



P&P

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Class 1



CARCAVELOS, PORTUGAL

Sustainability: High performance vs low performance – what we know?

- In 2014, Eccles, Ioannou and Serafeim, tried to understand the effect of **corporate sustainability on organizational processes and performance** (180 US companies – 93 to 2019)
- They compared **high performance vs low performance companies** on sustainability

- The Boards of Directors of high sustainability are more likely to be **formally responsible for sustainability**
- Top executive compensation incentives are more likely to be a **function of sustainability metrics**
- High sustainability companies are more likely to have **established processes** for **stakeholder engagement**, to be long term oriented, and to exhibit higher measurement and **discloser of nonfinancial information**
- High performance companies significantly **outperform their counterparts** over the long term, both in terms of **stock market** and **accounting performance**
- We don't know a lot about **companies in transition...** (drivers, enablers, tools, etc.)

We believe that organizational sustainability is not moving faster across the three levels of change

Barriers preventing change to happen faster

INDUSTRY	ORGANIZATIONS	INDIVIDUALS – KEY DECISION MAKERS
<p>1 Lack of an established global framework per sector Unclear roadmap that harmonizes the sustainability journey per sector stakeholder' participation, accountability and shared responsibilities</p> <p>2 Lack of institutionalization of concepts/metrics ESG factors are not formally and legally integrated on corporate financial performance</p>	<p>3 Sustainability metrics are subjective Sustainability performance reflects a qualitative impact narrative not properly tracked or verified, and green-washing is prevalent</p> <p>4 Lack of a clear business case Sustainability does not yet provide a generalized, concrete evidence of the economic success through (and not just with) societal and environmental business engagement</p> <p>5 Lack of business processes Organizations finds it challenging to adapt to an ever-evolving paradigm and face legislation</p>	<p>6 Lack of sense of urgency Even committed individuals are not accelerating fast enough to operate within planetary boundaries and are not meeting societal needs</p> <p>7 Low level of literacy Concepts related to sustainability are ambiguous in relation to what it should mean to organizations and daily life</p> <p>8 Inexistence of knowledge/tools Sustainability needs interdisciplinary, multi-stakeholder, systemic solutions at scale that do not treat the symptom, but the root cause of the problem</p>
<p> Work in progress, in 1-3 years this will be cracked > entities like Harvard and Stanford are working on it</p>		<p> Current action is not being effective in solving these issues in a way that changes behaviours</p>

Higher Education Institutions are (and must) playing a role to clarify what sustainability means for organizations (significant outputs predicted for the next 3Y)

A look at business schools

The sample included 15 centers/ institutes launched by 13 top universities or business schools from Europe and USA

70% were launched before 2008, the oldest in 1978 and the most recent in 2019

All include a research focus and the majority are offering related educational programs

62% of the schools analysed refer to its environmental operations

There are attempts to clarify (literacy) what sustainability means for companies through executive fact sheets but not clear the level of engagement from business

Institutes are being transformed into whole new Schools

A look at business networks

Other networks such as (W)BCSD, UNGC, SDSN or GRACE (PT) are leveraging on the barriers presented, yet:

The focus is the *business as usual* and not specialized

- They are sharing tools and resources to begin to integrate corporate sustainability into strategies and operations – this attempts to tackle literacy, but not per economic sector

The level of commitment versus reporting is short of today's urgency

- Organizations are invited to sign specific agreements with concrete objectives, yet lack not only a **follow-up of HOW** organizations are delivering those commitments but also **due diligence supervision of metrics reported**

Envisioned opportunity gaps for the Institute

The top business schools are in the quest of contributing to sustainability, but lacking:



Translating research into business

A component of applied research that explains and proves what sustainability means across business models, areas and strategies, per different industries



Walking the talk

A business school that looks at herself as leading by example and thus opens up the perspective of sustainability beyond environmental action.

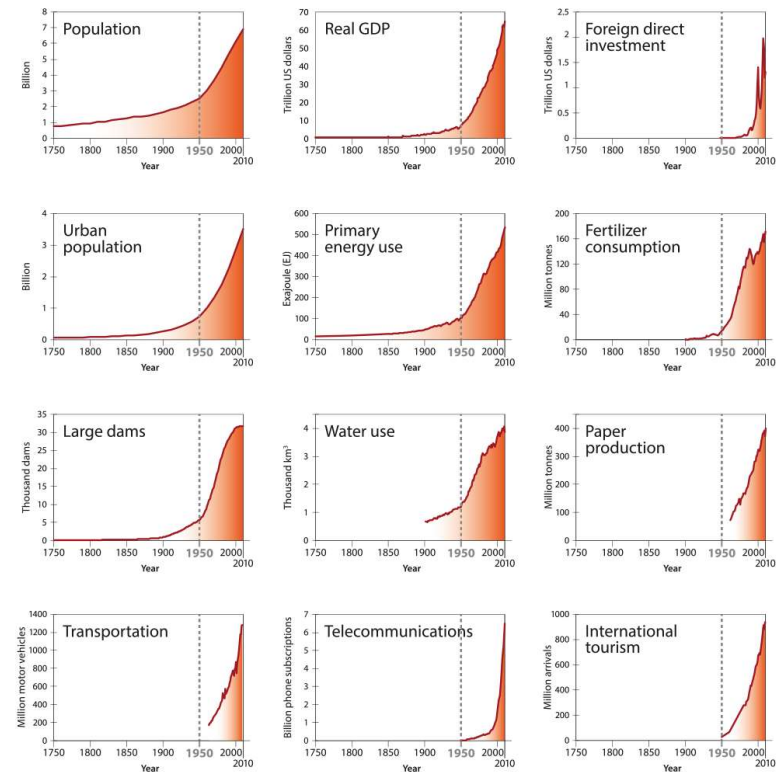


Working within communities of practice

Beyond accelerating organizations detached from an industry aggregated overview, it is lacking an institute that converges like-minded individuals to a shared ambition.

The need for thinking about sustainable development

Socio-economic trends



<https://futureearth.org/2015/01/16/the-great-acceleration/>

Slide 5

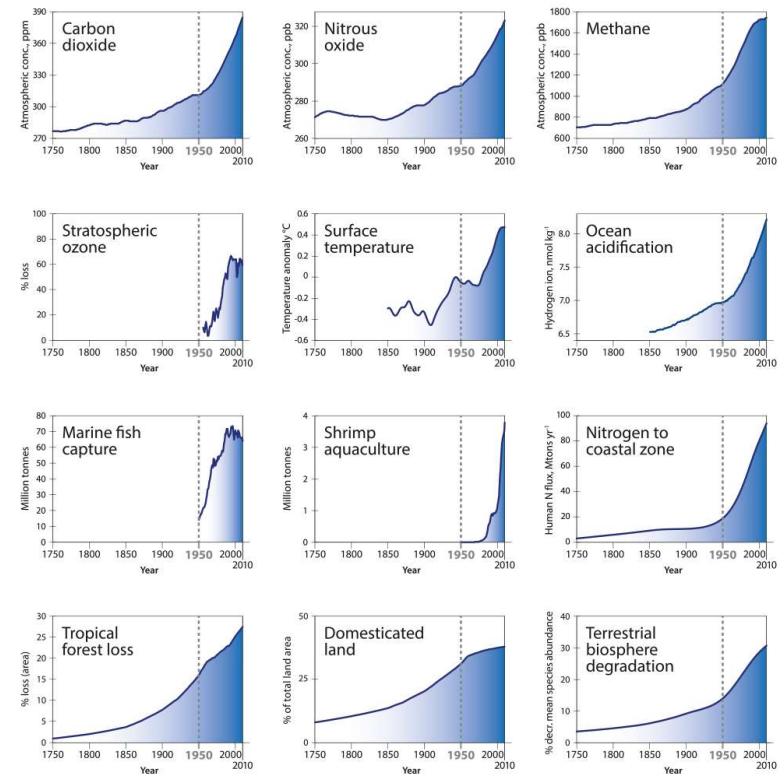
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Sources

Miguel Martins, 2022-06-28T08:57:56.747

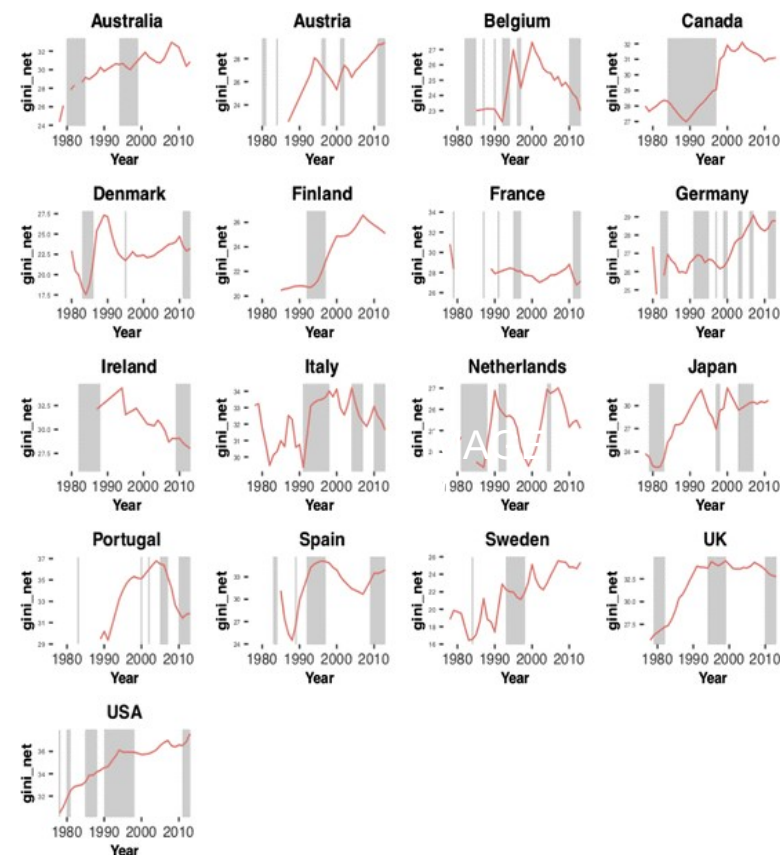
The need for thinking about sustainable development

Earth system trends



<https://futureearth.org/2015/01/16/the-great-acceleration/>

The need for thinking about sustainable development



Heimberger, Philipp. (2020). The dynamic effects of fiscal consolidation episodes on income inequality: evidence for 17 OECD countries over 1978–2013. *Empirica*. 47. 10.1007/s10663-018-9404-z.

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Sources

Miguel Martins, 2022-06-28T08:58:13.792

Wicked Problems

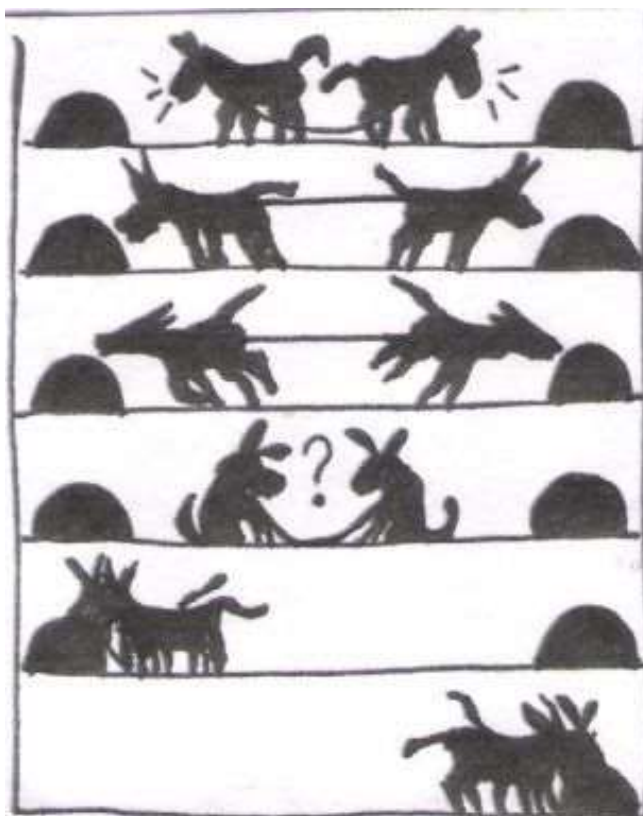
“

SOME PROBLEMS ARE SO
COMPLEX THAT YOU HAVE
TO BE HIGHLY INTELLIGENT
AND WELL INFORMED
JUST TO BE UNDECIDED
ABOUT THEM

”

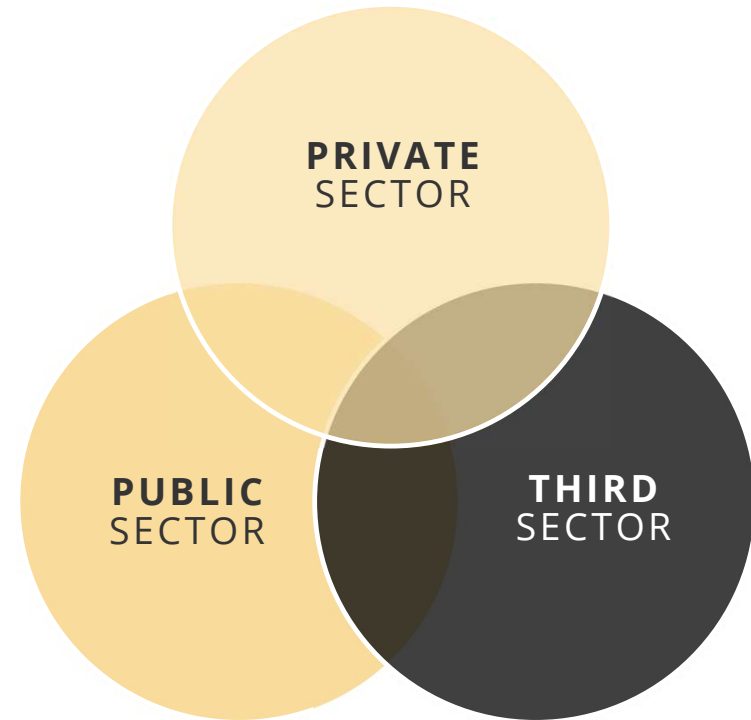
- Laurence J. Peter

- Wicked problems suffer from **fragmentation** (e.g. when stakeholders are convince that their version is the correct one)
- The only antidote is **shared understanding and share commitment**
- Why wicked problems? Multiple stakeholders, multiple agendas, lack of organizes information, problems that go beyond the boundaries of institutions, etc.





**What's the
origin of the
tension?**



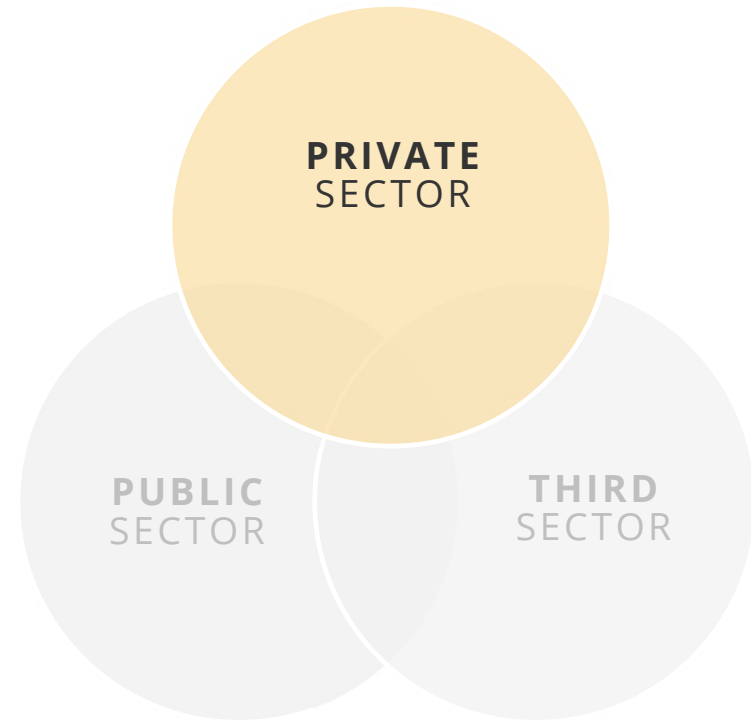
What are the main goals of these sectors?

PRIVATE SECTOR - WHAT IS IT?

The part of national economy made up of private enterprises. It includes the personal sector (households) and corporate sector (companies), and is responsible for allocating most of the resources within an economy.

MAIN GOAL?

To maximize the profit for their shareholders.



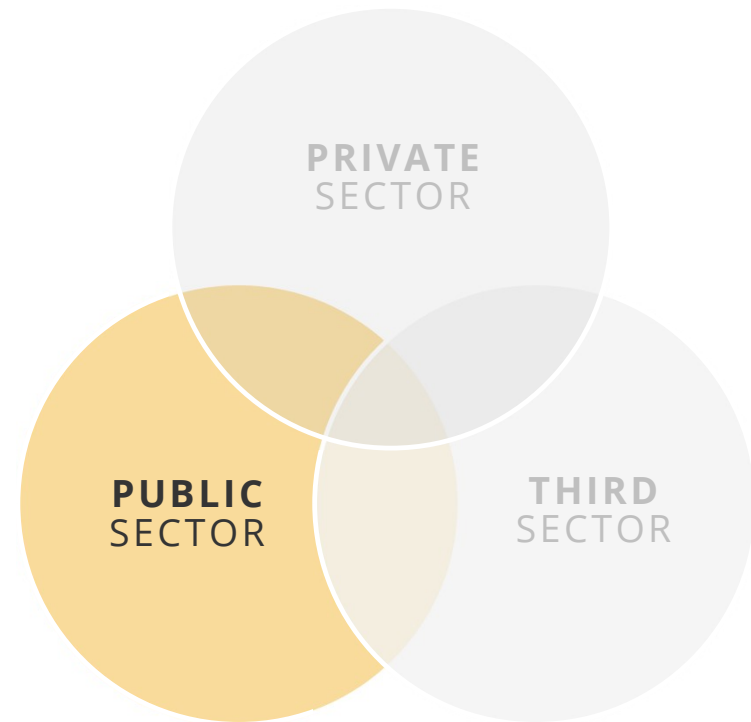
What are the main goals of these sectors?

PUBLIC SECTOR - WHAT IS IT?

The public sector, sometimes referred to as the state sector, is a part of the state that deals with either the production, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal.

MAIN GOAL?

The protection and promotion of the economic and social well-being of its citizens.



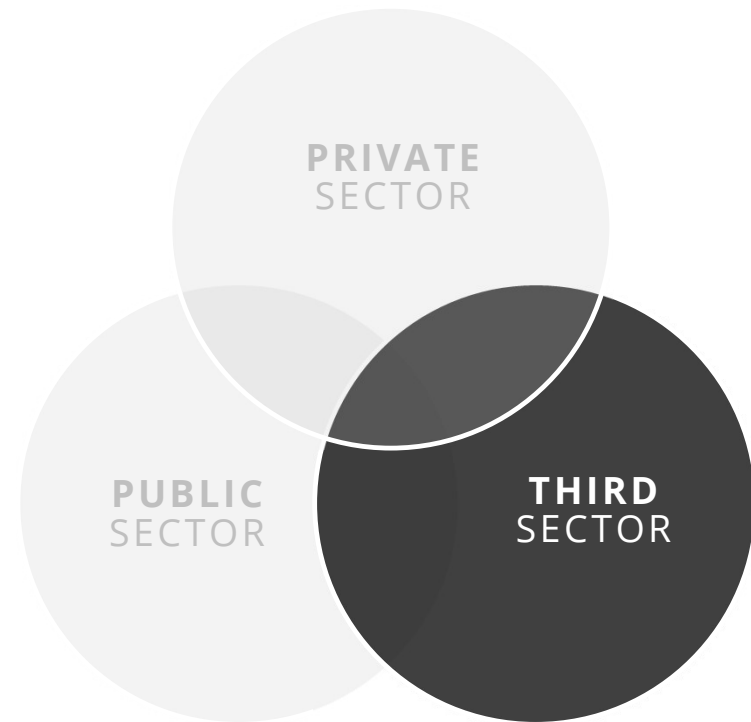
What are the main goals of these sectors?

THIRD SECTOR - WHAT IS IT?

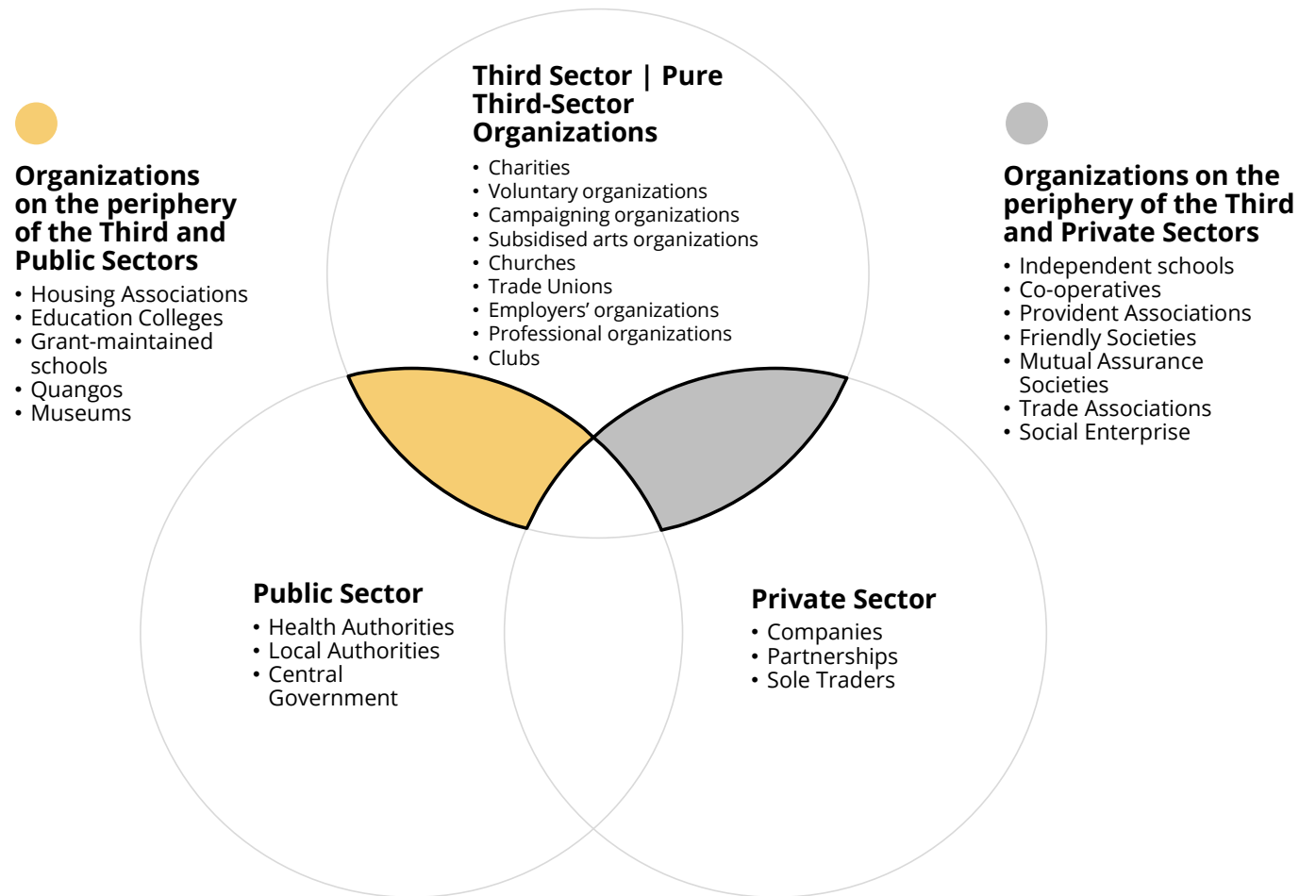
Civil society refers to the arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, and market, though in practice, the boundaries between state, civil society, and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organizations such as registered charities, development non-governmental organizations, community groups, women's organizations, faith-based organizations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

MAIN GOAL?

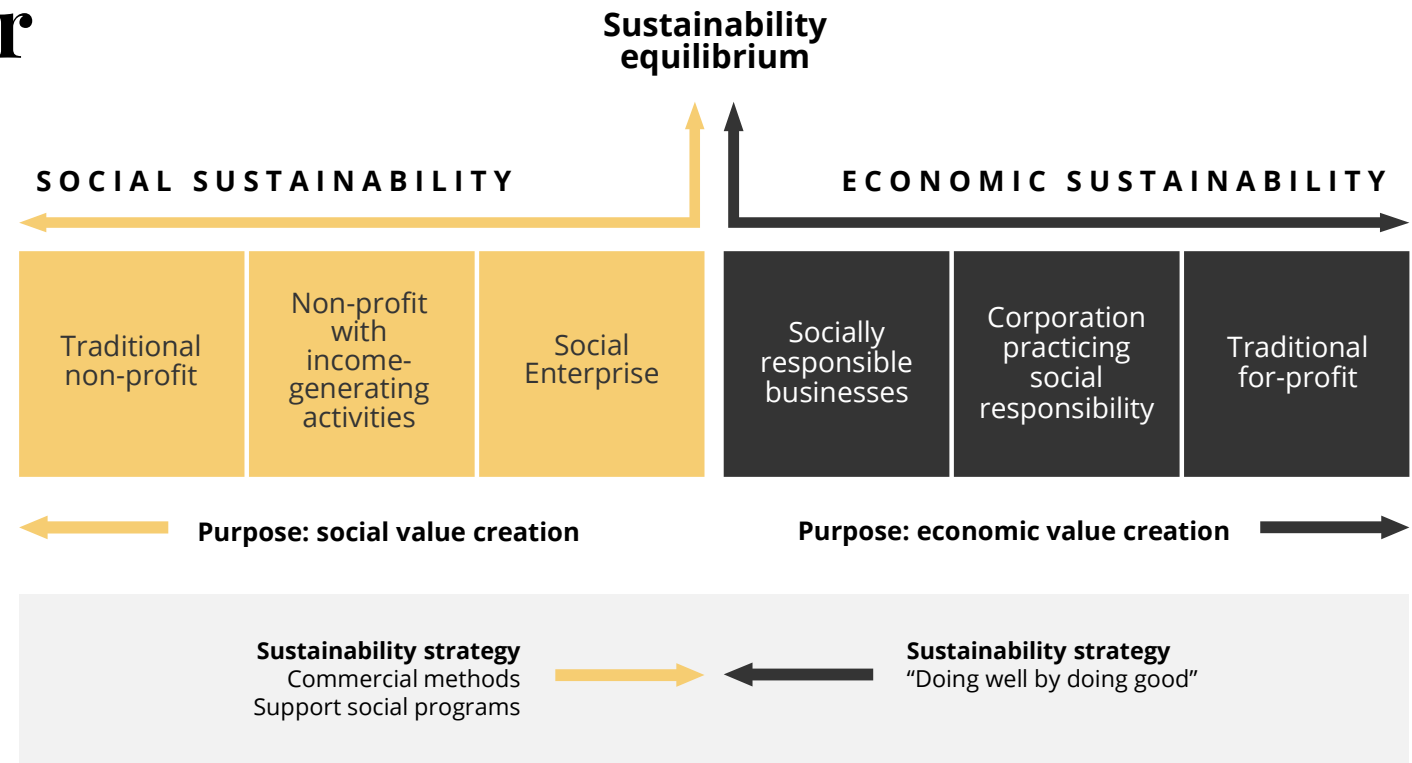
To generate a positive social impact and obtain poverty alleviation.



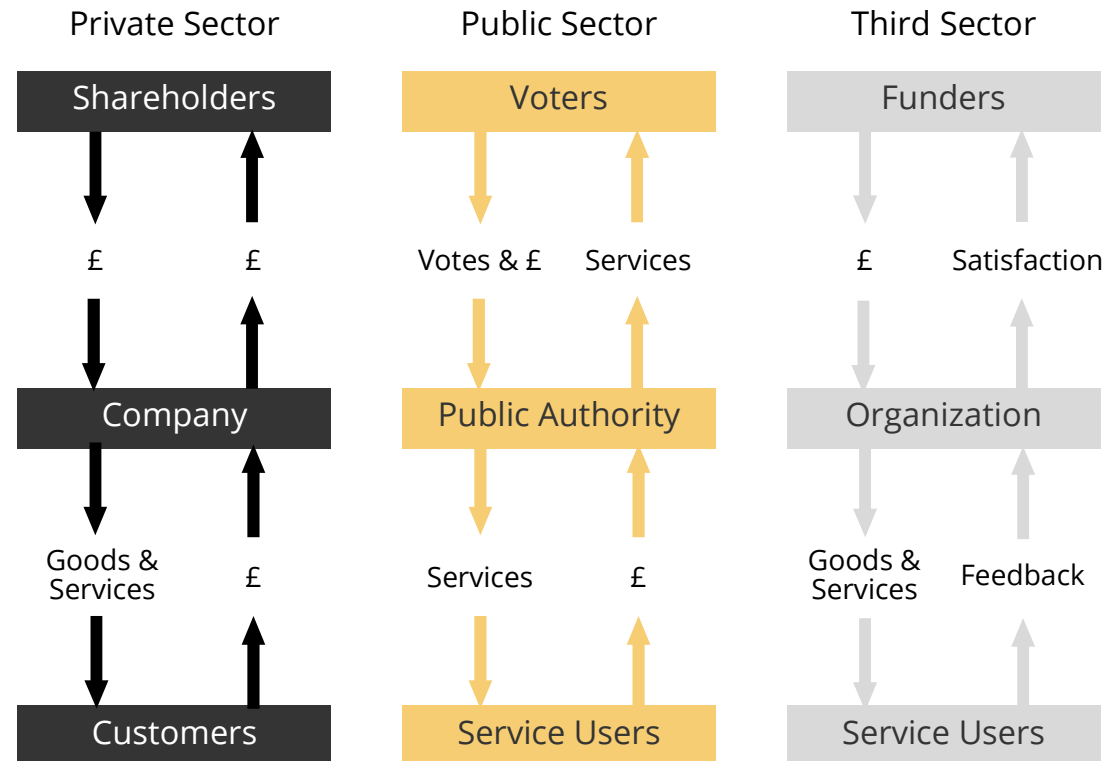
Boundaries between the Third, Public and Private Sectors are blurring...



We are moving towards higher levels of hybridity



The nature of transactions in different sectors




“

... enterprises have a great role to play in integrating market and society, the present and the future and humanity and nature

”

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- Overton H. Taylor (1960) A History of Economic Thought: Social Ideals and Economic Theories from Quesnay to Keynes.
 - Milton Friedman (70's – NY Times Magazine – “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits”
 - Business Round Table (top firms CEO's – US – 80's) – “Corporations have a responsibility, first of all. To make available to the public quality goods and services at fair prices, thereby earning a profit that attracts investment ... provide jobs and build the economy”
 - Why wicked problems? Multiple stakeholders, multiple agendas, lack of organizes information, problems that go beyond the boundaries of institutions, etc.

Significant changes in the world of business

Shareholder Value Is No Longer Everything, Top C.E.O.s Say

Chief executives from the Business Roundtable, including the leaders of Apple and JPMorgan Chase, argued that companies must also invest in employees and deliver value to customers.

Nearly 200 chief executives, including the leaders of Apple, Pepsi and Walmart, tried on Monday to redefine the role of business in society — and how companies are perceived by an increasingly skeptical public.

Breaking with decades of long-held corporate orthodoxy, the Business Roundtable [issued a statement](#) on “the purpose of a corporation,” arguing that companies should no longer advance only the interests of shareholders. Instead, the group said, they must also invest in their employees, protect the environment and deal fairly and ethically with their suppliers.

“While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders,” the group, a lobbying organization that represents many of America’s largest companies, said in a statement. “We commit to deliver value to all of them, for the future success of our companies, our communities and our country.”



	VARIANT	GOAL
Variants of profit maximization	Simple profit maximization (1)	Maximize profit
	Enlightened profit maximization (2a)	Maximize profit through contributions to social welfare
	Constrained profit maximization (2b)	Maximize profit so that social welfare outcomes stay within an acceptable range
Variants of multi-objective firms	Hierarchical goals with priority to profit (3a)	Maximize profit, then maximize social welfare contributions without adversely affecting profit
	Weighted combination of goals (3b)	Maximize a weighted combination of profit and social welfare contributions with weights that vary based on preset criteria
	Complementary goals with equal priority given to profit and to social welfare (3c)	Maximize both profit and social welfare contributions equally
	Hierarchical goals with priority to social welfare (3d)	Maximize social welfare contributions, then maximize profit without adversely affecting social welfare
Variants of social welfare maximization	Constrained social welfare maximization (4a)	Maximize social welfare contributions so that profit outcomes stay within an acceptable range
	Enlightened social welfare maximization (4b)	Maximize social welfare contributions through profit
	Simple social welfare maximization (5)	Maximize social welfare contributions

The Future of Performance

2014

Leadership | The Best-Performing CEOs in the World

100 The Rankings


1 Jeffrey Bezos, Amazon

LOCATION	START YEAR
United States	1996
FOUNDER	INSIDER
✓	✓
INDUSTRY	MBA DEGREE
Retail	✗
ENGINEERING DEGREE	TOTAL SHAREHOLDER RETURN, COUNTRY ADJUSTED
✓	15,189%
TOTAL SHAREHOLDER RETURN, INDUSTRY ADJUSTED	MARKET CAPITALIZATION CHANGE IN \$ BILLIONS
14,917%	140

Harvard
Business
Review

2018

Leadership | The Best-Performing CEOs in the World 2018

65	TOSHIKI KAWAI, TOKYO ELECTRON	▼																		
66	GREGORY CASE, AON	▼																		
67	JAMES TAICLET JR., AMERICAN TOWER	▼																		
68	JEFFREY BEZOS, AMAZON	▲																		
<div>  <table> <tr> <td>COUNTRY</td><td>START YEAR</td><td>INDUSTRY</td></tr> <tr> <td>UNITED STATES</td><td>1996</td><td>RETAIL</td></tr> <tr> <td>INSIDER</td><td>MBA</td><td>FINANCIAL RANKING</td></tr> <tr> <td>✓</td><td>✗</td><td>1</td></tr> <tr> <td>SUSTAINALYTICS RANKING</td><td>CSR/HUB RANKING</td><td></td></tr> <tr> <td>829</td><td>824</td><td></td></tr> </table> </div>			COUNTRY	START YEAR	INDUSTRY	UNITED STATES	1996	RETAIL	INSIDER	MBA	FINANCIAL RANKING	✓	✗	1	SUSTAINALYTICS RANKING	CSR/HUB RANKING		829	824	
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✓	✗	1																		
SUSTAINALYTICS RANKING	CSR/HUB RANKING																			
829	824																			
68	OSCAR GONZÁLEZ ROCHA, SOUTHERN COPPER	▼																		
70	GERMÁN LARREA MOTA VELASCO, GRUPO MÉXICO	▼																		
71	DAVID CORDANI, CIGNA	▼																		
72	GREGORY GOFF, ANDEAVOR	▼																		
73	RONALD MITTELSTAEDT, WASTE CONNECTIONS	▼																		

○ **Retention of talent**

“75% of millennials would take a pay cut to work for a socially responsible company”.¹

○ **Risk management**

The negative impact of sustainability-related risks such as compliance with new regulation, reputational or operational risks is as high as 70% of EBITDA.²

○ **Market shift**

Companies that have adopted a truly transformative sustainability aspiration will nearly triple over the next five years.³

○ **Business opportunity**

Sustainability-marketed products have grown 5.6 times faster than conventionally marketed products.⁴

○ **Financial market pressure**

Global sustainable investing assets have gone from \$22tn to \$30tn in two years.⁵

Framework for Corporate Response to Hybrid Social Ventures

		Opportunities for Customer Value Creation through Sustainability	
		High	Low
Opportunities for Employee Value Creation through Sustainability	High	Integrated Responses <i>Acquire and integrate a hybrid social venture; actively diffuse practice and ethos across enterprise</i> Examples in our research: Unilever / Ben & Jerry's Danone / Stonyfield Farm	Employee-Centered Responses <i>Consult with hybrid social ventures to grow capabilities for sustainability innovation</i> Examples in our research: Panera Cares BJ's / Whole Foods
	Low	Customer-Centered Responses <i>Create a brand or acquire at arm's length to explore and compete in the hybrid social ventures market niche</i> Examples in our research: Skechers / Toms Shoes Coke / Honest Tea	Defensive Responses <i>Monitor hybrids and defend mass-market position</i> Examples in our research: ConAgra Beverage Marketing (AriZona Beverage Company)

Typical tensions on this journey of transition...

- Measuring KPIS to K Integrated IS - Natura
- Educating your employees to customers for sustainability - Unilever
- Community Engagement to CSR, from CSR to sustainable strategic development – Sonae MC
- Leveraging on identity to Creating new organizational identity (designing the future on the values of the past) – Delta
- Recruiting to Growing talent – Coca cola/Adidas
- Small changes to Big changes (M&A, Systemic change, incremental vs disruptive innovation, etc.) – Pestana, Sonae MC, Patagonia, etc
- Personal alignment to organizational alignment

Categorization of Organizational Tensions

How can I be recognized as part of the collective, without losing my individuality?!

Learning

Efforts to adjust, renew, change, and innovate foster tensions between building upon and destroying the past to create the future

(e.g., March, 1991; Senge, 1990; Weick & Quinn, 1999)

How do I keep innovating and keep what has been working for me so far?!

Belonging

Identity fosters tensions between the individual and the collective and between competing values, roles, and memberships

(e.g., Badaracco, 1998; Brewer, 1991; Huy, 2002; Markus & Kitayama, 1991; Pratt & Foreman, 2000)

Organizing

Structuring and leading foster collaboration and competition, empowerment and direction, and control and flexibility

(e.g., Adler, Goldoftas, & Levine, 1999; Denison, Hoijberg, & Quinn, 1995; Flynn & Chatman, 2001; Ghemawat & Costa, 1993; Lusch & Lewis, 2008; Siggelkow & Levinthal, 2003)

How do I become more profitable and extend my social responsibility efforts?!

Performing

Plurality fosters multiple and competing goal as stakeholders seek divergent organizational success

(e.g., Denis, Langley, & Rouleau, 2007; Donaldson & Preston, 1995; Jarzabkowski & Sillince, 2007; Margolis & Walsh, 2003)

How do I collaborate without losing my competitiveness?!

Categorization of Organizational Tensions

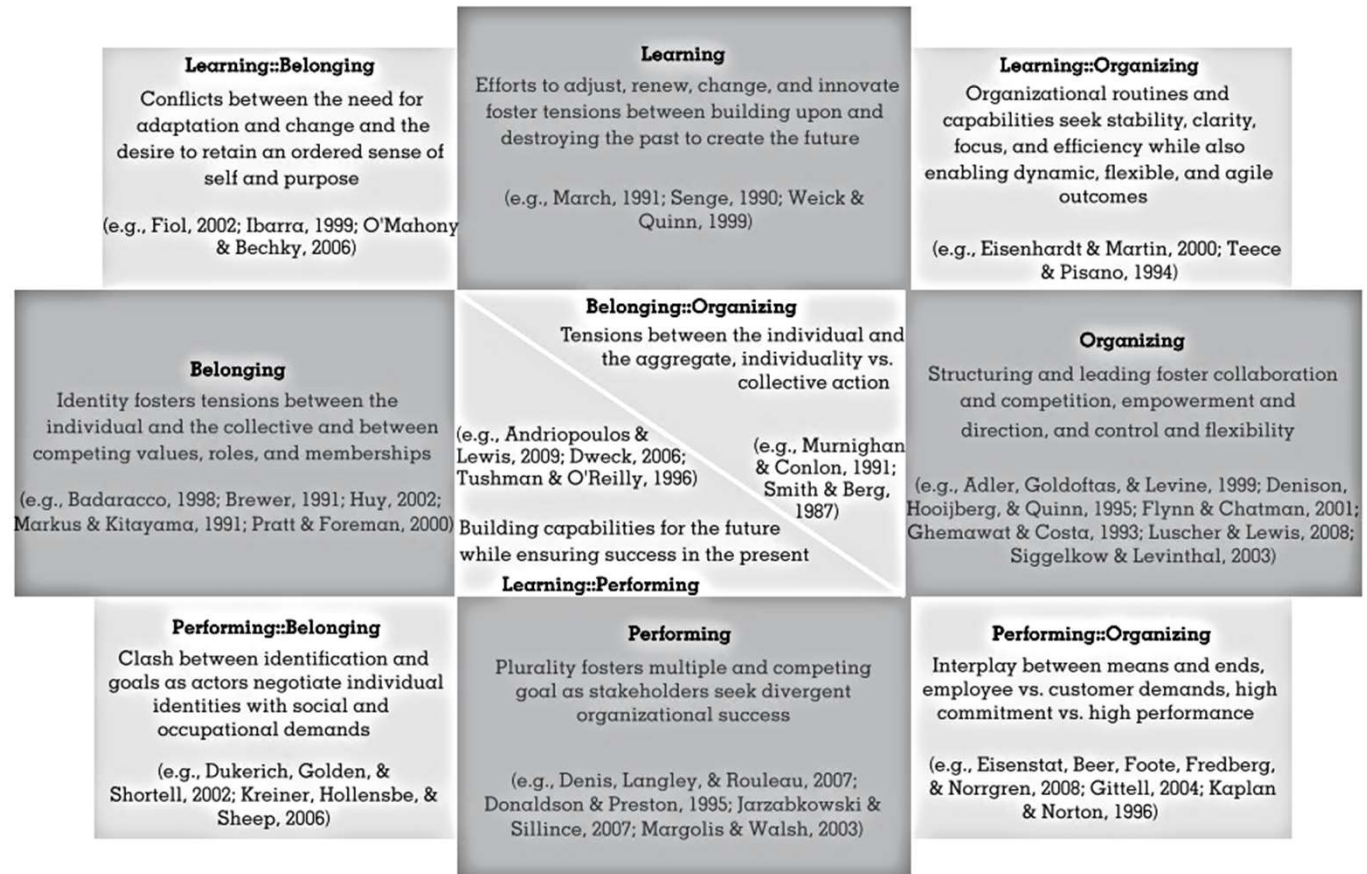
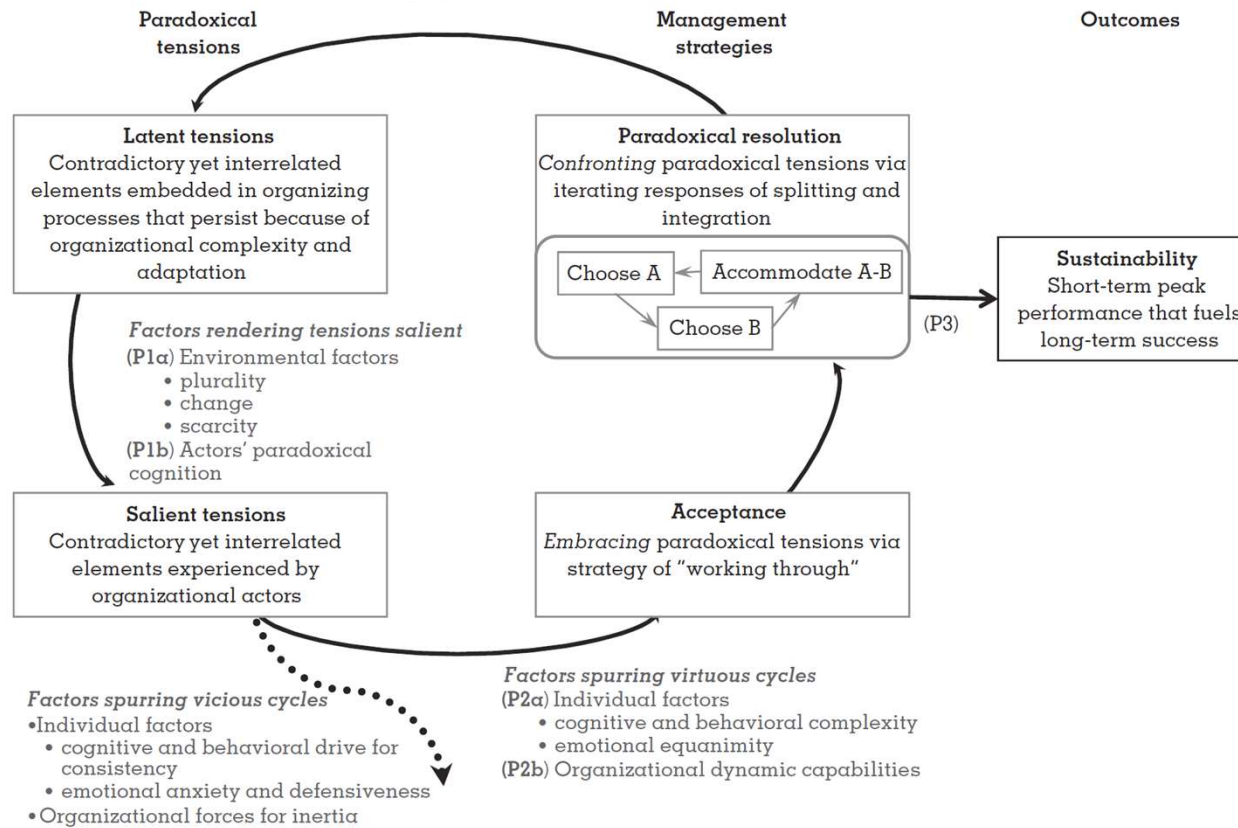


FIGURE 3
A Dynamic Equilibrium Model of Organizing



“

3 C.
Care

Cognitive intelligence. Business
implications. State of the art knowledge
Courage (you can loose your job)

”

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“

It is time to provide leaders with tools to address contradictions as recurrent challenges, and embrace the tensions with tolerance and creativity. This calls for a different kind of sensitivity and approach to problem-solving, accepting tensions and balancing conflicting aspects to unleash corporate contributions in full, ensuring the essential goal of sustainability

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HAHN ET AL. 2010



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Class 2



Slides created by Tomé Salgueiro

Goals for this session:

- ✦ An introduction to hybrid organizations
- ✦ Hybrid organizations' main characteristics
- ✦ Hybrid organizations' main challenges

A (very) short intro to Organizational Logics



Organizational Logics are the **socially constructed practices, values, beliefs and rules** by which individuals and organizations produce their material subsistence, organize, and provide meaning to their own social reality

All organizations hold competing Goals, Logics and Identities under the same roof...











Hybrid Organizing



But for some organizations, that is at the core of what they are...

These are the Hybrids, and they engage in hybrid organizing – *“the activities, structures, processes, and meanings by which organizations make sense of and combine aspects of multiple organizational forms”*



Hybrid Organizations: A couple of definitions

"Hybrids often combine two specific logics: the business logic of revenue and profit generation by providing commercial goods or services, and the logic of societal welfare by providing services that positively affect social and ecological systems"

(Smith et al. 2013)

"Hybrid organization or hybrid refers to organizations that combine elements of for-profit and nonprofit domains; maintaining a mixture of market- and mission-oriented practices, beliefs, and rationale to address social and ecological issues"

(Battilana & Dorado, 2010)

Hybrid Organizations: Main Characteristics

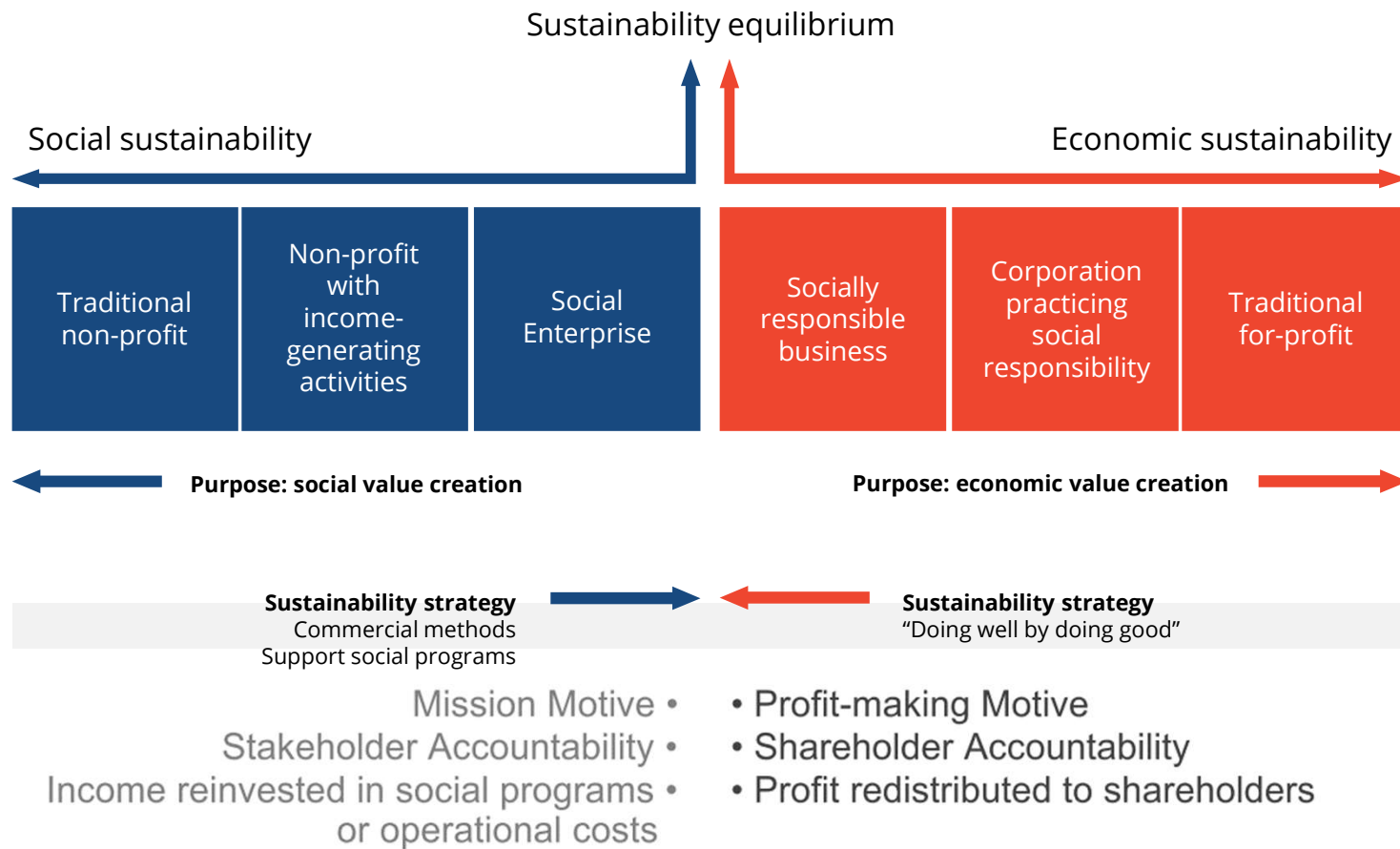
- **Socially and environmentally embedded mission;**
- **Longer time horizons for slower and more autonomous business development;**
- **Mutually beneficial relationships with stakeholders;**
- **Progressively interacting with markets, competitors and industry;**
- **They challenge the presumed need for perpetual economic growth.**

(Haigh & Hoffman, 2012)

Hybrid Organizations: Main Characteristics

<u>Companies Practicing Mainstream Corporate Sustainability</u>		<u>Hybrid Organizations</u>
<i>Strive for exponential growth</i>	Growth	<i>Constrain growth</i>
<i>Profit maximization a top priority</i>	Profit	<i>Profit maximization subordinate to mission</i>
<i>Social/Ecological systems largely though not exclusively externalized</i>	Connection with Social/Ecological Systems	<i>Social/Ecological systems internalized</i>
<i>Value of nature resides primarily in its utility value</i>	Value of Nature	<i>Value of nature resides both in utility value and intrinsic value</i>
<i>Compete on the basis of control of resources, secrecy surrounding value creation</i>	Competitive Practices	<i>Compete on the basis of values and impact</i>
<i>Sustainability enacted as reducing negative impacts</i>	Enactment of Sustainability	<i>Sustainability enacted as reducing negative and creating positive impacts</i>

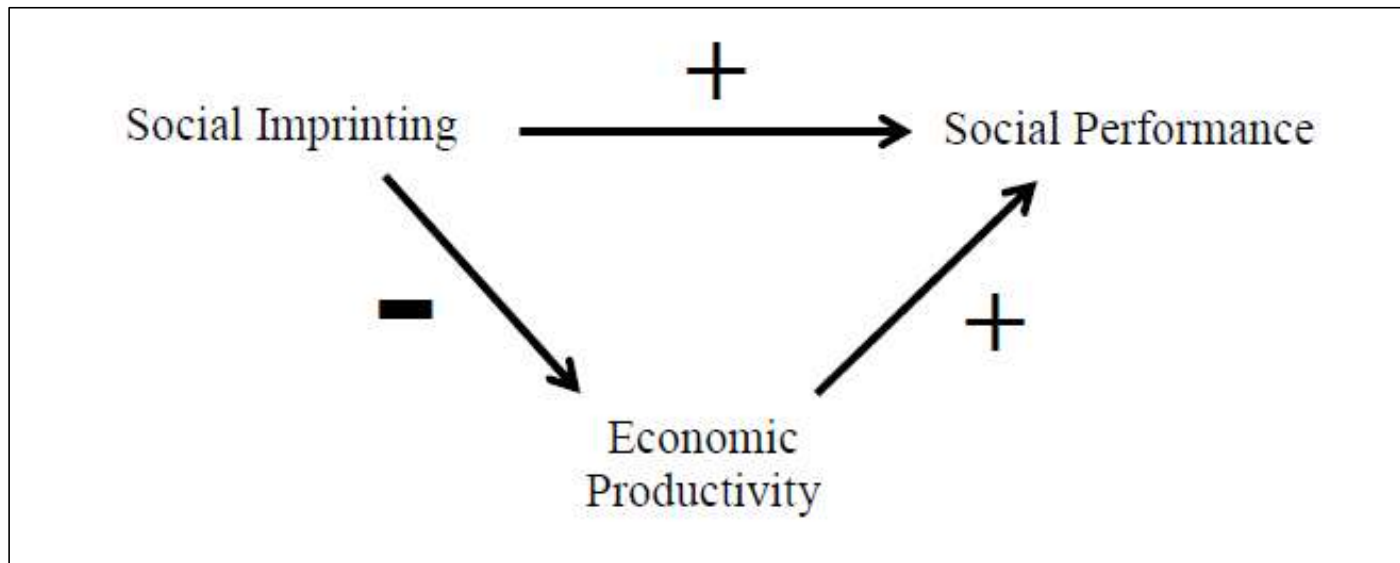
Hybrid Spectrum



Hybrid Organizations: Main Characteristics

- **Hybrids can combine a mix of market and mission-oriented identities, logics and practices;**
- **Social Enterprises are prototypical cases of hybridity;**
- **They blur the line between for-profits and nonprofits;**
- **Combining utilitarian economic principles necessary to survival with cultural and ideologic principles that also guide their existence;**
- **In doing so, they pursue both profitability and to address some of Humanity's greatest issues.**

Competing Goals, Logics and Identities



(Battilana J., Sengul M., Pache A., Model J., 2013)

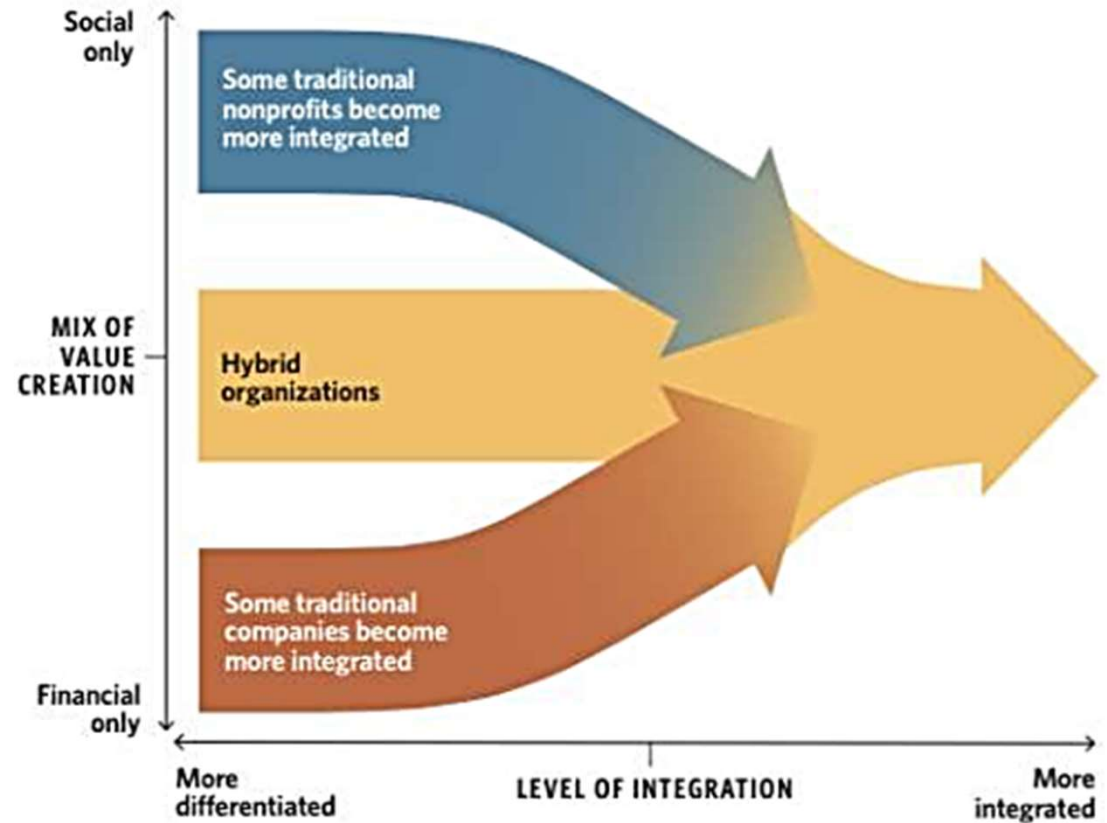
Hybrid Organizations: Main Challenges

- **Mainstreaming the sustainability mission is a double-edged sword (loss of niche spaces)**
- **Competing head-to-head with dominant players**
- **The dilemma of being acquired**
- **Mission drift**
- **Scaling up**
- **Legitimacy among certain audiences**
- **A broader definition of stakeholders**

Can anyone become a hybrid?

DRIVERS FOR CHANGE:

- Desire to better facilitate/fulfill their mission
- Need to diversify income
- Need to raise capital
- Need to be understood
- A need to attract and retain talent





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Class 3



Slides created by Tomé Salgueiro

Goals for this class:

- ✦ A (brief and simplified) introduction to tensions felt by hybrid organizations
- ✦ A (brief and simplified) introduction to the Theory of Paradox and Dialectic (in organizational science)
- ✦ What exactly do practitioners feel in the field?
- ✦ Understand the categorization of different organizational tensions inherent to the pursuit of Performance & Progress
- ✦ How to resolve or navigate tensions?

“Our work world is filled with multiple, often competing, demands...

We need to solve problems creatively but in a timely manner;

To be planned yet adaptive...

To learn new skills while also taking advantage of existing capabilities...

To perform at our best while also helping others...

Our success depends on how we understand and manage these competing demands...”

Wendy K. Smith, Paradox & Plurality Forum, 2018

What are some tensions that emerge in the pursuit of Performance & Progress?

Examples of organizational tensions?

Today and Tomorrow

Global and Local

Missions and Markets

Authority and Democracy

Learning and Performance

Authenticity and Discretion

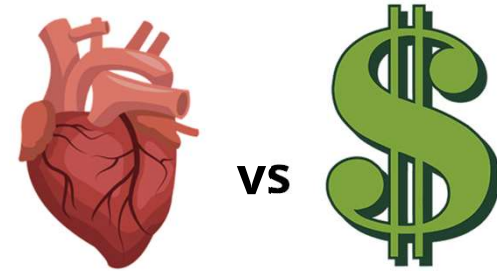
Cooperation and Competition

Centralization and Decentralization

Individuality and Teamwork

Take 2 minutes to discuss...

Balancing Social and Commercial Benefits: *Mind on the money* or *following the heart*?



Interview extracts:

“We recruited to our board someone who had built a brand successfully in the mainstream supermarket sector. However, it did not work out as he became very aggressive in board meetings and kept referring to his fiduciary responsibility. If you look at the fiduciary responsibility of board members, its to act in the best interest of the shareholders. In our case we have a social mission, so I am not sure he understood how to operate for our best interest.” - [\(Interview w/ a FTSE CEO\)](#)

OR,

“There is a risk that those with a development NGO background are “anti-capitalist” and hence may be dismissive of business methods and processes.” - [\(Interview w/ a FTSE Board Member\)](#)

Resource Pressures: *Charity or Business?*



Interview extracts:

“The initial financial resources supplied by the donors encouraged the management team to ignore the commercial reality” - (Interview w/ an informant)

OR,

“(...) we need to focus on efficiency and commercial considerations, but we do not want to lose our identity as an alternative business (...)” - (Interview w/ an informant)

OR,

“(there is a) need for the FTSEs to differentiate their resource streams and avoid falling into a de facto philanthropic model.” - (Mason C. & Doherty B.)

Conflicts of Interest and Managing Multiple Stakeholders: *Someone's gotta give?*



Interview extracts:

“As the company grew, we experienced increasing conflicts between original investors with some board members acting as both suppliers and customers.” - (Interview w/ a FTSE Senior Board Member)

OR,

“The founding members were initially mobilized by the social mission but as the company grew, conflict began to absorb valuable management time. (...) this conflict was exasperated by the fact that they needed full agreement from all parties (investors, donors and founders) to agree on key decisions. This stifled their ability to react to the changing market conditions.” - (Interview w/ an informant)

Adapted: Mason C., Doherty B., 2016

Example: A Case of FTSE (fair trade social enterprises)

Organizational tensions

Can we think of the case studies discussed during class?

What tensions are felt by Patagonia?



Take 2 minutes to discuss...

Distinguishing organizational tensions

Can we categorize tensions? We can try!

Here is Smith & Lewis proposal:

- ✦ Learning;
- ✦ Belonging;
- ✦ Performing;
- ✦ Organizing.

Smith & Lewis, AMR, 2011

Categorization of Organizational Tensions



How can I be recognized as part of the collective, without losing my individuality?!

How do I keep innovating and keep what has been working for me so far?!

How do I become more profitable and extend my social responsibility efforts?!

How do I collaborate without losing my competitiveness?!

Handling organizational tensions

!Your attention!

There are different ways of handling organizational tensions:

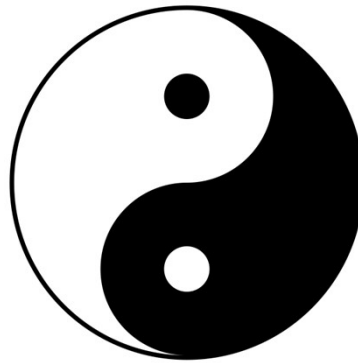


Dilemma

- Competing choices;
- Each have advantages and disadvantages;
- Can be resolved by choosing.

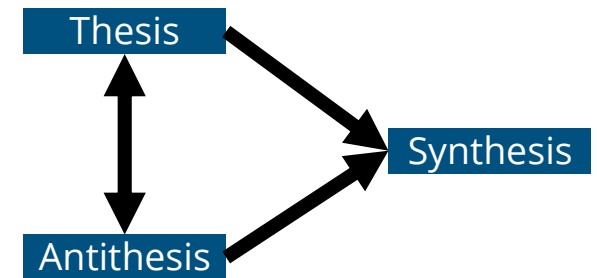
Smith & Lewis, AMR, 2011

*Ford & Ford, AMR 1994



Paradox

- Contradictory;
- Interdependent;
- Exist simultaneously and ...
- Persist over time.



Dialectic

- Contradictory elements (thesis and antithesis)
- Resolved through integration (synthesis)

A Theory of Paradox

Paradoxes are:

- ✦ **Contradictory and...**
- ✦ **Interdependent dualities**
- ✦ **That exist simultaneously and...**
- ✦ **Persist over time**



Smith & Lewis, AMR, 2011

Paradox

Is a contradiction that persists over time, developing into a seemingly **IRRATIONAL** or **ABSURD** situation because their continuity creates situations in which options appear mutually exclusive, making choices difficult (often times impossible).



Nested

- Tensions occur across multiple levels



Interwoven

- Multiple tensions in the system, informing one another

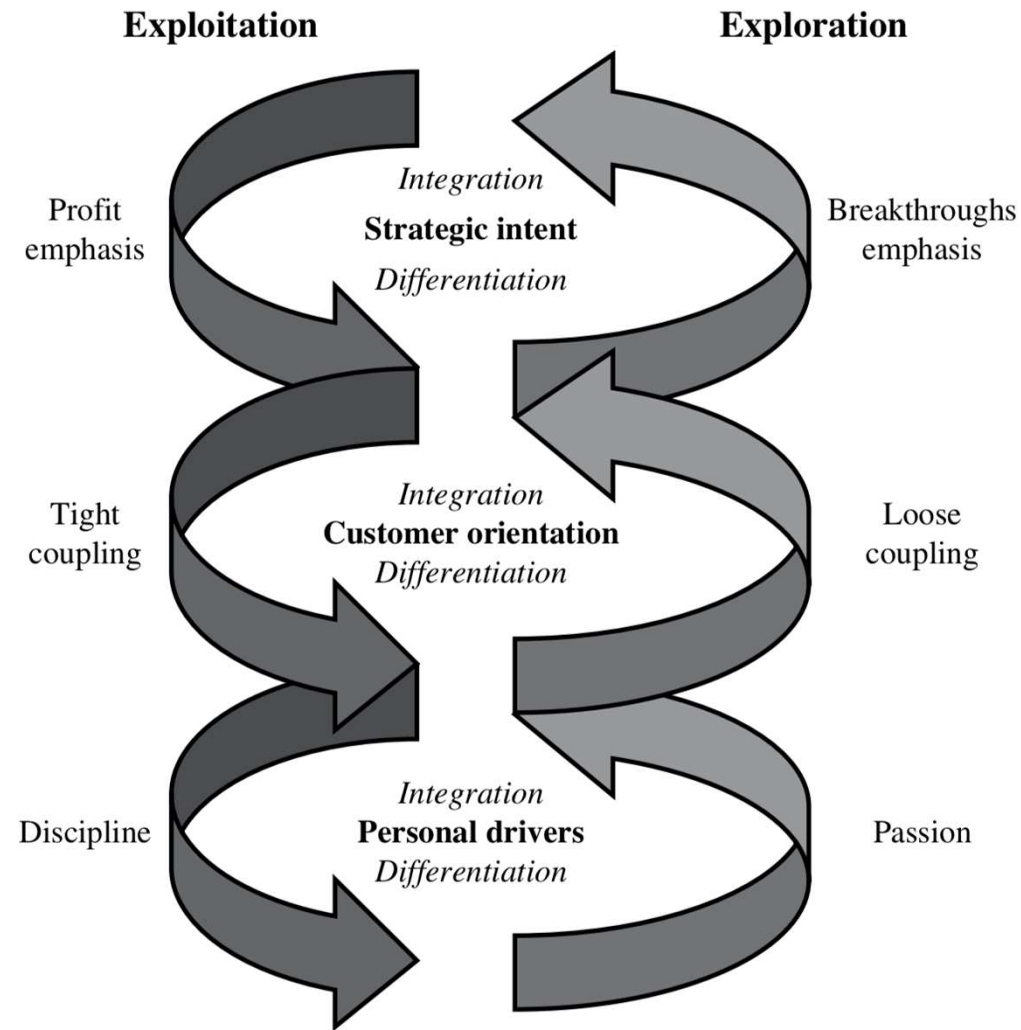


Persistent

- Tensions persist over time

Adapted from:
Putnam, Gailhurst, Banghart; Annals, 2016
Jarzabkowski, Le, Van de Ven, 2013
Sheep et. Al., 2017
Smith, AMJ, 2014

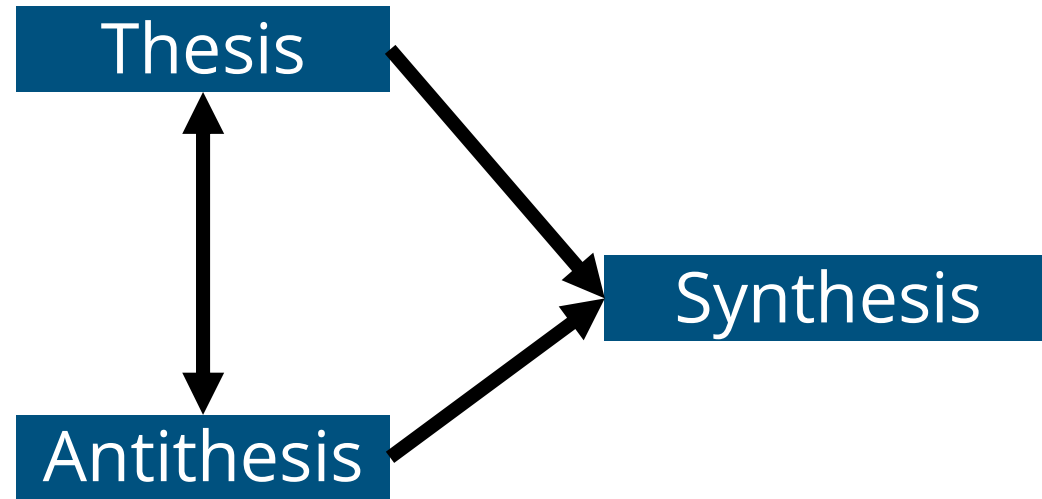
A nested and interwoven paradoxical tension between Exploitation and Exploration that lasts over time



Dialectic Theory

Dialectics are:

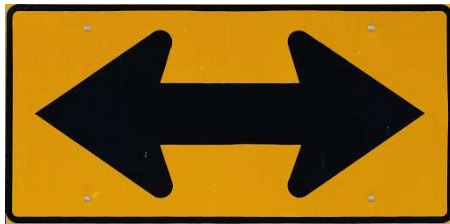
- ✦ **Contradictory elements...**
- ✦ **The thesis and antithesis;**
- ✦ **That are resolved through integration/synthesis.**



Smith & Lewis, AMR, 2011

Dialectic

An opposition that is resolved, as two poles of the tension (thesis and antithesis) are overcome by synthesis. This synthesis is often framed as **transcendent** as the poles get fused in such a way they are no longer opposite.



Contradiction

- Contradictions (no negative connotation) are the drivers of change.



Duality

- Consideration without separation. The process of resolution thrives because, and not despite the two opposites.



Transcendence

- Change occurs by synthesis of the two opposite poles. They are synthesized into some new interpretation that transcends opposites.

Adapted from:
Clegg and Cunha, 2017

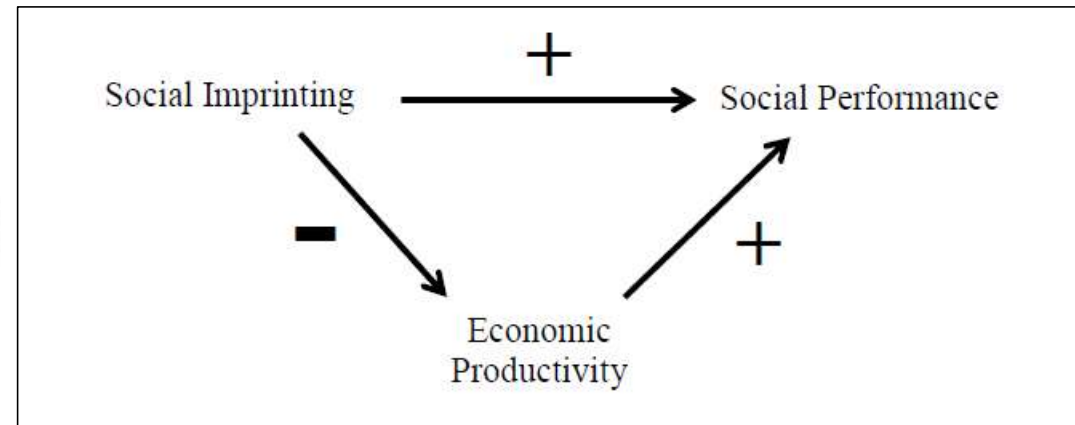
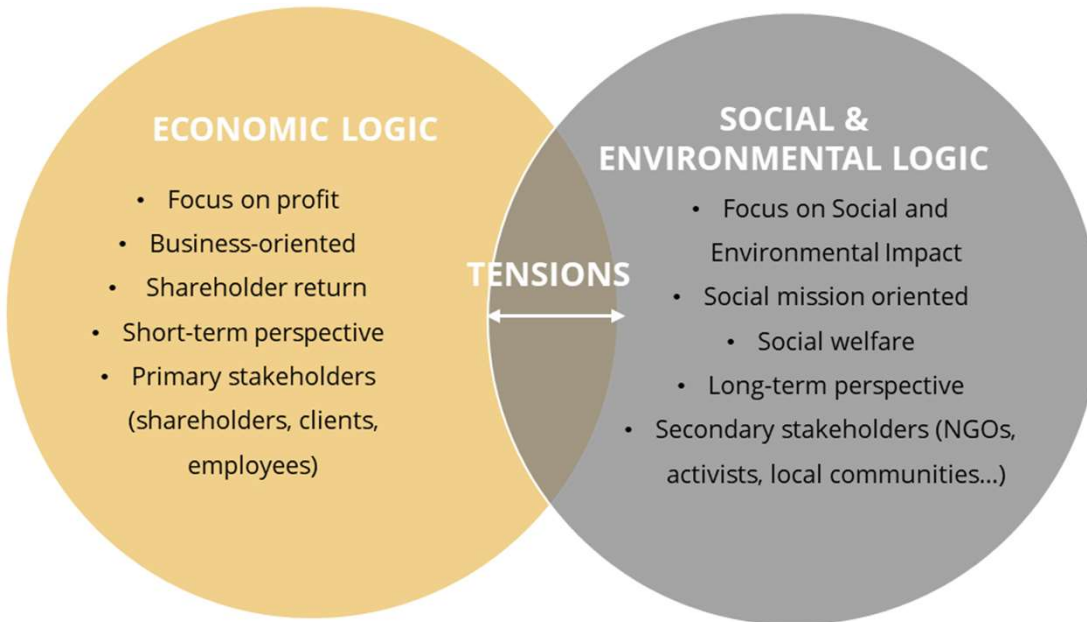
Applying a Dialectic approach and/or Navigating Paradoxes

How can you, managers and future leaders, be equipped to deal with such tensions? Let's look at a few effective ways of addressing tensions in dialectic and paradoxical ways:

- ✦ Harnessing Productive Tensions;
- ✦ The Paradox Mindset;
- ✦ Turning Antagonistic Assets into Complementarities;
- ✦ A Regenerative Approach

Harnessing Productive Tensions

When organizations try to balance and manage between the economic and social performance tensions usually emerge.



A strong social imprinting may come at a cost to economic productivity. For example, staff with a social work background may be less experienced in managing commercial operations and may prioritize social activities over commercial ones. However... economic productivity is associated with social performance because it allows the allocation of more resources to address the social mission...

Harnessing Productive Tensions

Paradoxical approach

Example: A Case of WISE (Work Integration Social Enterprises*)

✦ How did successful organizations deal with this paradox?

1. By assigning responsibility for social and economic activities to distinct groups while...
2. Creating “**spaces of negotiation**”—arenas of interaction that allow members of each group to discuss the trade-offs that they face

Examples of activities:

Regular and mandatory “regulation meetings,” gathering social counselors and production supervisors to discuss both commercial and social operations

Formal planning system to schedule social and production activities, involving social counselors and production supervisors

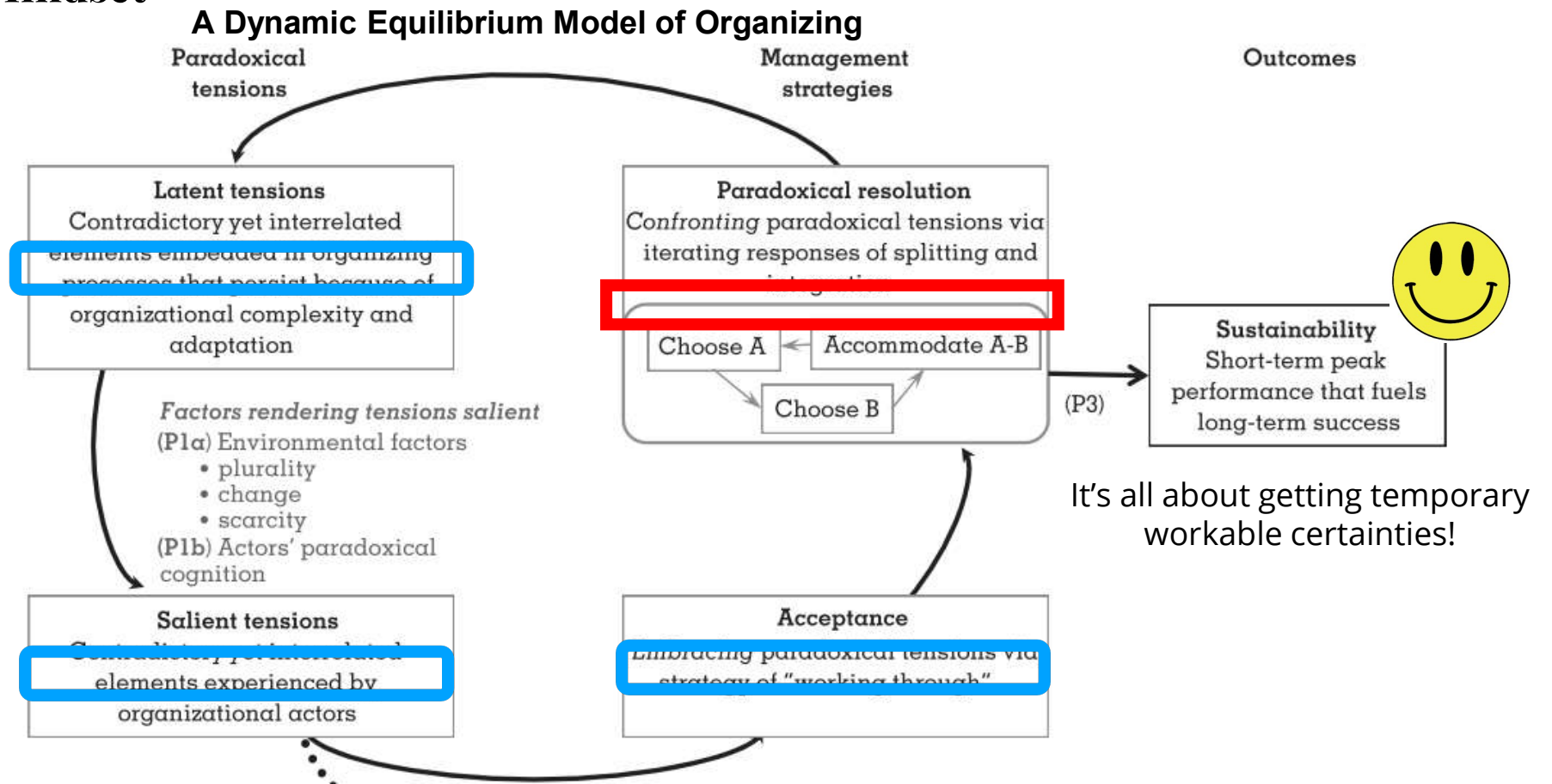
Formal performance appraisal process, requiring regular discussions between beneficiaries, social counselors, and production supervisors, to compare assessments of each beneficiary’s performance and agree on next steps

Spaces of negotiation

Battilana J., Sengul, M., Pache A., Model, J., 2015

*The primary goal of these organizations is to help the long-term unemployed to transition back into the labor market. To accomplish this goal, WISEs hire un-employed people, to whom we refer in this paper as the “beneficiaries”

The Paradox Mindset



Adapted: Smith & Lewis, AMR, 2011

The Paradox Mindset

Recognizing



To the extent to which individuals recognize contradictory requirements, ideas, demands and goals that need to be addressed simultaneously.

Accepting



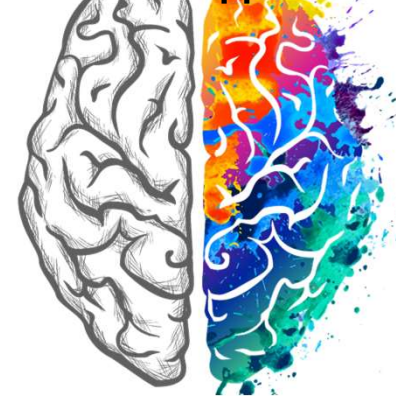
To the extent to which individuals embrace and accept tensions instead of trying to avoid or eliminate them.

Comfort



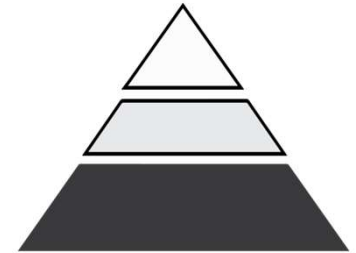
To the extent to which individuals are energized by and feel comfortable dealing with contradictory demands, ideas and goals. Finding comfort in discomfort.

Paradoxical approach



Turning Antagonistic Assets into Complementarities

Example: A Case of BOP (Base-of-the-Pyramid Hybrid organizations*)








Multiple interesting tensions...

- ✦ BOP's employ people with incompatible skills for efficient and productive processes;
- ✦ BOP's find themselves working with individuals that covet failure, rather than success;
- ✦ BOP's face a problem of quality perception;
- ✦ BOP's tend to serve end-users that cannot easily access the products they offer;
- ✦ BOP's have a tendency towards heterogeneity, making economies of scale very difficult.

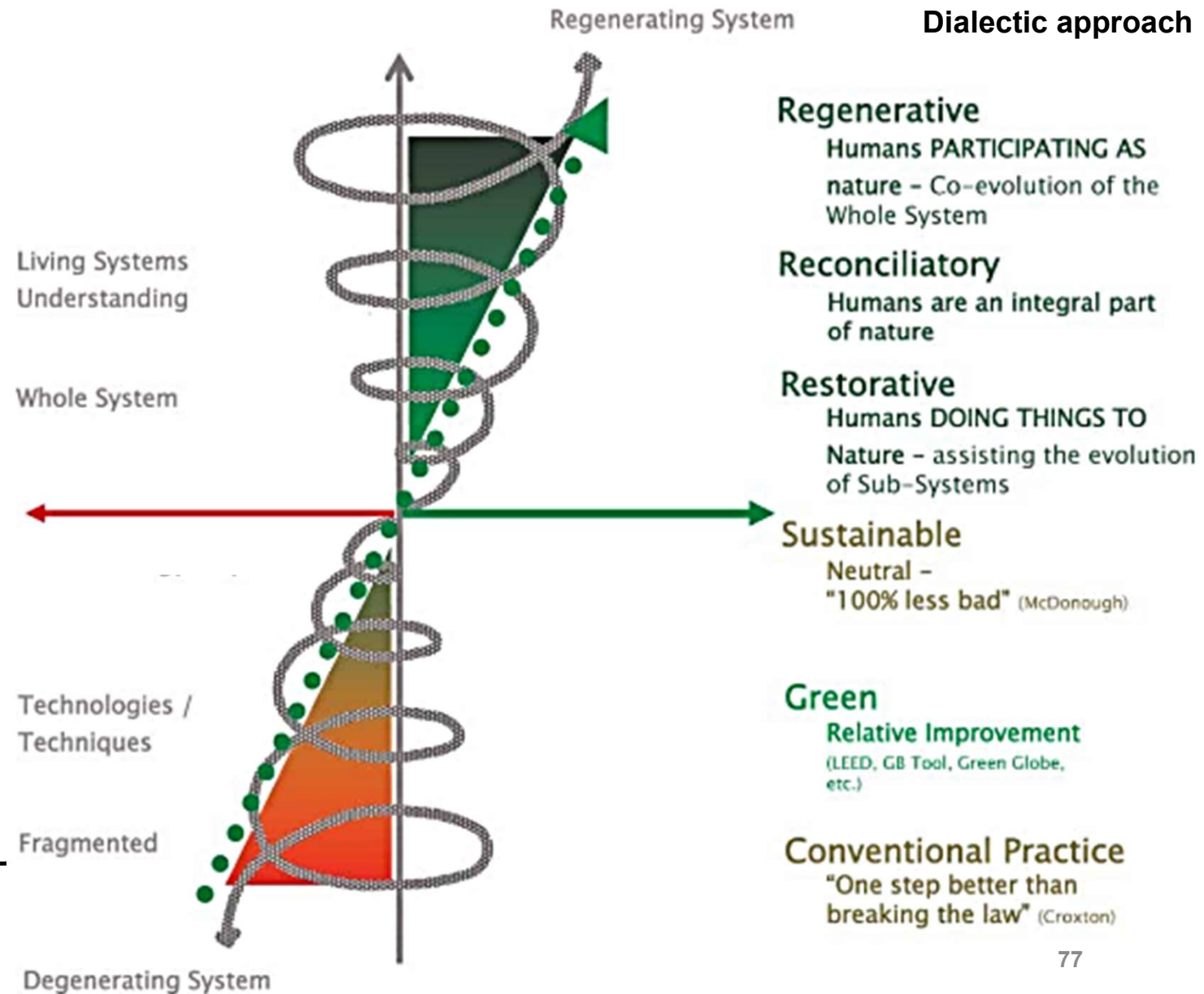
And on, and on, and on...

Turning Antagonistic Assets into Complementarities

Hybrid Strategies	Description	Examples
Identify Hidden Complementarities	Find previously unknown ways to employ antagonistic assets in a profitable way	 Telehandelshuset (Denmark)
Develop New Complementarities	Identify effective measures through which beneficiaries can learn valuable skills	 Melting Pot Foundation's Social Business (Denmark)
Eliminate Need for Complementarities	Using frugal design to create simple products for complex problems	 LifeStraw (United States)
Create Demand for Antagonistic Assets	Creating a reverse appeal for antagonistic assets through storytelling	 Fruta Feia (Portugal)
Use Partnerships to Achieve Distribution Complementarities	Leveraging partnerships with charities and businesses to access distribution channels	 ColorADD (Portugal)

A Regenerative Approach

- ✦ Moving from a mindset of *"how can I do less damage"* to *"how can I improve"*?
- ✦ Not *"doing things to nature"*, but instead *"doing things with nature"*
- ✦ Often a collaborative approach with a system-based and place-based perspective.



Regenerative Approach: Guayakí's Business Model

Guayakí seeks to incorporate negative externalities **by** internalizing environmental costs. They claim that:

"(...) the more Mate is sold, the more costs can be internalized, and more forest can be regenerated"
- Pryor in interview, 2020

The company's business model is rather simple:

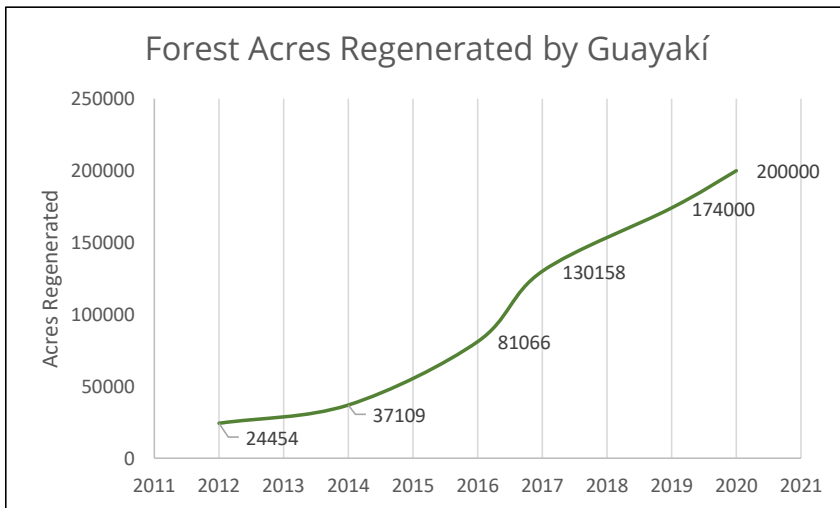
- It's South-American operations in Paraguay, Argentina, and Brazil, rely on sustainably harvested, shade-grown, Yerba Mate, planted and harvested by indigenous communities. The leaves are flash-heated to stop its natural fermentation and to protect antioxidants . They are then air-dried for 24h.
- The Yerba is transported to California where it is transformed into a beverage, following all FDA protocols. It is sold as a premium product and the profits generated go, in part, to reforestation efforts in the South-American Atlantic forest, which in turn feed the business.



Regenerative Approach: Guayakí's Reforesting Efforts

Ilex Paraguariensis, or Yerba Mate, is a native, wild-occurring tree that can be sun-grown in artificial nurseries and then relocated to the forest where they become fast-growing trees. These trees do particularly well under the shade of other taller native plants (hence "shade-grown") -> this helps avoid the monoculture issue.

The tree leaves can be harvested annually in May and July, with minimum damage to the tree itself, after 3 to 5 years. These trees continue growing and can live up to 80 years.



A Yerba Mate Nursery



A fully grown tree

miguel.alvesmartins@novasbe.pt

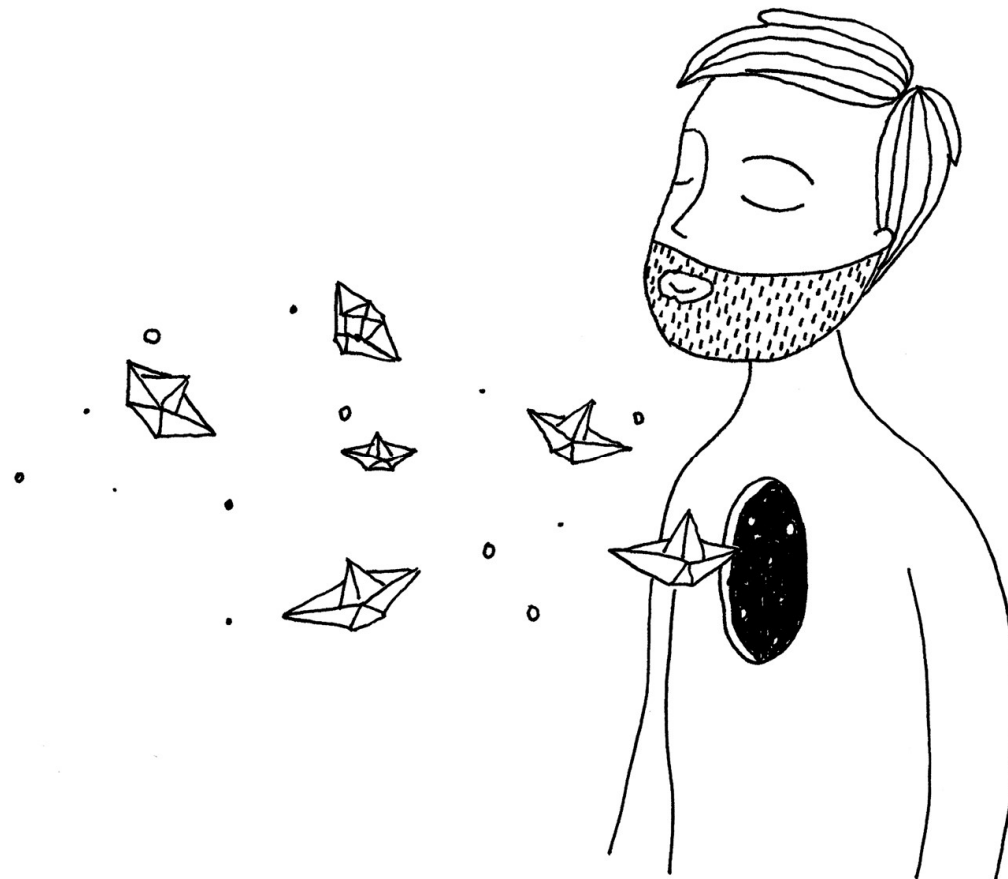


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