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TENSION ANALYSIS AT THE BUSINESS MODEL LEVEL:

MULTIPLE CASE STUDIES OF ORGANISATIONS IN THE FOOD WASTE SECTOR

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## Abstract

Adopting a case study approach, this work project focuses on early-stage hybrid organisations in the food waste sector. The purpose of the present study is to investigate which logics the organisations analysed embody, which business models they adopt and which tensions they experience. Four interviews were conducted, compiling three case studies. This work project advances understanding on which logics characterise early-stage hybrids in the food waste sector demonstrating that: food waste organisations embody business and environmental logics; adopt a business model in which customers are part of the beneficiaries; and experience performing, organising and learning tensions.

**Keywords:** Hybrid Organisations; Food Waste; Tensions; Business Model; Early Stage.

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## 1. Introduction

Hybrid organisations have been rising in popularity as an effective organisational form to address the 21<sup>st</sup> century's social issues (Haigh et al. 2015; Elkington 1998). Several authors studied hybrid business models (Haigh et al. 2015; Battilana et al. 2012) and tensions that hybrids need to manage to succeed (Smith and Lewis 2011; van Bommel 2018; Battilana and Dorado 2010).

Previous studies focused on late-stage organisations, in the microfinance (Battilana and Dorado 2010) and work integration sector (Battilana et al. 2015). However, current literature tends to neglect early-stage hybrid organisations in the food waste sector, how logics they embody shape their business models (Ocasio and Radoynovska 2016), and ultimately how they successfully manage tensions (Smith and Lewis 2011).

Using a case study approach (Eisenhardt 1989) and the replication method to test arising theories (Yin 2003), the researcher conducted four interviews and used the data collected to compile three case studies: Squiseat, Nãm, and Equal Food. These organisations have less than two years of operation and operate in Portugal (Nãm and Equal Food) and Italy (Squiseat).

This work project advances understanding on which logics characterise early-stage hybrids in the food waste sector—investigating how these logics shape their business models and how organisations successfully confront paradoxical tensions arising at a business model level.

## 2. Literature review

To adequately address the research question, the researcher analysed the current literature with two main objectives in mind: (1) develop and deep understanding on the central issues this study touches upon and (2) verify whether current literature covers hybrid organisations in the food waste sector. This study revolves around two pillars: (1) hybridity, how hybrids are defined (Besharov and Smith 2014) and which business models they adopt (Battilana et al.

2012) and (2) tensions (Smith and Lewis 2011), how hybrids face conflicting demands. Regarding the second objective - verify whether current literature covers the food waste sector - the researcher found that past research focused on other areas, namely microfinance (Battilana and Dorado 2010) and work integration (Battilana et al. 2015).

## 2.1 Hybrid organisations

Hybrid organisations are generally defined as those that embody diverse institutional logics, but a review of the existing literature on the subjects offers different definitions (Besharov and Smith 2014). Researchers define hybrids as organisations that embody conflicting demands from a complex institutional environment (Greenwood et al. 2011). Others define hybrids as organisations that combine diverse logics in an innovative way (Thornton and Ocasio 2012). Or more narrowly those that combine multiple juxtaposing logics into a new synergetic one (Thornton and Ocasio 2012). In this study, hybrids are defined as organisations that embody diverse logics. This work analyses these different logics and uses a framework to evaluate hybrids' relationship with them (Besharov and Smith 2014).

### 2.1.1 Multiple logics

Prior studies accentuate the defining role of multiple logics in hybrids, highlighting multiple logics as a sine qua non condition (Besharov and Smith 2014). This definition includes a diverse range of organisations; this study focuses on organisations with high logics centrality and high logics incompatibility.

Besharov and Smith (2014) developed a framework based on two axes, the degree of logics centrality and the degree of logics incompatibility (Table 1). The framework divides hybrids into four quadrants: in the first quadrant (high logics centrality and high logics incompatibility), after a reform in 1994, the Alberta provincial government introduced business-like health care

which conflicted the logic of medical professionalism (Reay and Hinings 2009). Following two or more logics at the same time presents serious challenges to organisations.

**Table 1: A framework of Organisational Hybridity**

<p><b>Degree of Logic Centrality</b></p> <p><b>High</b> Both logics are core to organizational functioning</p> <p><b>Low</b> One logic is core to organizational functioning, while the logic is peripheral</p>	<p><b>II.</b> <i>Compatible-Central</i> Discovery child care center (Binder, 2007)</p>	<p><b>I.</b> <i>Incompatible-Central</i> Health care organizations (Reay &amp; Hinings, 2009)</p>
	<p><b>III.</b> <i>Compatible-Peripheral</i> Contemporary pharmacies (Goodrick &amp; Reay, 2011)</p>	<p><b>IV.</b> <i>Incompatible-Peripheral</i> CSR in Fortune 500 companies (Weaver, Trevino, &amp; Cochran, 1999)</p>
	<p><b>Low</b> Logics provide reinforcing prescriptions for action</p>	<p><b>High</b> Logics provide contradictory prescriptions for action</p>
	<p><b>Degree of Logic Incompatibility</b></p>	

Source: Besharov and Smith 2014

The second quadrant (high logic centrality and low incompatibility), when organisations focus on two or more logics but these logics are compatible. Binder (2007) showed how within child care centre institutional and local logics could coexist in dynamic equilibrium, where one logic might be used in a specific situation (Binder 2000).

In the third quadrant (low logics centrality and low incompatibility), logics are compatible, and only one is core while the other is peripheral (Besharov and Smith 2014). In a study of the pharmacy field, Goodrick & Reay (2011) found that professional and corporate logics are core while market logics remain peripheral. The study found that as consumers learn more about the medications (market logics), pharmacists undertake a counselling role (professional logics).

In the fourth quadrant (high degree of logic incompatibility and a low degree of logics centrality), organisations might have multiple logics, but one is core and the other is peripheral (Pache and Santos 2013). A study of Fortune 500 companies showed that corporate logics are core, while sustainability logics are peripheral. These companies might be involved in CSR programs, but the sustainability logic has little to no influence on organisational practices

(Hamilton and Gioia 2009). We can increasingly notice this nowadays, as organisations tend to focus more on the environment, but not changing their business model accordingly.

This study posits that food waste organisations analysed fall in the first quadrant embodying logics that are highly central and highly incompatible. This peculiarity presents a challenge for their business models, so it is now relevant to analyse previous literature on the matter.

### 2.1.2 Business models

Previous research proved that the combinations of multiple logics could shape organisations business models (Ocasio and Radoynovska 2016), this new perspective changes the long-held belief of business models exclusively as means of capturing commercial value (Laasch 2018). Previous literature posits that hybrids generate profits in ways that might be associated with for-profit and non-profit logics (Haigh et al. 2015) and as a result hybrids' business models reflect this peculiarity. A difference between these two logics is whom they consider as customers, while for-profits consider costumers as consumers non-profits consider customers as beneficiaries (Battilana et al. 2012). Battilana et al. (2012) suggest that hybrid business models fall under three categories: consumer as beneficiaries, for-profit finances no profit and beneficiaries produce products for consumers.

When consumers are the beneficiaries, the allocation of resources becomes less challenging. In this scenario allocating resources to growth does not limit the number of resources dedicated to beneficiaries (Battilana et al. 2012). An example of this business model are microfinance organisations, for instance, Banco Sol, born as an NGO, embraced a hybrid model to finance further expansion and maximise impact on beneficiaries (Battilana and Dorado 2010).

It is not always possible for an organisation to integrate into the same transaction social impact and profit. This happens when beneficiaries cannot afford to pay for the service. An organisation using this business model is Toms shoes, as they pioneered the buy-one-give-one

model. They use part of the profit generated by the sales of their shoes to create value for beneficiaries. This model can be useful, but it also raises several challenges, as it requires to strike a trade-off between focusing on costumers or beneficiaries (Battilana et al. 2012).

A third option is to have the social value related to sales, but not considered in product or service itself. An example is Specialisterne, which employs mainly people with autism. Employees work as business consultants on tasks such as software testing, programming and data entering. This approach allows Specialisterne to help its beneficiaries by giving them a salary and its costumers with superior service (Battilana et al. 2012).

The critical analysis of the literature on business models raises an important question - whether the analysed organisations adopt business models that belong to the categories mentioned above.

## 2.2 Tensions

Previous literature suggests that hybrid organisations, to succeed, need to manage their business models confronting paradoxical tensions (van Bommel 2018). Researchers identified four main groups of tensions: performing, organising, belonging and learning (Smith and Lewis 2011). *Performing tensions* regard whom an organisation considers in taking decisions and how it measures success. *Organising tensions* arise when the social mission is combined with a business mission, thus highlighting a conflict between competing and diverse logics (van Bommel 2018). *Belonging tensions* are related to identity, as hybrids face several challenges when trying to have an identity that fits both with the ideal of social workers and professionals (Battilana and Dorado 2010). *Learning tensions*, whether companies dedicate resources for future projects or use them for their current business, and how they strike a balance. Tensions ultimately represent all those trade-offs that organisations have to strike and the complexities they face. To better understand each group of tensions, the study analyses each one in detail.



### 2.2.1 Performing

Performing tensions originate when hybrid organisations have to please different stakeholders (Donaldson and Preston 1995); furthermore, the line between who is a stakeholder and who is not is increasingly blurred (Brummer 1991). Performing tensions also arise when an organisation uses conflicting metrics. For example, while the CEO emphasised sustainability metrics, middle managers could push for higher sales. These tensions also exist between metrics valued by venture capitalists and those valued by hybrid organisations. For this reason, when raising funds hybrid organisation might look at so-called ethical venture capitalists (Harjula 2014). Research also demonstrates that hybrid organisations use non-standardized and ambiguous data to measure the achievement of their social mission (Ebrahim and Rangan 2010). Hybrids fighting food waste encounter difficulties in quantifying to which extent their customers will change their behaviour to lower food waste (Smith, Gonin, and Besharov 2013).

### 2.2.2 Organising

Organising tensions emerge when organisations' members commit to diverse and contradictory organisational structures, practice and cultures (Smith and Lewis 2011). Different logics require different hiring criteria or diverse socialising activities. The business logic might require a particular set of skills while the pursuit of social mission requires others (Battilana and Dorado 2010). Finally, previous research demonstrated that hybrid organisations prize values alignment (Krueger 2017).

### 2.2.3 Belonging

Hybrid organisations need to please different stakeholders' categories. However, they also need to please different employees' categories (Battilana and Dorado 2010), as some employees might recognise themselves in the business logic while others in the social mission (Smith, Gonin, and Besharov 2013), this conflict generates belonging tensions (Smith and Lewis 2011). A second aspect is how employees find a balance between them as individuals and as part of a

group (Brewer 1991), previous research showed that when occupations are demanding employees tend to the latter (Kreiner, Hollensbe, and Sheep 2006).

#### 2.2.4 Learning

Learning tensions “*surface as dynamic systems change, renew, and innovate*” (Smith and Lewis 2011, 381) and because different organisational goals have different time horizons (van Bommel 2018). Previous research pundits that younger organisations are the more dynamic (Hannan and Freeman 1984) thus, conceptually are more subject to learning tensions. While several researchers theorise that organisations can develop new capabilities while using current ones (O’Reilly and Tushman 2008; Junni et al. 2013), others argue that organisations tend to focus on new capabilities rather than on current ones (Weick and Quinn 1999). Collectively, these studies underline a tension between short-term and long-term objectives, in hybrid organisations while the social mission is long-term financial outcomes are short-term (Smith, Gonin, and Besharov 2013; Hoffman, Badiane, and Haigh 2012).

### 3. Method

Initially, the researcher wanted to conduct eight interviews to founders of organisations fighting food waste that already received outside funding and had at least two years of operations. Due to the Covid-19 situation, the researcher encountered difficulties contacting these organisations and decided to rely on convenience sampling, due to availability at a particular time and willingness to participate in the study (Etikan 2016). The researcher selected three start-ups and interviewed for each, one or two founders, in total collecting four interviews.

Following Eisenhardt (1989) the researcher started by defining the research question: determine whether the organisations analysed are hybrid (Besharov and Smith 2014), which business model (Battilana et al. 2012) they adopt and which tensions they experience (Smith and Lewis

2011). The second step was selecting the cases; the researcher decided to focus on early-stage ventures and selected those willing to participate in this study (Etikan 2016).

The first case study analysed was Squiseat. Founded in 2019 by Luca Morosini and Alberto Drusiani, Squiseat aims at limiting the waste of fresh and high-quality products produced by restaurant and caterings. Albert Drusiani had the idea while working as a catering waitress, he noticed the amount of food thrown away daily and decided to take action. He met Luca Morosini and launched Squiseat, up to now they saved more than 1000 kg of food waste, thus avoiding 1530 kg of CO<sub>2</sub> emissions. Since the launch, they took the orders on a Telegram channel and delivered them the following day. Initially, they collected the orders manually, but they now implemented a chatbot to make it more efficient. They currently operate in Bologna (Italy), but they are planning to expand.

The second case study was Nãm Mushrooms, from now on referred to as Nãm, founded by Natan Jacquemin in 2018. Nãm collects coffee waste from cafes, mix it with mushrooms seeds and after six weeks sells back the mushrooms to the same cafes, “From waste to taste”. As not all of the waste converts into mushrooms and Jacquemin wants to embed circular economy in his organisation, he later sells the remaining waste to local farmers that use it as fertiliser. Nãm started the operations in the centre of Lisbon, renting a space in Intendente. Its successful story pushed Delta, a well know Portuguese coffee producer, to invest in Nãm and join efforts to open a farm in the outskirts of Lisbon. Jacquemin decided to cease operations in the centre of Lisbon to focus on the farm entirely. The farm will be composed of several containers, that will allow Nãm to move to other cities and replicate the same model.

The last case study analysed was The Equal Food Co., founded by Alberto Mojtar and Lukas Friedemann. The Equal Food Co., from now on referred to as Equal Food, aims at destigmatising the ugly and second category produced, with the final mission of reducing food

waste. Equal Food buys these categories of products from producers and re-sells them to restaurant and caterings. Equal Food currently operates in Lisbon, and during the Covid-19 pandemic started delivering its products also to end consumers.

To collect the data, the researcher conducted semi-structured interviews to do so he created an interview guide (Appendix 1). Interviews were conducted via Hangouts and recorded, later transcribed and organised in data tables (Miles and Huberman 1994). To analyse cross-case patterns, the researcher divided the data into three main themes: hybridity and multiple logics, tensions and business models. To generate new theory the researcher looked for patterns within cases and across them, formulating hypothesis that could be tested across all of them following a replication logic (Yin 2003). The following step was enfolding literature, looking to whether or not previous literature was in line with the findings, contrasted them or allowed to extend the theory. The challenge was to integrate contrasting findings to reach more robust conclusions.

#### 4. Findings

In this section, the researcher divided the findings in themes as in the literature review (Eisenhardt 1989). The first theme is hybridity; the researcher reports the evidence proving that the organisations forming the sample are hybrids as previously defined (Besharov and Smith 2014). The second theme is business models; the researcher analyses the business models adopted by the organisations in the sample. And the third theme is tensions, looking at Smith and Lewis (2011) the researcher investigates which tensions the analysed organisations face.

##### 4.1 Hybridity

To determine the organisations hybridity the study analyses three main factors, the presence of multiple logics, the degree centrality of the logics and the degree of incompatibility (Besharov and Smith 2014). Table 2 summarises the findings. All the organisations embody a business

logic, as they do not rely on grants or government funding and aim at making profits. Squiseat and Equal Food also embody a sustainability logic; both founders remarked the importance of this aspect:

*'We want to create a sustainable and profitable start-up, with a recognisable identity that can improve the problem of waste. Ideally, we want to optimise the production line up to eliminating waste, even if that might go against us. We want to raise awareness of the supply chain and try to optimise it, for now, we fix the problems as we find them'* Drusiani (Squiseat)

*'We will always prime our mission that is, as I mentioned, the reduction of food waste and archiving that by the destigmatization of the second class produced.'*  
Mojtar (Equal Food)

**Table 2: Organizational Hybridity**

Company	Logics	Centrality	Incompatibility	Quote
Squiseat	<ul style="list-style-type: none"> <li>• Business</li> <li>• Sustainability</li> </ul>	High: “We want to create a sustainable and profitable start-up” (Alberto, Squiseat)	High: “...being environmentally friendly from the start, is in fact impossible.” (Luca, Squiseat)	<ul style="list-style-type: none"> <li>• “we don't sell brioche... because they are cheap... so we limit the impact and the food we save.” (Alberto, Squiseat)</li> </ul>
Nãm	<ul style="list-style-type: none"> <li>• Business</li> <li>• Ecological</li> </ul>	High: “I am interested in... how you can merge business and ecology.” (Natan, Nãm)	High: “there are a lot of problems, ...for example I use plastic bags to grow mushrooms inside” (Natan, Nãm)	<ul style="list-style-type: none"> <li>• “you want to be good and you forget the business side.” (Natan, Nãm)</li> </ul>
Equal Food	<ul style="list-style-type: none"> <li>• Business</li> <li>• Sustainability</li> </ul>	High: “Those (Business and environmental aspects) two need to go hand by hand.” (Alberto, Equal Food)	Low: “I don't think it(A business model focused on sustainability) needs to be a less profitable business model.” (Alberto, Equal Food)	<ul style="list-style-type: none"> <li>• “I think that good businesses need to be profitable businesses... If you are just doing it for the environmental aspect, it's going to be very difficult.” (Alberto, Equal Food)</li> </ul>

Jacquemin (Nãm) focuses on ecology:

*'It all started when I went on an internship about sustainability. I am interested in sustainability and especially on how you can merge business and ecology.'*

Jacquemin (Nãm)

The degree of centrality is high in all cases. None of the founders mentioned one logic to be central and one peripheral. The degree of incompatibility is high for Nãm and Squiseat. In the case of Nãm the use of plastics bags to cultivate the mushrooms is essential, Jacquemin stated:

*'...at the moment plastic is the only option... there is no other technology available'.* Jacquemin (Nãm)

For Squiseat the problem is mainly financial, saving certain types of food is not profitable. Furthermore, Morosini and Drusiani explored the possibility to use electric scooters and green servers, but the cost was prohibitive due to their current financial situation, as Luca said:

*'...because we are making money, but we are not that profitable.'* Morosini (Squiseat)

For Equal Food the degree of incompatibility is low, or at least they did not face a choice between profitability and sustainability, yet.

#### 4.2 Business models

The organisations analysed present different business models. Squiseat charges a 50% commission to the shops and a variable delivery fee to the end consumers (Table 3). Nãm directly sells its mushrooms to restaurants and the leftover from the production to local farmers as fertiliser. Equal Food buys the second class produced from farmers and then sells it to restaurants, taking on the risk to remain with unsold products. For Nãm and Equal Food, the business model might change in the future, adding additional sources of income. While Squiseat is not planning to change its business model in the future, Nãm plans to offer visits and

workshops in its farm, to teach people about the circular economy. Equal Food is working to develop a platform that allows other players to join the hustle to “destigmatise the ugly and the misfits”, these new players will likely pay a fee to access the platform. All these organisations have as customers, final consumers. Squiseat’s customers are also the shops from which they rescue the food. In the future, Nãm will add the users of the service, Equal Food the players that will use the platform and Squiseat is considering removing the delivery service. The three organisations share the same beneficiaries, namely the population as a whole and the environment. Furthermore, the three organisations used grants as a financing source.

**Table 3: Business Models’ Analysis**

Company	Business model		Customers	Beneficiaries
	Current	Future		
Squiseat	<ul style="list-style-type: none"> <li>• Commission base</li> <li>• Delivery fee</li> </ul>	<ul style="list-style-type: none"> <li>• Commission base</li> <li>• Delivery fee</li> <li>• Platform without delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Shops</li> <li>• Who buys the food</li> </ul>	<ul style="list-style-type: none"> <li>• Population</li> <li>• Environment</li> </ul>
Nãm	Direct sale	<ul style="list-style-type: none"> <li>• Direct sale</li> <li>• Service</li> </ul>	<ul style="list-style-type: none"> <li>• Shops</li> <li>• (Future) Service user</li> </ul>	<ul style="list-style-type: none"> <li>• Population</li> <li>• Environment</li> </ul>
Equal Food	Direct sale	<ul style="list-style-type: none"> <li>• Direct sale</li> <li>• Platform</li> </ul>	<ul style="list-style-type: none"> <li>• Who buys the food</li> <li>• (Future) Producers</li> </ul>	<ul style="list-style-type: none"> <li>• Population</li> <li>• Environment</li> </ul>

4.3 Tensions

To make data readable and more understandable, the researcher divided every tension into main topics that arose during the data collection, without forcing uniformity.

### 4.3.1 Performing

In Table 4, the researcher divided the data collected from the interviews into three main topics: stakeholders, metrics and desired metric. Squiseat and Equal Food focus on their clients and users of their service. For Nãm, the clients are important, but they also identify earth as a stakeholder. Metrics used vary widely across organisations; despite this, there are similarities between Squiseat and Equal Food. They both consider revenue and customer base. As Squiseat is looking for investors, they also focus on traction.

**Table 4: Performing Tensions**

Company	Stakeholders	Metric	Desired metric
Squiseat	<ul style="list-style-type: none"> <li>• Users</li> <li>• Customers</li> <li>• Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Traction</li> <li>• Number of suppliers</li> <li>• Costumer on the channel</li> </ul>	<p>“...we can’t measure whether people start using us for convenience and then recognise the problem.” (Luca, Squiseat)</p> <p>“It would be nice to see how people’s behaviour changes” (Alberto, Squiseat)</p>
Nãm	<ul style="list-style-type: none"> <li>• Clients</li> <li>• Community</li> <li>• Earth</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness</li> <li>• Coffee saved per kilo of mushrooms sold</li> <li>• Coffee waste collected</li> </ul>	<p>“I want to add a social metric that is about managing to help people that have difficulties... At the moment is not possible but I hope to do it in the future.” (Natan, Nãm)</p>
Equal Food	<ul style="list-style-type: none"> <li>• Restaurants</li> <li>• Farmers</li> <li>• Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Quantity</li> <li>• Customer base</li> </ul>	<p>“A more refined calculation of the footprint of our activities it would be useful, probably will come at a cost.” (Alberto, Equal Food)</p>

Nãm takes a different approach, focusing on awareness and overall impact, which for Jacquemin (Nãm) measures with a specific metric that tells him the coffee saved for each kilo of mushrooms sold. Discussing which metrics they would like to develop, some interesting ideas arose. Squiseat would like to measure if people that start using, their service for convenience, later recognise the issue and how customers change their behaviour. Nãm would



like to measure something different, namely the degree to which they successfully integrate – within the production process – people that have difficulties, for Jacquemin (Nām) this is not feasible at the moment. Equal Food would like to calculate their carbon footprint accurately, but they are not able to cover that cost now.

#### 4.3.2 Organising

Talking about organising tensions, two main themes arose: the profile of the ideal candidate and alignment with the organisations' values. In the case of Squiseat, the ideal candidate needs to be proactive and available to engage in diverse tasks.

*'He has to know how to do everything and is available to do it, ready to learn.'*

Morosini (Squiseat)

*'Proactive... A person who has skills and cool ideas and introduces them to us.'*

Drusiani (Squiseat)

This view combines the view of Jacquemin (Nām) - for whom ideal candidate should take the initiative - and the view of Mojtar (Equal Food) - for him being ready to do anything that is needed is critical.

*'The ideal candidate for me is someone who is self-motivated, an entrepreneur. In the sense that is not afraid to take initiatives, he not afraid to think by themselves, very independent and very enthusiastic.'* Jacquemin (Nām)

*'I think it needs to be people that are approachable and down to earth, and hard workers and don't mind doing everything.'* Mojtar (Equal Food)

Regarding alignment, data collected can be split into two subcategories, (1) alignment with the mission and (2) values alignment. For all the three organisation employees and new hires need to believe in the mission, but values alignment is less relevant. In the case of Nām and Squiseat

values alignment is not a sine qua non condition, even if they would appreciate it, they accept diverse opinions. As Jacquemin (Nām) noted:

*'I would prefer someone who is aligned but if the person is really good, I think it's silly to discriminate people because we need a bit of everything. It would be boring to have everyone on the same side; I don't care if he is as passionate as I am. It's good to have people with different views. Because it's not because you think sustainability is important, that at the end of the day it's important for everybody and you need to understand... We don't need to hire only vegan, zero waste, plastic-free, yoga type of person.'* Jacquemin (Nām)

#### 4.3.3 Belonging

Belonging tensions revolve around the reasons for which people join and stay in an organisation, the cases analysed showed different data. For Morosini (Squiseat) the team believes and values the social mission, but when deciding whether to focus on the social mission or profit, occasionally divisions arise. Morosini (Squiseat) stated:

*'...we are all interested in the social aspect, when we talk about the social aspect or the focus on profit Alberto and I are more focused on the social aspect, while the other two more on profit, but in the end, we always find the square.'* Morosini (Squiseat)

In the case of Equal Food, there is an overall alignment for Mojtar, at this point, you can only be in the team because of the social mission as profit is not yet a relevant factor. As Mojtar (Equal Food) remarked:

*'I would say that now everyone has the same interest, barely any of us makes money out of it so if we don't have the same interest you are in the wrong place.'* Mojtar (Equal Food)

#### 4.3.4 Learning

All the organisation analysed share a common view on how to strike the delicate balance between short- and long-term success. Squiseat, Nãm and Equal Food acknowledge that short term success is essential for survival. For Drusiani (Squiseat), if he had ten hours to allocate eight would go to short term success and only two to long term. This focus on short-term success might imply a relatively low interest in long-term success, but Morosini (Squiseat) stated:

*'You have to look ahead and what matters is the long-term result. In the short term, it is important to survive.'* Morosini (Squiseat)

Nãm has a transformative vision, namely increasing mushroom consumption to lower the amount of meat consumed. As success does not happen overnight for Natan “Economic success” is needed in the short term. Last but not least, Equal Food wants to “bring second class produced mainstream”, a long-term mission that should not distract the organisation from the short-term success, as Mojtar (Equal Food) stated:

*'We also value and celebrate success in the short term, like when we manage to keep our business running despite all the restaurant closing.'* Mojtar (Equal Food)

Finally discussing the role of incubation programs Morosini (Squiseat) stated:

*'following these paths allows us to learn useful skills for the future, even if it takes time from day to day activities.'* Morosini (Squiseat)

## 5. Discussion

The goal of this study was to understand better the challenges faced by hybrid early-stage ventures fighting food waste. More specifically, the study wanted to test well-known literature on the tension's topic against European case studies. Initially, the aim was to conduct a comparative work highlighting differences and similarities between, on the one hand well know theories and on the other among the organisations analysed. Conducting the interviews, the researcher discovered that widely accepted theories do not adequately describe the (1) logics that food waste organisations embody, (2) the business models they adopt and (3) the challenges and tensions they encounter. In this attempt to apply previous literature to the case studies under scrutiny, the researcher shifted to theory building, for which the case study methodology is suitable. Iterating within the case studies and across them, few extensions to the current theory were discovered: the concept of desired metric, the ideal candidate profile, the survival instinct and the customer as part of the beneficiaries.

### 5.1 Hybridity: High logic centrality and high logic incompatibility

The research showed that the organisations analysed embody different logics, thus can be defined as hybrids (Besharov and Smith 2014). The findings suggest that all the organisations in the sample embody a business logic and an environmental. Moreover, extending previous literature, that showed the presence of conflicting and central logics in the health care sector (Reay and Hinings 2009), our study posits that also the food waste sector is characterised by a high logic centrality and incompatibility. During the cross-case analysis, one of the cases disconfirmed this hypothesis, as Equal Food showed high logics centrality but low logics incompatibility. While a previous study suggests that organisations experiencing high logics centrality and low logics incompatibility would prime different logics in different situations (Binder 2000), our findings contradict this theory, because Mojtar (Equal Food) declared it would always prime the environmental logic. These conflicting findings allowed the researcher

to extend the theory (Eisenhardt 1989), the study posits that organisations' longevity plays an important role in the high degree of logic incompatibility. This study theorises that in their early stage, hybrid organisations in the food waste sector, experience high logic centrality and low incompatibility, but after years of operation they start experiencing high logics centrality and high logics incompatibility.

## 5.2 Business Model: Customers as part of the beneficiaries

In line with previous literature, this study shows that business models are shaped by the multiple logics embodied by the organisations (Ocasio and Radoynovska 2016), moving beyond the sole purpose of capturing financial value (Laasch 2018). The findings show that business models are designed to tie the achievement of the social mission to the achievement of financial success. Furthermore, looking at how business models are supposed to change in the future, this tendency is even more evident. The removal of the delivery service (Squiseat) and the creation of an online platform (Equal Food) make the business models more scalable, and the introduction of workshops helps to pursue the goal of raising awareness about food waste (Nãm).

This study also confirms previous literature stating that hybrid can generate income and raise capital in ways characteristic of no-profit, for-profit or both (Haigh et al. 2015). The organisations in our sample generate income in ways characteristic of for-profit, but rely on capital sources typical of non-profit, namely grants. Finally, extending the previous work of Battilana et al. (2012) that showed the existence of three types of business models - consumer as beneficiaries, for-profit finances no profit and beneficiaries produce products for consumers – this study shows the existence of a fourth type. The study demonstrated that food waste organisation's customers are only part of the beneficiaries. As reducing food waste has the ultimate result of reducing CO<sub>2</sub> emission, that by definition is a global problem. This business

model shares several traits with the consumers as beneficiaries; for instance, the deployment of resources toward growth directly impact beneficiaries. It also incorporates the fact that consumers are benefitting the population.

### 5.3 Desired metric

As shown in previous literature, organisations in our sample faced performing tensions (Smith and Lewis 2011). The findings contradict previous literature because the organisations analysed have clear who are their stakeholders (Brummer 1991).

Previous research posited that hybrid organisation use non-standardized and ambiguous metrics to measure the pursue of their social mission (Ebrahim and Rangan 2010). Our findings contradict this theory, as the organisations analysed link the achievement of their social mission to standardised and unambiguous metrics, such as revenue and customer base. The only partial exception is Nām converts the number of mushrooms sold in the resulting saved waste, thus utilising an unconventional metric – this metric is still quantifiable and unambiguous.

During the study, another consistent pattern arose; the researcher calls it desired metric. The desired metric is a metric that quantifies the start-up's social impact. Desired metrics can be feasible in the future or infeasible altogether. They can mainly be divided into doable but financially prohibitive or undoable by nature. Extending the study of (Ebrahim and Rangan 2010) this work project shows that desired metrics can be non-standardized and ambiguous, but in the organisations studied they can be measured at a later stage when the financial situation will allow it.

### 5.4 The ideal candidate

When hiring a new employee, the food waste organisations analysed showed a common challenge, namely, how to strike a balance between the dedication to the social mission and the

capabilities needed for a for-profit (Battilana and Dorado 2010; Smith and Lewis 2011). To answer this question, the study draws the characterisation of the ideal candidate. Building on Smith (2013) the study found that the organisations analysed look for candidates that share the social mission but also possess skills typical to a for-profit. The study showed that the studied organisations do not focus on values alignment disconfirming previous literature (Krueger 2017). All the organisations analysed affirm that believing in the mission is an essential requirement. Particularly in the early stage, there are two skills deemed essential: proactivity and versatility. All the organisations share this view and during the interviews described the same profile, of course, these findings are applicable in this specific domain, but a pattern seems to emerge, suggesting that organisation balance mission and for-profit skills (Smith, Gonin, and Besharov 2013) with the ideal candidate profile.

#### 5.5 Survive now to impact tomorrow

Analysed organisations shared a common trait, “survive now to impact tomorrow”. Having a transformative mission impossible to achieve overnight that kept them focus on maintaining the organisations operational (Smith, Gonin, and Besharov 2013; Hoffman, Badiane, and Haigh 2012). The knowledge that if they fail from an operational perspective, they fail to achieve their mission, acts as a guiding principle that glues the organisation, this factor seems to alleviate the tension between multiple time horizons (van Bommel 2018).

Additionally, one of the cases studied showcased that incubation programs have a crucial role in allowing early-stage organisations to develop new capabilities while exploiting current ones (O’Reilly and Tushman 2008; Junni et al. 2013). Furthermore, the findings disconfirmed previous literature implying that organisations would focus on new capabilities rather than current ones (Weick and Quinn 1999), at least for the domain analysed.

## 5.6 Limitations and future research

The limitations of this study can be divided into two main groups: (1) intrinsic to the methodology, case study analysis, and (2) caused by the timing of the study, during the Covid-19 pandemic. Case studies present some strengths but also several weaknesses. Results can help build new theories, but these theories apply to the case studies analysed, so they cannot be generalised. Regarding the limitations caused by the timing of the study, the researcher was unable to follow carefully (Eisenhardt 1989) which analyses cases studies at an organisational level, thus require a minimum of two interviews per organisation and also suggests a minimum of four case studies. Future research should focus on generalising the proposed theories across different sectors.

## 5.7 Conclusion

The purpose of this work project was to investigate whether the organisations analysed were hybrids (Besharov and Smith 2014), which business models they adopted (Battilana et al. 2012) and which tensions they experienced (Smith and Lewis 2011). This study found that the food waste organisations analysed are hybrids, adopt a business model in which consumers are part of the beneficiaries, and these organisations predominately experience performing, organising and learning tensions.

The organisations analysed embodied an environmental logic and a business logic. These logics were central and incompatible when the organisations had at least a year of operations and central and compatible when the organisations had recently been founded - emphasising the role of longevity.

Regarding the business models, all the organisations had the costumers as part of beneficiaries, where the positive impact created by one customer affects the environment, by reducing pollution, thus benefiting the population as a whole.



Regarding tensions, this study found that performing, organising and learning tensions were more relevant for the hybrid early-stage food waste organisations. Concerning performing tensions, organisations analysed had to recognise and deal with different stakeholders, measured their impact with standardised and unambiguous metrics but would like to develop desired metrics. This study defines desired metrics as new ways in which organisations could measure their impact. These metrics are divided into doable but financially prohibitive and undoable by nature. In the sample organising tensions manifested when organisations needed to hire new employees, the study proposes the profile of the ideal candidate. The ideal candidate believes in the mission, is proactive and versatile. Finally, this research suggests that organisations manage learning tensions following the principle of “Survive now to impact tomorrow”, following which, organisations allocate resources to achieve success in the short term to reach their social mission in the long-term.

In conclusion, if hybrids are an effective form to solve 21st-century social issues (Haigh et al. 2015), research should focus on organisations at different stages and across various sectors. This work project contributed by studying early-stage organisations in the food waste sector.

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## 7. Appendix:

### Appendix 1: Interview Guide



Date and time: \_\_\_\_\_

1. Why did you found Startup Name?
2. Which are the values of your Startup Name?
3. What do you hope to achieve with this business?
4. What is your business model?
5. Is it going to change?
6. Were there any problems or challenges before or during the first year that you encountered on your entrepreneurial journey?
7. Did you take outside investments?
8. Which type of investors invested in your startup?
9. How many people work at Startup Name?

#### **Performing tensions**

10. Which metrics do you look at to measure success?
11. Which metrics do your investors look to measure success?
12. How do you make sure to go after profit and social impact?
13. Who do you think your business should consider in taking decisions?
14. Is there something you would like to measure but you are not able too?

#### **Organizing tensions**

15. How is your ideal candidate?
16. Is it different now?

#### **Belonging tensions**

17. Do you think employees and manager are in it for the social impact, for the money or for both? Or you think reasons might vary?

#### **Learning tensions**

18. How important are short term success? And how important is long term success?
19. Did you encounter difficulties in meeting the milestones set by VCs?