrate how they move between logics in a dynamic fashion and address specific challenges of cognitive dissonance, incommensurability, interdependence and aggregation. Our model contributes to the literature by reframing the notion of 'tensions' that arise in conditions of hybridity and characterize specific challenges and sequential responses that may go some way to addressing why some hybrids employ particular responses to pluralism and why some succeed.

**Keywords** aggregation; environmental value; hybrid organizations; incommensurability; institutional complexity; institutional logics; social enterprise; social value; value pluralism

## Introduction

In recent years, there has been a surge of interest in hybrid organizations, those that straddle organizational forms to seek social and financial outcomes (Battilana & Lee, 2014; Hockerts, 2015; Mair, Mayer & Lutz, 2015; McMullen & Warnick, 2016; Pache & Santos, 2013; Skelcher & Smith, 2015; Zahra & Wright, 2016). Because these organizations seek potentially conflicting outcomes, there is increasing attention turning toward understanding how hybrids characterize, prioritize, and manage multiple objectives. One perspective that has developed significant traction in exploring these questions is institutional complexity (Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011), where plural logics, the multiple rationalities that guide and reproduce organizational identity, rules, structures and actions, are sustained. Institution theory has provided a fruitful lens from which to begin to examine responses to organizational pluralism, particularly relevant for hybrids (Battilana & Dorado, 2010; Pache & Santos, 2013). The literature has also begun to document the different ways in which organizations respond to logics, resulting in divergent outcomes

where some organizations sustain multiple logics and some resort to one dominant logic, and some organizations thrive and some fail (Besharov & Smith, 2014; Kraatz & Block, 2008; Smets, Jarzabkowski, Burke & Spee, 2014). However, questions remain about "why multiple logics produce internal conflict in some organizations but become seamlessly blended in others," and "why logic multiplicity leads to paralysis and demise in some organizations but growth and survival in others" (Besharov & Smith, 2014, p.365). The aim of this paper is to explore how hybrid organizations respond to the challenges of pluralism and complexity. In light of our focus on how hybrids respond to value pluralism, we reframe Besharov and Smith's (2014) questions to then address questions of success and failure. Thus, we ask: (1) how hybrids respond to the challenges of pluralism; (2) why hybrids respond differently; and (3) why some organizations succeed in sustaining multiple values and logics and others fail.

To develop our understanding, we examine literature that has started to enter the hybrids discourse to offer related and complementary perspectives from which to examine pluralism: value pluralism (Green & Dalton, 2016; Henik, 2008; Mitchell, Weaver, Agle, Bailey & Carlson, 2016; van der Linden & Freeman, 2017; van Oosterhout, Wempe & van Willigenburg, 2004; Wagner-Tsukamoto, 2005). While institutional complexity and value pluralism both grapple with questions of pluralism and the resultant tensions that arise, the hybrid literature has yet to bring these two perspectives together to explore what each perspective can offer in understanding both the nature of and responses to pluralism. Both streams of literature offer complementary points of departure from which to understand the nature of and responses to pluralism in hybrid organizations. Implicit in each stream is that, while tensions may arise, pluralism is a state where two or more competing priorities—be they logics or values—co-exist, whether temporary or sustained (Greenwood et al., 2011; Tetlock, 1986). However, to our knowledge, institutional perspectives do not distinguish between the types of problems that underlie complexity but rather address complexity issues

as 'tensions.' Values pluralism may shed light on issues of institutional complexity as it clearly outlines specific challenges associated with pluralism, such as incommensurability and issues of aggregation (Aram, 1989; Norgaard, Scholz & Trainor, 2001; Sethi, 1986; Tetlock, 1986; Trainor, 2006) that may help institutional theorists understand why organizations respond differently to pluralism. However, to understand the different responses, we must first consider the likelihood that different challenges characterize pluralism. This may then inform how and why organizations respond differently to different challenges that organizations face in unique combinations and degrees of exposure.

In this paper we explore how hybrid organizations respond to specific challenges introduced by conditions of pluralism and theorize upon why some organizations appear to succeed in sustaining a hybrid state of pluralism and others do not. We first build upon the hybrid organisation literature to make an empirical contribution, demonstrating how categories of challenges can be observed for hybrid organisations rather than what has been previously described generically as 'tensions'. This in turn drives different organizational responses, our second contribution, which we derive into a process model (Figure 1), illustrating how organisations separate, prioritise and then aggregate different types of value to create hybrid outcomes. Understanding organizational responses to specific challenges and the way that responses relate to one another in a sequence provides new insights into institution theory about how responses to complexity can be layered and dynamic. We thus advance the literature, our third contribution, by providing an alternative explanation to the static responses to complexity that has characterized much of the institutional literature to date. We also contribute to value pluralism through a systematic review of the literature, bringing together a taxonomy of value pluralism challenges (Table 1) and demonstrate how organizations rather than individuals respond to these challenges. Finally, we make a

theoretical contribution to the hybrid organization literature by arguing that a critical factor of 'success' as a hybrid is the ability to sustain pluralism.

In what follows, we begin by bringing together divergent streams of literature and empirical insights to offer new conceptual clarity about institutional complexity and value pluralism. We then describe our research design through a multiple embedded case study design of Australian hybrid organizations. We present our findings where we abductively derive a four-stage approach to how organizations are responding to specific challenges of pluralism. In this model, we show how organizations separate underlying component values in particular business activities to pursue social, environmental or financial outcomes in isolation, and then aggregate these activities to achieve a more hybridized value outcome at the parent company level. We conclude with implications that begin to re-frame questions about why organizations experience divergent outcomes in the face of pluralism, discuss limitations and point to future directions for research.

## Theoretical Background

### HYBRID ORGANIZATIONS

While there is a long history of evidence of various forms and institutional orders of hybrid organizations (Powell, 1987), there is little clarity about what exactly constitutes a hybrid organization. Because we are interested in how organizations with multiple outcomes respond to pluralism, we adopt a broad definition of hybrids, to include organizations that blend elements of for-profit and not-for profit models to achieve financially viable and socially beneficial outcomes (Dees & Anderson, 2003; Ebrahim, Battilana & Mair, 2014; Haigh, Kennedy & Walker, 2015; Stubbs, 2017).

What hybrids have in common is that they are guided by multiple objectives. As such, much of the recent hybrid organization literature has focused on not only trying to clarify what hybrids are, but also how they are operating with potentially conflicting objectives. For

example, by providing a distinction and/or categorization of the relative dominance of social and financial focus, the literature is beginning to characterize the wide variety of hybrid approaches to managing multiple objectives. Santos et al. (2015) develop a hybrid organization business model typology to illustrate the different approaches hybrids take to create social value 'spillovers' as either automatic or contingent and come up with four hybrid types, including: market; blended; bridging; and coupled. This echoes previous literature, such as Fowler's (2000) distinction between 'integrated' social enterprises that directly provide social benefits and 'complementary' social enterprises that subsidize social benefits through income surplus. Ebrahim et al. (2014) take a similar approach, as they examine the challenges of governing multi-objective social enterprises and propose the distinction of 'differentiated' and 'integrated' enterprises, in the former where social and commercial objectives are separated by beneficiaries and customers and the latter where social and commercial objectives can be pursued in tandem. Mair et al. (2015) also find a difference in the way hybrids either 'conform' to the dichotomy of for-profit or not-for-profit or 'dissent' seeking instead a more plural or blended ideal, where the former tends toward prioritizing one dominant logic to guide decisions and actions and the latter tends toward balancing multiple logics. Similarly, Battilana, Lee, Walker and Dorsey (2012) explore the notion of the hybrid ideal. In each of these studies, researchers are grappling with the nuanced differences of value orientation in the face of pluralism and attempt to characterize how hybrids shift focus and emphasis in relation to the multiple objectives they seek. Institutional theory has become increasingly adopted in trying to address these types of questions, particularly seeking to understand the relative prioritization of logics and organizational responses to institutional complexity (e.g. Battilana & Dorado, 2010; Pache & Santos, 2013; Mair et al., 2015).

**INSTITUTIONAL COMPLEXITY**

The persistence of multiple logics is described as 'institutional complexity' (Greenwood et al., 2011). Institutionally complex organizations face tensions as they struggle to maintain potentially conflicting rationalities, identities, structures and processes (Kraatz & Block, 2008). The institutional literature describes hybrid organizations as those that incorporate elements from different institutional logics (Battilana & Dorado, 2010) and argues that "hybrids are by nature arenas of contradiction" (Pache and Santos, 2013, p. 972), or sites of institutional complexity.

An institutional logic can be described as a set of practices and principles that guide individuals to reproduce institutions through their actions, creating an identifying rationality or meaning (DiMaggio & Powell, 1991; Friedland & Alford, 1991). Thornton & Ocasio (1999, p.804) define an institutional logic as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space and provide meaning to their social reality." Thus, logics provide a framework for actors within institutions to both understand who they are, creating a cohesive identity, as well as guide what they do, or the actions that both stem from and create that identity.

The literature on hybrids is rich with examples of institutional complexity that demonstrate a diversity of organizational approaches to prioritizing and configuring logics, responses to complexity, and outcomes that result from different responses. For example, Pache and Santos (2013) synthesize the literature and propose a new technique to illustrate four responses to institutional complexity, including: decoupling where the meaning and policies of one logic are upheld but implement according to another logic (Meyer & Rowan, 1977); compromising where a mutual dependency between logics is acknowledged and minimum requirements are conceded to satisfy stakeholders of each logic (Oliver, 1991);

combining where activities are undertaken from each logic (Battilana & Dorado, 2010); and selectively coupling where in some cases both logics are upheld at times and only one logic is upheld at other times (Pache & Santos, 2013). More recently, there has evolved a stream of literature to document dynamic process responses to complexity, including Smets et al. (2014) who describe the act of balancing logics as organizations move between dynamic states and responses in order for logics to co-exist.

Despite the growth in understanding about the diversity of conditions of and responses to institutional complexity, there remains a lack of understanding as to why this diversity exists and under what conditions some hybrids may choose one response and others may choose another and why some organizations appear to thrive while others fail in light of these various responses (Besharov & Smith, 2014). For these reasons, we considered the value pluralism literature, a field that also grapples with tensions and complexity arising from pluralism, in order to understand the nature of specific challenges that hybrids may face.

**VALUE PLURALISM**

Akin to hybrid organizations and institutional complexity, value pluralism states that because of the existence of multiple realms and forms of valuing, individuals and societies may deem more than one type of value to be worthwhile or important to pursue. Value pluralism states that multiple values are intrinsic, meaning multiple values hold worth and meaning in their own right (Anderson, 1993; Arnold, Audi & Zwolinski, 2010; Buchholz & Rosenthal, 1996; Skorupski,1996; Tetlock, 1986; Thompson, 1997). Additionally, the normative view of value pluralism explains there are multiple ways people care about and value things or different modes of valuation and different preferences based on our social settings, roles and perceptions (Mason, 2017). We reviewed the values pluralism literature to surface whether there were particular insights we could gain to frame questions of how and

why hybrids respond differently to conditions of pluralism and complexity. Following the business ethics literature on value pluralism, we use the term 'pluralism' to describe this condition of holding multiple intrinsic values (Arnold et al., 2010; Buchholz & Rosenthal, 2011; van Oosterhout et al., 2004). From this values pluralism literature, we identified four broad categories of challenges that arise in plural contexts: cognitive dissonance; incommensurability; interdependence; and aggregation.

**Plural Values and Cognitive Dissonance**

The prioritization of a single set of values above all others is referred to in the value theory literature as *monism* (Tetlock, 1986). Monists perceive a singular super value as the only one holding intrinsic worth and monist utilitarians may perceive other values as instrumental to the super ordinate value. For example, by using cost-benefit analysis, a monist may prioritize economic value as the super value and see social and environmental value as instrumental, framing labor, crime, and natural resources as economic costs and benefits to be managed, developed, and consumed. One of the most direct critiques of monism is that society holds multiple intrinsic values that do not always reveal a clear hierarchy of importance.

However, pluralism is not always easily embraced, as it can result in cognitive dissonance (Williams, 1981). Pluralism does not yield universal value judgments or facts that can enable critical reflection and decision-making. The advantages of deferring to monism are that: it may eliminate the problem of conflicting values; it may yield a clear and determinate weighting of worth on which to base calculated decisions; and it addresses the individual tendency or desire to maximize value (Tetlock, 1986, 2000). Value pluralism highlights that multiple value sets may lead to contradiction, confusion, and conflict. For example, Ebrahim et al. (2014) and Mason and Doherty (2016) illustrate these tensions may arise when examining the governance of hybrid organizations, noting that when an organization's

interests are multi-dimensional (i.e. commercial and social), trustees may face challenges in determining which activities serve the interests of the organization to which they are accountable. However, to defer to one set of values or allow one value to become dominant, monism implies that all goods are commensurable or that their values can be measured across a single scale.

**Incommensurability**

One of the most common critiques of monism, and corresponding systems of measurement, is that expressions of value are not always commensurable, meaning they are not able to be measured along a common scale. This is often directed at economic valuation (Norgaard, et al., 2001; Tetlock, 1986), where, for example, a linear chain of consequences from which values are derived in economic utilitarianism cannot be applied to social interactions and nature, which involve complex interactions that do not always yield clear consequences, judgments or irreducible data. Or, for example, that cash 'equivalents' assumes goods are substitutable with alternative commodities, ignoring the possibility that some goods, such as endangered species, may be considered irreplaceable higher goods (e.g. Trainor, 2006; Daily et.al, 2000).

For ecologists and environmental scientists, the challenge of working within a policy framework where decisions are informed by economic models has led to a hybridization of valuing environmental and ecological goods and services in economic terms (Foster, 2002). In an attempt to reconcile these logics, some theorists have looked at working within the value logic of one system, in an attempt to attribute meaningful importance, worth or value to another system. This can be seen when an economic value is attributed to an ecological or social 'resource' or item. For example, the value of global ecosystem services is estimated to be US$33 trillion annually (Costanza et al., 1997). Attributing economic value to something

intrinsically non-economic is attempting to bridge these logics or make them commensurable. This is true in a social dimension as well, where in the context of hybrid organizations, "though some social benefits can be converted into purely dollar terms, many important social purposes defy this kind of economic translation, making direct comparison of financial and social performance difficult" (Dees & Anderson, 2003, p. 7).

Measuring things that are only able to be subjectively measured along a quantitative scale, such as well-being, happiness, justice, ecological health, and environmental 'savings,' has been lauded by some to see 'value' attributed to non-economic goals and criticized by others who see inherent incompatibility in the logics of these tools (Mulgan, 2010). As Mulgan (2010, pp.40-41) notes, even within types of value, there is disagreement about how to attribute and prioritize what is meaningful, "in many of the most important fields of social action—such as crime prevention, childcare, and schooling—people do not agree about what the desired outcome should be. In other words, the public argues not only about social value, but also about social values."

**Interdependence**

The literature on value pluralism also introduces the possibility that one type of value could either reduce or help create another type of value. For example, instrumental value is a transitive form of value that is used to achieve or create another form of value, as a means to an ends or as a contribution to a whole (Hitlin & Piliavin, 2004). Actions taken in pursuit of different types of value have psychological, social and practical consequences that may conflict or be compatible with the creation of other types of value.

Addressing the inherent interconnectedness and relationship amongst types of values, Sethi (1986, pp.209-210) states, "it has become increasingly difficult to find meaningful alternatives posed in the traditional choices between socialism and capitalism…the major

difficulty is that the real world choices are not grounded in the 'either/or' approach, but in the ultimate analysis are 'interactional'." The argument is that behaviors are the result of interactions between system conditions, intensity of belief in values, and the interaction amongst these variables. Essentially, given a particular set of facts that make up the setting and context for decisions, in combination with the value sets of those making decisions, the interplay amongst the context, including technological and social changes, and values or beliefs can create a complex interaction that ultimately yields a decision, behavior and ultimately action for practical purposes (Sethi, 1986).

Although Sethi's (1986) interactional value theory refers to sociological and psychological phenomena based on individuals holding multiple values simultaneously, this theory can help illuminate organizational hybrid value by demonstrating that in a complex environment where multiple component values are held, values will interact with one another.

**Aggregation issues: across level and time**

Another valuation challenge is how net value assessment may change as actions are aggregated (Aram, 1989). For example, what may be in the short-term interests of an individual may be in conflict or have negative consequences for the long-term interests of that same individual as a member of a collective social group. In other words, by prioritizing immediate privatized benefits or value, longer-term individual private and collective value may be undermined. The tragedy of the commons (Hardin, 1968) highlights this principle, which cites the privatization of profits and externalization of costs as a destructive force for collective resources (e.g. Ostrom et al., 1999). Examples of this are also evidenced when departments act in their own interest but to the detriment of the firm as a whole. This can be seen as a problem in the aggregation of actions: what might be in the interest of the individual, group, firm, community, country or international system may have undesirable

effects at a different level of aggregation. Some of these discussions of aggregation reframe the traditional notion of 'externalities,' from one where costs, such as environmental degradation are 'externalized' to society by individual firms (Pigou, 1962) or have negative value 'spillovers' (Santos et al., 2015) to a view where costs are allocated over a different dimension, such as time or level.

This issue of aggregation is also highlighted in the management literature, where it is observed that value may be created at one level, but captured and subsequently retained at another (Lepak, et al., 2007). Each of these processes—value creation, value capture, and value retention—is a distinct process that can be analysed at various levels (individual, organization, society). Examining interdependence and aggregation issues across levels leads to the observation that individual and collective values are distinct from one another and can conflict across loci.

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**Insert Table 1 about here**

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In sum, we derived four specific challenges of pluralism from the value pluralism literature (Table 1). This list highlights that these challenges extend beyond the theoretical walls of moral philosophy and psychology and provide a framework from which to examine different challenges that may result from institutional complexity and organizational hybridity. In characterizing specific challenges of hybridity, we provide a new perspective on the responses to and outcomes of institutional complexity. How do hybrids respond to these specific challenges of pluralism and what can this reveal about why some respond differently and why some succeed at sustaining pluralism?

## Methodology

This research takes the ontological position of interpretivism, which states that social reality is not some 'thing' to be interpreted but instead is those interpretations (Blaikie, 1993). Researchers who take this ontological position intend to make sense of or interpret meanings. Interpretivism relies on a social constructionist philosophy, where social reality is constructed by subjective interpretations of that reality (Prasad & Prasad, 2002).

Gioia and Pitre (1990) describe the goal of an interpretivist as one that draws on this social construction of reality and seeks to describe and explain in order to diagnose and understand; this process is said to lead to discovery through analysis that can provide a pathway to theory building. Interpretivism is appropriate in this context, as we explore subjective interpretations of beliefs, value commitments and responses to pluralism. This study explores the interpretations of individuals within hybrid organizations to derive theoretical insights aimed at explaining a little researched phenomenon, specifically to understand how organizations respond to challenges arising from pluralism. While interpretivism has often been adopted to study micro-foundations examining individual perspectives and interpretations, Prasad and Prasad (2002) note that interpretivism is an appropriate and frequently adopted approach in management and organizational research to understand macro institutional and organizational structures and processes, as it addresses "questions that cannot adequately be answered by traditional experimental or survey methodologies" (p.4).

A multiple case embedded design, one with embedded units of analysis over multiple cases, (Yin, 2003) has been selected as an appropriate strategy to answer the research question: How do hybrid organizations respond to the challenges posed by pluralism and complexity? Case studies allow the researcher to "get much closer to theoretical constructs and provide a much more persuasive argument about causal forces than broad empirical research can" (Siggelkow, 2007, p. 22-23). The primary units of analysis for this study are at

the cross-case and organizational levels, with embedded units of data collection and analysis at the individual and group levels. Following an interpretivist approach, interviews and focus groups are administered at the individual and group levels to collect attitudes to reveal the various interpretations of organizational practices and behaviors that describe how organizations respond to value pluralism. In short it allows us to capture 'enacted' values (values that result from what organizations do) through an interpretivist lens (see for e.g. Green & Dalton, 2016).

**The case studies**

The sample is comprised of six Australian hybrid organizations selected through mixed purposeful sampling, including criterion sampling and intensity sampling (Patton, 1990), based on social recognition and legitimization, which draws on the endorsement of experts in the field (Nicholls, 2010; Mair et al., 2015). We drew upon 72 sources that acted as filters to identify the sample, and identified these sources through public internet searches and snowball sampling (Patton, 1990), including sources such as: social enterprise intermediary organizations, sustainability and corporate social responsibility award databases, sustainability indices, social business registers, publicly available sector reports (e.g. on social enterprise) and recognized industry leading individuals in the Australian social and sustainable business market. This resulted in a list of 177 companies. We did not apply value judgments to exclude or elevate any named companies based on any criteria, including ownership and incorporation models, sizes, or industries, noting that hybrid organizations are a 'collection of weirdos' (Ménard, 2004, p.3) and even 'traditional' organizations can leverage hybrid strategies (Haigh et al., 2015) Rather, we selected the six most cited companies from this mixed purposeful sampling approach. They are: Bank Australia; Ceres Community Environment Park; Goodstart Early Learning; National Australia Bank; Small Giants and STREAT (Table 1).

Bank Australia is Australia's first customer-owned cooperative bank and has branded itself for 'responsible banking.' Notable initiatives include a conservation land bank where land is purchased to offset the financing of new construction builds and a 4% after tax charitable community fund. The Centre for Education and Research in Environmental Strategies Community Environment Park (CERES) is a non-profit urban environmental resource centre and community park. CERES has adapted its business model in recent years to launch a suite of social enterprises in order to shift toward more self-sustaining income generation, and in recent years launched, for example, an employment generating farm-to-table business. Goodstart Early Learning ('Goodstart') is Australia's largest childcare provider, operating as a non-profit across all six states and two territories. As a non-profit, its mission is to support Australian children and families; however, the majority of its income is self-generated through operation of its commercially run childcare centres. National Australia Bank (NAB) is a financial services institution, publicly listed on the Australian Stock Exchange (ASX). NAB was the most cited case study by the panel of 72 expert sources and was cited for its initiatives in engaging with supporting the Australian social enterprise sector; development of a 'natural value' strategy; launching programs in community, women, and indigenous banking; and developing a social finance platform to develop innovative new products with social and/or environmental and financial aims. Small Giants, a privately-held family business, acts as an impact investor—an investor who intends to "generate measurable social and environmental impact alongside a financial return" (GIIN, 2015)—to create positive social and environmental outcomes through its varied values-guided investment strategies, including: venture capital, growth capital, property development, philanthropic funding, angel capital, and social finance (i.e. social bonds). STREAT is a food service social enterprise that works to provide employment pathways to homeless young people. STREAT has a hybrid business model with both for-profit and non-profit entities to facilitate diverse

types of investment, including equity investors and charitable donations; however, its for-profit arm channels 100% of its profits into its non-profit entity to scale its mission to support young homeless people achieve more stable lives.

Our case studies represent a diversity of institutional logics, although all organizations sought to uphold market logic (maximizing profits to shareholders) and some mix of social/environmental welfare (maximizing welfare to the environment and society) and community logics (maximizing benefits to local groups and constituents). Small Giants also displayed family logic (maximizing benefits to closely held relationships, including familial ties), given that they are a privately held family business. NAB participants described a greater dominance of market logic than the other five cases, yet despite a different institutional profile to the other cases, still demonstrated similar responses to pluralism.

### Data Collection

We conducted 16 semi-structured qualitative interviews and seven focus groups with 36 participants lasting between 45-90 minutes, focusing on how participants understood their organizations to interpret value, the challenges that arose in pursuit of this type of value, and the strategies organizations put in place in order to meet multiple objectives. Interviews, conducted either over the phone or in-person in Melbourne, Sydney or Brisbane (Australia) were held with executives and senior members of each organization. Focus groups were conducted in-person in Melbourne, Australia and included employees at all levels and from various departments, community partnering organizations, executives, and directors. All interviews and focus groups were audio recorded and field notes were taken.

Organizations agreed to be identified but participants did not; as such, participants received individual codes (Table 2).

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**Data Analysis**

Thematic analysis techniques (Braun & Clarke, 2006) were utilized to analyze data. The first stage of analysis included listening to audio-recordings, transcribing the audio to text and noting initial reflections in the form of memos. These memos document the emergence of codes in the coding frame, such as evidence of pluralism challenges and coding observations of how the participants appeared to be interpreting organizational responses to pluralism. Transcripts were imported into Nvivo software, where codes and categories were developed to examine similarities and data trends. These codes were then used to develop categories or sub-themes and progressively a smaller number of themes emerged (Table 3). Following an abductive approach, the emergent themes and categories were compared with the literature in order see how emergent theory could inform the extant literature and how the extant literature informed and provided context for the emerging theory (Eisenhardt, 1989). We examined the literature to see whether and how our data and analysis was confirming, refuting, or building upon extant theory, comparing our emerging codes to what has been previously documented in the literature. We noticed, for example, that, in parts, our data provided empirical evidence of Smets et al. (2014) description of 'balancing' logics by segmenting, bridging and de-marcating. Upon noticing this, we began to ask questions about why these responses were described by some participants and why other responses were described by other participants. As we did this, we clearly saw patterns emerge around how the recognition of value interdependence (Sethi, 1986) could explain some strategies to bridge and de-marcate logics, bringing together the literature on value pluralism and

institutional complexity. We saw multiple examples of organizational strategies and responses to specific pluralism challenges that sent us back to the literature to iterate between our findings and the extant literature to make sense of what was emerging. In this way, we derived our process model (figure 1). Cases were first analysed at the individual case level and written up to produce individual accounts of how each organization described value pluralism, the challenges they faced, and responses to these challenges; we then performed cross-case analysis to draw out cross-cutting themes and develop emergent theory (Yin, 2003).

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## Findings and Analysis

Here we document evidence of specific value pluralism challenges. We then address our first and second research questions to describe how organizations respond to value pluralism by developing our process model (Figure 1) and illustrate that different challenges drive different responses. As we discuss the third step on aggregation in our process model, we address our third research question by theorizing on why some hybrids succeed at sustaining multiple logics and others fail.

### Evidence of value pluralism challenges

As we began reading transcripts, it became evident that the case studies were providing empirical evidence of specific value pluralism challenges identified in the literature: cognitive dissonance; incommensurability; interdependence; and aggregation (Table 4). By documenting specific value pluralism challenges in hybrids, we see how value pluralism can create distinctions between what has previously in the literature been characterized more

generically as tensions (e.g. Battilana et al., 2015). Understanding that there are specific challenges that characterize the 'tensions' arising from complexity can provide a first step in understanding why organizations respond in divergent ways (Besharov & Smith, 2014). Understanding the nuances of pluralism challenges can explain why there are different responses. Diverse responses may be driven, in part, by diverse challenges. We have documented empirical evidence of challenges described in the value pluralism literature (Table 4).

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For example, cases described the challenge of aggregation both over time and level of aggregation (i.e. portfolio company vs. parent company). Small Giants described the contrasting positions of wanting to collaborate to build the sector of impact investors (competitors) at the parent company level, but then acknowledge and support competitive forces at the portfolio company level. In part, this is because portfolio companies are often operating in more mature sectors, and one participant describes how due to its nascent nature, it can take a more collaborative approach to sector building at an early stage.

> I guess Small Giants can take that high level strategic position celebrating that success [more competitors entering the market to grow social impact], but we can't avoid the reality on the ground of our businesses. They're in a competitive market, they're going to be fighting for it as they should. [SG4]

As we uncovered evidence of value pluralism challenges, we also began to see participants describe different organizational and institutional responses to these different challenges.

**Interdependence as a precondition**

In the literature, we came across the relationship between and amongst values, interdependence, as a challenge for value pluralists (Sethi, 1986). However, when reading

and coding transcripts, we found that value interdependence is a pre-condition to pluralism as well as, at times, a challenge.

> One's short-term, one's long-term. If we go more on the social, and we forget about the economic, well, then, we're out of business. So we didn't help anyone. If we go more on the economic and less on the social, well, we might survive, but in a world that's not worth surviving in. So, I kind of feel like the tension is a weird tension. You know, we need both. [SG6]

Our data made clear that the idea of pluralism inherently creates an interdependence amongst the different components of value, creating complex interrelationships, not necessarily always as a challenge in its own right, but oftentimes contributing to the other challenges of cognitive dissonance, incommensurability and aggregation.

**A Process Model of Organizational Responses to Value Pluralism and Complexity**

Our model (Figure 1) outlines four stages of how organisations respond to pluralism and complexity, outlined in boxes with arrows sequencing the process of organizational responses to pluralism over time.

In the first step, participants described how organizations *separate* value into distinct components, such as social, environmental and financial value. Participant descriptions of separating value into components, also contained evidence of separating approaches in response to multiple logics, i.e. decoupling (Meyer & Rowan, 1977). This step addresses the challenges of: cognitive dissonance, incommensurability, and aggregation (Figure 1).

In the second step organizations *negotiate* the relative priority of one value over another. Organizations set boundaries and negotiate priorities to focus first on one type of value, i.e. financial, until a threshold is reached, and then focus on another type of value, i.e. social. They move back and forth prioritizing different types of value, through a disaggregated approach, sometimes pursuing one type of value through one portfolio company and another type of value at another portfolio company or at times swapping value over time and project.

In the third step, organizations *aggregate* these various component values into a blended and holistic notion of value at a point in time or at an aggregate level, such as the parent company level.

Value assessment takes place throughout the process, as participants described the fourth step, *assess*, to determine when, how much and how to swap between values (step 3 negotiate), and ultimately to assess the nature and amount of aggregate value created.

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**Insert Figure 1 about here**

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### (1) 'Separate'

One of the first organizational responses described by all six cases to emerge from the data that appeared to be addressing aggregation issues was something we labelled 'separate and aggregate.' Participants described how they wanted to see value as holistic:

> I don't know why we even have to trade any of it off…I want to create value, I want this business to create economic value, I want it to create social value, I want it to create environmental value. [BA5]

Nevertheless, they frequently separated value into component parts to pursue them independently:

> You'll probably have a whole bunch of different strategies or a portfolio approach and each of the portfolios within there is going to be a different point [of social or financial value]. But on average, they're all tracking together. [STR1]

We began to see a pattern emerge, describing this 'separate and aggregate' approach to creating value at different levels of the organization and over different periods of time. However, as we began to synthesize our findings, we could see that 'separate' was the first step in what eventually emerged as a four-stage process (Figure 1).

By separating value into components, participants described the pursuit of singular value outcomes that could later be aggregated to comprise a greater more complex and more balanced 'whole.'

> There will be some decisions we'll make that may seem that they are based on pure economics…There are others we'll make, that some people will think are purely environmental. [BA4]

This meant they were able to not only disentangle the cognitive dissonance (Tetlock, 1986) of competing values by focusing on one value at a time (monism), but they were also able to avoid the issue of incommensurability (Trainor, 2006) by not having to make all value components commensurate in a given activity. Similarly, this step allowed organizations to avoid the issue of aggregation (Aram, 1989), as activities and companies could be disaggregated into components, i.e. portfolio companies, and then re-aggregated at a later point in time, i.e. at the parent company level.

> We think of it as a portfolio of related businesses…If we were a pure business, there is one of our cafes we wouldn't run…But…it provides so many hours of training and employment to our young people and it's the place where we've built so much community, and there's so much other social value that we get out of that site…So, normally if you were either/or, you would chop off the margins of our business, but it's actually the diversity of it that makes it work. [ST1]

As we coded the data, examining evidence of 'separate,' we engaged with the institutional complexity literature to interpret our findings. The institutional literature documents responses to complexity that we could observe in this first step 'separate,' including: segmenting (Goodrick & Reay, 2011) and decoupling logics (Meyer & Rowan, 1977). We started to see that in this phase of 'separating' value into components by company or timeframe or activity, organizations were engaging in the same types of institutional responses to complexity. There was a segmenting or momentary decoupling of market logic from community logic. All cases described this segmentation of logics in the step of 'separating' value strategies resulting in a swing between prioritizing one logic in one division or activity and prioritizing another logic in another:

> it's not just about economic value it's about social and environmental value as well …if you're just working towards social and environmental value, then you're probably not going to generate any money… as a bank, we need to make money to continue to exist. [BA3]

We began to see that segmenting was only one part of the story and began to see a pattern of movement between different types of responses to complexity, with segmenting or decoupling as the first step to separating value and also separating logics. This finding builds upon Smets et al. (2014), demonstrating dynamic responses to complexity, in contrast with much of the institutional literature, which has characterized responses to complexity as static states (e.g. Pache & Santos, 2013).

**(2) 'Negotiate'**

The next organizational response we derived from the data revealed how organizations use thresholds and limits to reduce the complexity of pursuing different value outcomes, specifically, focusing on defining stakeholder expectations, key time frames and value creation processes. Value swapping is the term we derived during coding to describe a mechanism we observed all six cases employ that seemed to be triggered by setting limits and demarcating logics (Gieryn, 1983). Once a limit had been set, such as a minimum or maximum value threshold, participants described how they would deliberately seek to 'swap' strategies to then focus on another type of value, thus negotiating the relative importance of each logic and value over time. This appeared to be the second part of the demarcating process. First, participants described how their organizations set limits. Then they prioritized a new value and/or logic that had been underprivileged, negotiating the overall mix of values and their relative priorities.

Participants perceived limits particularly in reference to understanding when the organization had created enough of one type of value or too much of a particular type of value. In institutional logics, this equates to a type of demarcating (Gieryn, 1983), or switching to prioritize a logic that has been less privileged or dominant in order to create a

more balance in the overall mix of logics (Smets et al., 2014). For example, participants at three case studies (CERES, NAB, STREAT) frequently referred to the financial minimum of break-even or cost recovery in order to then focus on social or environmental value.

> Once all our businesses have enough money to re-invest in themselves to keep doing what they need to do, okay, we've achieved where we're going to be financially, we've got this surplus, that's when the community can say what we think you should do with it or we present options to them. [CER3]

Participants from four cases (Goodstart, NAB, Small Giants, STREAT) also described financial maximums, noting that keeping the profits is either *"immoral" [STR1]* or *"looks like you're trying to make money from a [vulnerable population] situation" [NAB4]*. While NAB cited reputational drivers, the other three cases cited moral or ethical drivers.

> …money is food for businesses. And if you don't have enough, then you starve. And there's nothing more important. I mean, if I didn't have enough food to feed my kids…I wouldn't have a problem going and stealing…So, I get that…businesses really fighting for survival. But, then, we don't ask the question on the other side of too much…You know, when Apple comes out with a $5 billion quarterly profit or a $20 billion profit in a year, I ask, really? You didn't think $1 billion was enough?... So, for me, that's an example of obesity in business…Just like in the human body, businesses are sick, and we're experiencing that with like the financial crisis…it's like a diabetes of business. [SG6]

All six cases described this process of negotiating or exchanging value components to arrive at a more cohesive whole notion of value that reflected their parent company's logic profile. Sometimes participants used the term 'offset' to describe this response to complexity.

> I was thinking about our conservation land bank project, which basically stems from trying to offset the impacts of our banking practices, so our car loans, so planting trees to, you know, sequester carbon to offset the cars that we finance. [BA3]

This participant describes how Bank Australia prioritizes financial value and market logic by financing car loans. But then, it swaps to prioritize environmental value and a community or social welfare logic by purchasing parcels of land to conserve and protect for biodiversity and carbon sequestration. This movement between prioritizing one value and then another, employing one logic and then another was highly dynamic and required a constant movement

and readjusting of both value and logic orientation over time. We empirically contribute to the literature by building upon Smets et al., (2014) description of balancing logics.

This constant shift in priorities from one value to another and one logic to another meant that organizations were able to again mimic momentary conditions of monism (Tetlock, 1986), reducing cognitive dissonance (Williams, 1981) and remove multiple scales, removing the issue of incommensurability (Trainor, 2006). Because values were separated, limit setting is helping organizations manage the challenge of aggregation (Aram, 1989). But negotiating value priorities also highlighted that organizations recognized the interdependence between component values (Sethi, 1986). For example, NAB and Bank Australia noted that by swapping focus from pure profits to generate financial value for those that are financially excluded (social welfare lens of financial value for others), it was able to compromise (Oliver, 1991) to then drive more financial value (market logic) by way of reputational benefits and customer engagement. *"Because if it's break-even and it's a social good, well, it doesn't cost us anything. So, we get a reputational dividend"* [NAB6]. In negotiating between logics, organizations arrive at a sort of compromise (CERES, Goodstart, NAB, STREAT) or balance (Bank Australia, Small Giants) of logics (Smets et al., 2014).

 **(3) 'Aggregate'**

The third stage of our process model is where organizations then aggregate separate components back into a notion of a whole. This step allowed all six cases to address cognitive dissonance (Williams, 1981), incommensurability (Trainor, 2006) and aggregation (Aram, 1989) challenges. While in the first step of our model, participants described 'separating' value into components in order to pursue separate monistic strategies by portfolio company or initiative, they clearly described how they then mentally aggregated all of the disparate activities and portfolio businesses back together to then evaluate how much value had been created.

> So we have conversations at a Small Giants portfolio level where we go, "Right now we actually are losing money, that's a bad thing, we need to look for deals that are actually commercially more viable." So we actually map them out to balance it. So the whole portfolio is 100% all impact investment, there's clearly some deals that return more cash than others and that's just a reality, so we certainly make sure that that's balanced across the portfolio so that we can find out own positions and our own liabilities for Small Giants…[SG4]

Aggregating the separate initiatives and value strategies allowed the cases to achieve their desired 'blended value.'

> My primary value is profit-generated responsibly and contributes to community resilience and environmental performance. So my value creation is blended value. [BA5]

Prior to identifying the distinct stages of our process model, it was difficult to understand how it was that organizations were able to achieve this holistic outcome, given that the literature points to the complexities and tensions that arise in pursuit of multiple objectives (e.g. Battilana et al., 2015; Ebrahim et al., 2014).

In this third stage of our model, we observed that cases were engaging in aggregation not just from a value pluralism perspective but also applying these same types of responses to conditions of institutional complexity. We could see how cases were bridging logics (Purdy & Gray, 2009), combining logics (Battilana & Dorado, 2010), and selectively coupling logics (Pache & Santos, 2013) in order to create the right aggregated balance (Smets et al., 2014) of logics that reflected the organizations desired state. Participants described the coming together of various logics and the attempt of their organizations to combine and bridge these together; e.g.

> What they're finding is the opportunity to govern as a director of the Board in a way that's more closely aligned to their personal values without having to trade off the economic performance. [BA5]

Participants described a desire to bridge and combine or aggregate and bring together divergent logics:

> I guess we're trying to challenge the paradigm that you need to offset financial losses with social gains, or vice-versa. [SG4]

This step of aggregating both value strategies and logics allowed organizations to articulate that they were able to uphold multiple value commitments, reflecting Mair et al.'s (2015) dissenting hybrid, those that reject the conventional bifurcation of for-profit and non-profit and strive to achieve a blended ideal. It is this third step that is critical in determining whether an organization is successful in sustaining pluralism (research question 3). If an organization undertakes steps one and two, separating and negotiating logics, it could potentially arrive at the form of Mair et al.'s (2015) conforming hybrid, embracing monism and prioritizing one logic: financial value in a for profit; social and/or environmental value in a non-profit. In the third step, these 'conforming' hybrids (Mair et al., 2015) are not aggregating a blended ideal but rather retaining the ideal of one super value, such as financial value. For example, NAB, in the third step of aggregation, talked about the primary importance of shareholder value, illustrating that it fails to uphold the same relative importance of social and/or environmental value. We would argue that according to the literature that clearly defines a wide variety of hybrids, the critical component is sustaining multiple objectives, and thus failing to sustain pluralism equates to failing to remain a hybrid.

**(4) 'Assess'**

In the final stage of our process model, participants described how they knew that they had achieved the right value mix. All six case studies described using subjective assessments to overcome issues of incommensurability (Trainor, 2006), because *"it's not a brain thing" [CER2]* but evaluating success requires *"using intuition and something else" [SG6].*

> I think it's more of a gut feel that, you know, with the number of people who are financially excluded who are actually being serviced through these things, I think that's our indicator of success. [NAB3]

Participants at five cases (Bank Australia, CERES, Goodstart, NAB, and STREAT) described using social return on investment (SROI) methods to evaluating social impact, which requires subjectively assigning value (Lingane & Olsen, 2004). In addition, participants at Small

Giants described making social, environmental and financial value commensurate by using subjective value scores, or ranking the potential value of investments on a score of 1-10;

> we do ask a few questions like 1-10 on financial return, which by the way is not a number, it's how we feel about the financial return… [SG6]

Small Giants does this not only for financial value but also for passion and potential impact to assess a more holistic value profile.

Participants at two organizations (Bank Australia and NAB) described how for publicly listed companies, *"The shareholder still fundamentally defines value in economic returns" [NAB4].* However, participants noted that owners of capital and key stakeholders are in a position to define how their values could influence how organizations define value.

> Where do you want to be in 30 years' time when you retire? Do you want to have 10% less money but be in a community that is safe, clean, pleasant to hang out it, all the rest of it. Or do you want 10% more money but it's so polluted you don't want to go outside, the schools don't work, police system is broken, full of crime. [NAB16]

Bank Australia noted that it defined organizational value as a reflection of customer values (the subjective meaning of what is valuable), *"at the end of the day, we're striving to meet the needs and respond to the attitudes of our customers" [BA4].* And Small Giants defines value as a reflection of the values of its owners and founders, *"I think it's [the way we define value] really Danny and Berry [the founders/owners]" [SG2].* The fluid nature of how individual values and organizational value were interpreted and defined illustrates one aspect of aggregation challenges that are reconciled through applying individual subjective values-based assessments to evaluate organizational value strategies.

As participants described assessing value through subjective values-based judgements, they demonstrated evaluative responses to managing logics such as demarcating (Gieryn, 1983) and balancing (Smets et al., 2014). In this step, we saw how participants were using these evaluative approaches to not only assess the total value picture and make tactical adjustments but also to assess the mix of logics. Participants described how they might

employ market logic, then social/environmental welfare logic, then determine that they

needed to focus on market logic again to balance out the overall orientation.

> It's a balancing act, we do need to balance, you know, the economic, environmental and social factors, because we can't just, we can't just be all on one side otherwise you're not going to make any money…if you're just working towards social and environmental value, then you're probably not going to generate any money. It depends on what it is. But you know, as a bank, we need to make money to continue to exist, so there's that economic sustainability…we're…quite strategic around how we spend our money so that we get benefits across the spectrum, including environmental, economic and social. [BA3]

## Discussion and Conclusion

The aim of this paper was to understand how hybrids respond to the challenges of

pluralism and complexity, why hybrids respond differently, and why some hybrids are

successful. Our process model (Figure 1), derived from abductively examining six purported

hybrids with constant comparison to the literature, demonstrates how hybrids respond to

specific challenges of pluralism and institutional complexity and why some hybrids respond

differently. We identified that there are four stages to separate, negotiate, aggregate and

assess hybrid value that draws upon plural logics. This finding allowed us to understand why

some hybrids are successful, and determine which organizations are ultimately successful at

sustaining multiple values and logics (pluralism) and which are unsuccessful, resorting in the

prioritization of one super value (monism).

Our paper makes four contributions to the value pluralism, hybrid organisation, and

institutional complexity literature.

First, our model expands understanding of how specific challenges are driving different

institutional and organizational responses to pluralism rather than generic tensions that have

previously been described in the hybrid literature (e.g. Battilana & Dorado, 2010; Pache &

Santos, 2013). This contribution, defining specific hybrid organizational challenges—

cognitive dissonance (Williams, 1981); incommensurability (Trainor, 2006); interdependence

(Sethi, 1986); and aggregation (Aram, 1989)—sheds light on Besharov and Smith's (2014)

question about why some hybrids experience conflict and others do not. We adopt this question in the context of our study to ask why organizations respond differently to the challenges of pluralism. If, as our findings confirm, organizations are responding to specific challenges rather than amorphous tensions, this may provide one explanation as to why different responses are employed. This categorisation of pluralism challenges is also a new contribution to the value pluralism literature, which, like the hybrid and institutional literature, has yet to organise pluralism challenges into distinct categories.

Second, our model addresses a central question in the hybrid organisation literature of how multiple objectives are managed (e.g. Ebrahim et al., 2014). Unlike many of the categorization approaches that describe how hybrids approach various for-profit and not-for-profit or market and social welfare logics (e.g. Fowler, 2000; Santos et al., 2015), our paper extends the hybrids literature with a theoretical contribution, explaining how multiple values are managed. By illustrating how organizations implement specific sequenced approaches in response to pluralism challenges, we are able to make new contributions that outline how organisations separate, reorganise and aggregate multiple values and how multiple logics are configured at each stage of this process, and what tensions are addressed.

Our third contribution explains how hybrids separate, negotiate, aggregate and assess multiple logics. This holds relevance particularly for institutional theorists who are addressing structural responses to complexity (Skelcher & Smith, 2015; Smets et al., 2014). For example, Binder (2007), Kraatz and Block (2008), and Pratt and Foreman (2000) note that organizations segment or compartmentalize logics in order to manage pluralism. We advance the literature by showing that segmenting or compartmentalizing does take place in the first stage of our model, but in order to then reconcile these discreet activities, the steps of setting limits, negotiating focus on particular value strategies, aggregating activities and evaluating the overall mix, helps to close the loop, explaining how organizations may sustain

different logics. This finding builds upon Smets et al. (2014) contribution on balancing logics by describing a novel but similar process outlining how this takes place. While Smets et al. (2014) also observe a process of segmenting, demarcating and bridging logics; our findings illustrate that there are intermediate steps in the demarcation (Gieryn, 1983) process that involves setting boundaries, swapping between priorities, and applying subjective assessments to determine the threshold points at which to move between one logic and another. This contribution provides insights into how organizations may be undertaking the step of demarcating, or assessing when to switch between logics, shedding further light on how organizations balance competing logics.

Our final contribution to the hybrid organization literature is our contention that a critical success factor for hybrids is the ability to sustain pluralism. Understanding that pluralism is sustained by completing all four steps in our model answers our third research question and the second part of Besharov and Smith's (2014) questions about why some hybrid organizations are successful. Some organizations fail to aggregate value into a blended ideal, upholding pluralism. The third step in our model determines whether value is aggregated monistically or pluralistically. We contend that being a hybrid is equivalent to sustaining multiple logics, thus remaining plural and hybrid, what Mair et al. (2015) term 'dissenting.' We would argue that 'conforming' hybrids (Mair et al., 2015) are potentially engaging in hybrid practices, but are not ultimately arriving at an aggregating plural position where multiple logics and values are sustained. When one value becomes the super value, the organization ceases to be a hybrid. Thus, we find that to succeed as a hybrid, it is imperative to undertake the step of value aggregation in a pluralist framework.

**Limitations and Future Research**

We note that although we followed an interpretivist approach, we did not engage in field observations, which may have added a layer of richness to our analysis, for example,

exploring 'espoused' and 'enacted' values (Green & Dalton, 2016) from the various sayings and doings of participants. We suggest that relating values from moral philosophy and psychology as well as ecology, sociology, and economics may lend interesting perspectives to understanding organizational value. While we were not able in this paper to explore some of the ideas from value pluralism, such as contrasting intrinsic and instrumental values, it would be highly interesting to understand how these different types of value interact with our understanding of organizational value.

Although these cases were geographically constrained to Australia, we believe that by examining diverse sizes, industries, ownership and incorporation models, there may be greater generalizability to our model and we would expect to see similar strategic responses to complexity and pluralism in other hybrid organizations and other geographic and political contexts, although this should be tested in future research. Hence it might be worth exploring under what conditions some strategies are more appropriate or 'successful' at remaining hybrids and what makes them so. Given the relative diversity within our sample of hybrids, we expect that our model may hold in other hybrid organizations and feel future research could test this theory.

Although we have taken an institutional and value pluralism perspective from which to examine hybridity, our study contributes to other theoretical perspectives by extending our understanding of concepts that they address, notably pluralism and complexity. For example, paradox theory, stakeholder theory, legitimacy theory, and organizational identity studies all examine the challenges of competing demands, conflicting positions, and multiple meanings or objectives. Our model may provide insights into characterizing specific challenges and also possible responses that may hold implications for developments in those fields.

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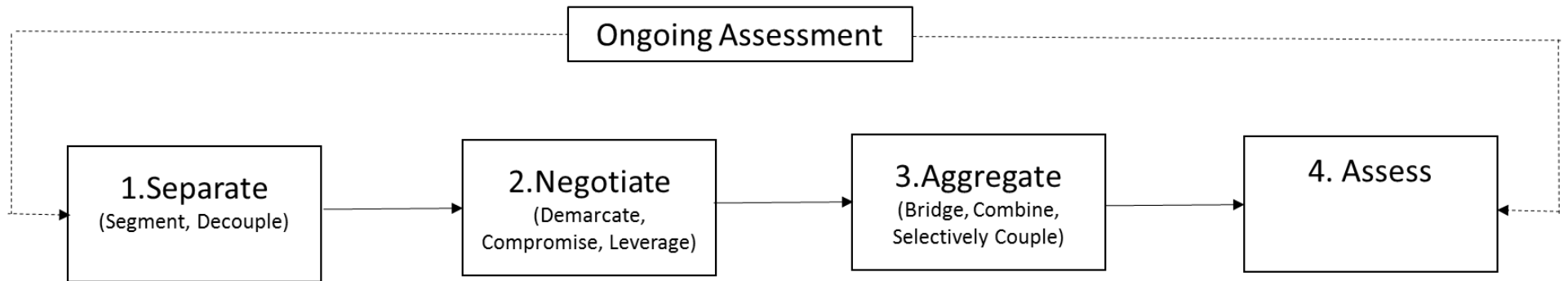**Figure 1.** A Process Model of Organizational Responses to Value Pluralism and Institutional Complexity

**Table 1.** Value Pluralism Challenges

| Value Pluralism Challenge | Definition |
| --- | --- |
| **Cognitive Dissonance; Monism** | The mental or cognitive challenge of reconciling 'competing' plural values, resulting in the preference and tendency to defer to a singular value system, where one type of value is dominant (Anderson, 1993; Tetlock, 1986) |
| **Incommensurability** | The inability for different types of value to be compared or measured along similar scales or metrics (Tetlock, 1986) |
| **Interdependence** | One type of value may be dependent on another type of value; or one type of value may help create another type of value (Sethi, 1986) |
| **Aggregation (across time and space)** | Short-term value may conflict with long-term value; or value created at one level (for example at the individual level) may conflict with value created at another level (for example at the group level) (Aram, 1989) |

**Table 2. Participant Codes and Case Studies**

| Case | Number of employees | Number of interviews | Number of focus group members | Total Number of participants | Participant Code |
|---|---|---|---|---|---|
| Bank Australia | 120 | 2 | 4 | 5 | BA1-5 |
| CERES | 140 | 1 | 3 | 4 | CER1-4 |
| Goodstart | 13,000 | 3 | 8 | 11 | GS1-11 |
| NAB | 42,000 | 7 | 9 | 16 | NAB1-16 |
| Small Giants | 7 | 1 | 5 | 6 | SG1-6 |
| STREAT | 40 | 2 | 7 | 7 | ST1-7 |
| TOTAL | | | | | 16 interviews<br>7 focus groups (36 members)<br>49 participants |

**Table 3.** Sample Codes

| Themes | Sample Categories | Sample Codes | Sample Quotation |
|---|---|---|---|
| *Value Pluralism Challenges* | • Cognitive Dissonance<br>• Incommensurability<br>• Value Relations<br>• Aggregation | *Complexity*<br>*Trade-off*<br>*Tension*<br>*Level of analysis*<br>*Social v. Financial*<br>*Value v. Values*<br>*Intrinsic v. Utilitarian* | *I don't think the triple bottom line necessarily exists. [ST1]* |
| *Responses to pluralism* | • Limits and thresholds<br>• Value scores<br>• Value orientation<br>• Value swapping<br>• Value concepts | *Boundaries*<br>*Upper maximum*<br>*Minimum threshold*<br>*Subjective assessment*<br>*Weighting*<br>*Alternating*<br>*Continuum*<br>*Trade-off* | *...our car loans so planting trees to, you know, sequester carbon to offset the cars that we finance. [BA4]* |
| *Responses to complexity* | • Separate<br>• Negotiate<br>• Aggregate<br>• Evaluate | *Balance*<br>*Bridge*<br>*Combine*<br>*Compromise*<br>*Demarcate*<br>*Decouple*<br>*Leverage*<br>*Segment*<br>*Selectively couple* | *we're looking at investing in ...a mix of centres that will generate financial returns and centres that are primarily about generating social returns [GS1]* |

**Table 4.** Evidence of Pluralism Challenges

| Pluralism Challenge | Case Studies | Number of times coded | Sample Quotation |
|---|---|---|---|
| Cognitive Dissonance | All | 30 | *...there's an inherent tension in every decision we make. [GS3]* |
| Incommensurability | All | 51 | *It's a false dichotomy...these two things [social/environmental value and economic value] aren't equal. It's not like if I got +10 and -10, I'm in the middle. [SG6]* |
| Interdependence | All | 57 | *we rely on the environment to exist...[BA3]* |
| Aggregation | All | 62 | *So we do work collaboratively with other organizations, especially on advocacy and sector development and that kind of thing. We still compete at a local level... [GS2]* |