Hybrid Organizational Form as a Response to Institutional Complexity: The Case of Local Municipally Owned Corporations in Lahore

Abstract

This paper explores hybrid organizational forms that have emerged in response to institutional complexity. For this purpose, the paper studies organizational practices to explore hybrid characteristics in municipally owned corporations (MOCs) and differentiate between distinct manifestations of hybridity. Using a case study research design, three MOCs are selected as units of analysis, and 30 semi-structured interviews are conducted to explain why and how organizations emerge as hybrid organizations through the adoption of multiple institutional prescriptions that compete with their existing logic. The findings of the study reveal a practical approach to managing complexity where organizations tend to form different hybrids rather than simply accepting or rejecting institutional pressures. The study offers insights into the outcomes within organizational milieus as they navigate and assimilate these competing pressures, underscoring that the resultant ramifications may not invariably align with initial expectations.

Points for Practitioners

1- Providing MOCs a clear framework that outlines their tasks, responsibilities, and expected results, can prevent conflicts arising from differing institutional logics, ensuring that MOCs operate in alignment with the government's objectives.

2- Hybrid organizations must cultivate a culture that emphasizes adaptation and flexibility to gradually integrate the competing logic that improves system performance and sustainability.

3- While introducing reforms, practitioners should invest in capacity-building efforts for public organizations. Training and support initiatives are imperative to equip organizations with the skills needed to adapt, integrate conflicting pressures, and effectively cope with the demands of evolving institutional environments.

1- Introduction

Municipally owned corporations (MOCs) have gained global popularity as an effective alternative to traditional municipal bureaus for addressing urban concerns in local governments (Vakkuri et al., 2021; Voorn et al., 2017). MOCs are defined as specialized entities with tax-exempt status, revenue derived primarily from user fees, governance overseen by appointed executives rather than elected officials, and have autonomous corporate status (Tavares, 2017). MOCs are naturally hybrid by working in the realm of multiple jurisdictions, having multiple identities, and working on multiple functions and hence are exposed to multiple institutional logics (Voorn et al., 2017; Wæraas, 2008). Institutional logics are the internal and external pressures faced by organizations within an organizational field (Greenwood et al., 2011) and contend that organizations face institutional complexity when they experience incompatible demands from multiple institutional logics (Greenwood et. al., 2011). Such exposure to multiple and conflicting logics makes them hybrid organizations defined as organizations where two or more logics collide (Battilana & Dorado, 2010; Jay, 2013).

MOCs have to enforce public control and regulation while also pursuing goals like customer service and client orientation, creating a natural contradiction in their functions. The dilemma arises when local government organizations, for which elected officials have control, are granted autonomy to operate based on professional logic, creating a competition between political and professional logics and thereby introducing institutional complexity (Berente, 2014; Berge & Torsteinsen, 2021; Fred, 2020; Tyskbo, 2019). This tension created by the contestation of institutional logic creates dilemmas and governance challenges that hinder the actual purpose of creating arm-length bodies at local level. Some examples of control mechanisms include

regulations, oversight committees, and reporting requirements. Therefore, institutional complexity becomes a relevant investigative area in these MOCs due to their exposure to multiple institutional logics.

In the broader context, public agencies worldwide grapple with complexity and hybridity due to the proliferation of various reform initiatives such as traditional public administration, new public management (NPM), and post-NPM reforms, each emphasizing contrasting principles and practices (Christensen, 2011; Goldfinch & Yamamoto, 2019). These developments expose public organizations to conflicting values and approaches, compelling them to adopt hybrid responses that allow them not only to navigate turbulent situations but also to gain political legitimacy (Berge & Torsteinsen, 2021; Naveed et al., 2017). Hybrid responses can manifest as organizations combining multiple logics naturally and effectively while others, facing irreconcilable conflicts, encounter more profound challenges.

This study specifically explains the corporatization of local public organizations in Pakistan which presents an interesting case of investigation for two major reasons. Firstly, in Pakistan, the traditional hierarchical model of governance and management is the dominant paradigm despite multiple reform attempts at all levels of government (Rizwan, et al., 2022). Therefore, it is imperative to discuss the autonomy of those arm-length bodies established under the new public management paradigm. Secondly, the introduction of new logics may not replace the older logics but rather work simultaneously hence creating a unique blend of multiple logics which may give rise to hybrid forms of organizations (Ferry et al., 2023). Therefore, it is important to explore how organizations respond to multiple logics and what kind of response can enable/challenge them to

successfully navigate through multiple institutional pressures. The study would benefit public organizations, in particular the MOCs, in other countries as well because NPM-based reforms are introduced by many countries as a global trend and the traditional hierarchical governance is also historically practiced by many countries. Hence, the MOCs are facing the challenge of conflicting logics globally. This study raises the critical question of how MOCs, established under the new public management paradigm, respond to the existence of multiple logics. Research objectives include:

1. To identify institutional logic contestation among the organizational elements in local MOCs;
2. To determine the level to which institutional complexity emerges as a result of multiple and contradictory logic;
3. To explain how organizations manage the contestation of multiple institutional logics.

Such an exploration was only possible through the in-depth and context-specific investigation of the phenomenon of contestation of multiple institutional logic. Therefore, the case study research design was selected taking three local MOCs in Pakistan as the unit of analysis. Data was collected through semi-structured interviews. In Pakistan, the trend of creating MOCs to address urban issues started gaining popularity in 2008. These organizations were established on an agency template with governing boards. However, the performance and expected outcomes of these measures remained quite questionable for many reasons. Firstly, Pakistan is a low-trust society and has a weak economy. On the one hand it has faced many military regimes and a highly bureaucratic civil service (Jadoon & Jabeen). Institutional problems like misuse of power,

corruption, lack of accountability, and weak law and order are unreasonably prevalent in the system which has caused the deterioration of the country. (Cohen, 2002; Islam, 2004). In such situations, public organizations are faced with political interference and state control. This creates a natural paradox in these organizations and institutional complexity is the natural feature of these organizations. Therefore, this study unfolded MOCs for the dominant logic in their governance, vision, HR practices, and evaluation criteria through institutional logic perspective. The process of attending to these paradoxes was important to cater and hence organizational and institutional features had to play a significant part in this process.

This study has significance for three main reasons. First, hybrid organization is a growing field of study in organizational studies. Its nature and process of organizing hybrid structures are studied extensively and there are still many unexplored avenues for future researchers (Grassl, 2012; Skelcher & Smith, 2015). The literature is still in a nascent phase when it comes to discussing these hybrid organizations through an institutional logic perspective. Secondly, hybrid organizations, specifically the nature of hybridity in MOCs, are a less investigated area of institutional competitiveness. In particular, the MOCs have not been studied a lot in terms of hybridity in contrast to state-owned enterprises (Vakkuri et al., 2021). Finally, recent reforms in Pakistan, notably in local governments, have heightened the need to comprehend the reform process and its influence on MOCs.

2- Institutional Complexity and Hybrid Organizations

Institutional logics encompass comprehensive sets of principles and norms that dictate how situations should be interpreted, what constitutes acceptable behavior, which objectives are

suitable, and the appropriate means to achieve those objectives (Mayer & Rowan, 1977; Thornton et al., 2012). Within complex organizational fields, multiple logics co-exist, sometimes with conflicting demands. An organization within such a context may encounter a primary dominant logic that guides and shapes its behavior, alongside other subordinate logics that do not exert the same influence (Thornton et al., 2012). Alternatively, it may grapple with the presence of multiple equally influential dominant logics, each presenting significant challenges (Reay and Hinings, 2009; Tyskbo, 2019). Additionally, organizational settings may exhibit layered logics, as previous practices persist alongside newer ones (Reay & Hinnings, 2005). The existence of these contradictory logics is conceptualized and is considered institutional complexity (Greenwood et al., 2011).

The rising prominence of hybrid organizations is attributed to the prevalence of conflicting logics. Battilana and Dorado (2010) introduced the concept of hybrid organizations as entities that incorporate recipes from multiple institutional logics. Kraatz and Block (2008, p.28) describe the hybrid as 'an organization that may have multiple institutionally-given identities, an organization that may be the structural embodiment or incarnation of multiple logics, an organization that may be legitimated by multiple mythologies, and an organization wherein very different beliefs and values might be simultaneously taken for granted'. According to Jay (2013), hybridity includes multiple ways of acting and making sense of results and outcomes. 'There is a combination of public and private organizing logics through mission-driven businesses, social enterprises, cross-sectorial collaboration, and public-private partnerships of various kinds' (Jay, 2013, p.137). Multiplicity and competing logics have imperative implications for organizational performance. If these conflicting demands are responded to logically, it results in higher

performance and efficient service delivery (Wirtschaftswissenschaften, 2009). However, the appropriateness of the organizational response to address institutional complexity cannot be determined or generalized. Each organization will respond uniquely providing their characteristics, ability, and identity.

Organizations grappling with multiple and conflicting logics can yield various outcomes. Firstly, when incompatible central logics persist, organizations face a constant conflict of interests among stakeholders, ultimately diminishing overall performance (Battilana & Dorado, 2010). Secondly, in cases of high logic contradictions, organizations often undergo a transitional phase where they attempt to shift towards a dominant logic. However, scholars argue that if a logic holds significant central value and contradicts an organization's core principles, this conflict may persist over an extended period (Greenwood et al., 2011). Lastly, when multiple competing logics are addressed rationally, they can generate productive tension that motivates organizational actors to perform at their best (Kraatz & Block, 2008; Genugten et al., 2023).

Reay and Hinings (2009) argue that organizations can choose among three strategies to find ways to balance the demands of different stakeholders and to reconcile conflicting values: compartmentalization, synthesis, or compromise. Compartmentalization involves separating the different institutional logics within the organization and creating distinct structures and processes to manage each one. Synthesis involves blending the different institutional logics together to create a new, hybrid logic that incorporates elements of each. Finally, compromise involves finding a middle ground between the competing logics by negotiating and compromising with stakeholders. Kraatz's hybrid responses framework suggests that organizations can respond to

competing institutional demands by creating hybrid solutions that combine elements of different institutional logics (Kraatz & Block, 2008). This approach is similar to Reay and Hinings' (2009) synthesis strategy which involves blending different institutional logics to create a new, hybrid logic that incorporates elements of each. There are several other organizational responses identified in literature such as mediation (Llewellyn, 2001), buffering (Kitchener, 2002), and co-optation (Andersson & Liff, 2018) to balance the tension among contradictory logics.

3-   Contradictory Institutional Pressures in MOCs

Public administration has imprints of a legalistic and classic Weberian model of bureaucracy that is predominantly characterized by values such as equity, professionalism, public interest, procedural safeguards, acceptance of authority, impartiality, and neutrality (Khan & Hussain, 2009). The reforms of new public management (NPM) and then post-NPM bring business-like practices and market mechanisms to the public sector for efficiency and cost reduction. Values prescribed by NPM, include the vehicle of a managerial and market logic focusing on efficiency, performance-oriented tasks, the spirit of competition, and receptivity towards external demands. These recipes are in sharp contrast to the existing practices prevailing in the public sector thus creating contested pressures for the public organizations.

The corporatization of MOCs refers to the process of transforming these entities into independent legal entities with their governing structures and financial management practices. While the corporatization of local government can bring benefits such as increased efficiency and autonomy, it can also present challenges such as loss of direct political control over MOCs (Berge & Torsteinsen, 2021; Fred, 2020). This can make it difficult for local governments to ensure that MOCs are operating consistently with their values and priorities. Additionally, corporatization can

lead to increased bureaucracy and administrative costs which can impact the financial sustainability of MOCs. Another challenge is that corporatization can result in a shift in focus from service delivery to profit maximization. Hence, while corporatization can bring benefits, it is important for local governments to carefully consider the potential challenges and develop strategies to mitigate them. This can include developing strong oversight mechanisms, ensuring that MOCs remain accountable to the public, and prioritizing service delivery over profit maximization.

4-   Methods

Case study research design was used with qualitative data collection through semi-structured interviews. The context of the study was local government reforms in Pakistan and three MOCs were selected as a unit of analysis. Data was analyzed through thematic analysis using NVivo12 software. The detail of the coding process is discussed.

4.1- Case Context

Since its inception, Pakistan has embarked upon several economic, social, and administrative reforms to get itself fit in the international canvas (Jadoon & Jabeen, 2014). In this regard, Pakistan's local government reforms witnessed an upright transformation from bureaucratic control to management and market-based structures. The trends in the local government reforms in Pakistan are mainly of three eras whereby either a democratic government or the military remained dominant. A summary of local government reforms since the independence of Pakistan is presented in Table 1 below.

Insert Table 1 here

Public administration in Pakistan has colonial imprints of a legalistic and classic Weberian model of bureaucracy that is predominantly characterized by values such as equity, professionalism, public interest, procedural safeguards, acceptance of authority, impartiality, and neutrality (Khan & Hussain, 2009). In Pakistan, like in other developing countries, corruption, lack of accountability, political sovereignty over bureaucracy, and political interference lead to a distracting picture of a governance system where rule of law and judiciary are at the whim of institutional actors (Rizwan, Salman, & Naveed, 2022). Therefore, some reform measures like NPM and post-NPM were introduced to curb the societal and institutional weaknesses and to develop a more integrated and accountable governance mechanism. On the contrary, these reforms, especially NPM reforms, have been questioned in developing countries where these reforms became a facilitator for more corruption and misuse of power (Maravic & Reichard, 2003; Manning, 2001; Tambulasi, 2009). Table 2 presents the reforms and the main idea carried out by them.

Insert Table 2 here

This study specifically focuses on Lahore where municipal services are provided by autonomous companies. Lahore serves as the critical case where autonomous MOCs are established. Similar companies are planned for other major cities in the Punjab region to enhance local governance following the local government reforms, however, the plan is yet to be implemented. Therefore, Lahore was the most suitable city for selection of MOCs. These

companies serve as instruments to improve governance after the 2013 Local Government Act in Pakistan. In 2016, as a continuation of this act, the city district government was abolished and municipal companies took on functional roles. This change is expected to significantly impact the dynamics of local urban governance and has influenced the composition of these companies' boards.

4.2- Selection of the Cases

Three local arm-length bodies that were working in the area of urban development in Lahore were selected as a unit of analysis: Lahore Transport Company (LTC), Lahore Waste Management Company (LWMC), and Lahore Parking Company Limited (LPCL). To reduce the potential disadvantage of a single case, this study focused on the variations within cases by taking into account three local organizations working in the public service delivery domain like parking, waste management, and transportation. These organizations were established as autonomous organizations and were believed to perform better than their counterparts. The three companies were carefully selected based on the differences in their governance models to analyze the role of various governance modes on organizational capability to handle conflicting logics.

4.3- Data Collection and Analysis

The study analyzed the value system and beliefs that the members of the institutions have while working in a new model of managing local government affairs. It is assumed that not all the members hold the same logic that creates tension and results in various responses towards the institutional pressures. Thirty semi-structured interviews were conducted with top- and middle-level management of three selected MOCs to study the contradictory pressures in organizational

values, identity, management practices, and organization structural dimensions. An interview guide (see Appendix A) was developed by the authors in light of literature review. The details of the respondents are provided in Table 3.

Insert Table 3 here

Interviews were transcribed, coded, and analyzed to identify emerging patterns and themes. Thematic analysis, following Braun & Clark (2006) was conducted. NVivo12 was employed to develop codes, and categories, and interpret dominant themes from the data. The data analysis process involved a thorough review of transcripts to identify logics through the emerging themes.

First, the codes were generated while the detailed analysis of the data was being transcribed. Next, the codes were merged into categories to extract meaningful interpretations. The categories were further merged into themes that indicated the dominant logics prevailing in the selected cases. Although the general universal logics, as proposed by the institutional framework, was incorporated as codes by keeping in view the assumption that the results will confirm to those logics in one way or the other. This included the initial contextual understanding of the local government and the drivers through which these local bodies are established. However, some institutional logics are contextually identified. Moreover, some logics like political logic emerged as inductively identified logic. The process of themes developed from the data is depicted in the Figure 1which denotes the presence of multiple logics in one of the MOCs in this study. For the detail of coding process see Appendix B (coding process table) and Appendix C (Coding process Diagrams).

Insert Figure 1 here

5- Findings

5.1- Prevalence of Competing Logics in MOCs

The study reveals multiple institutional logics governing the three cases. The MOCs are exposed to multiple logics including state logic, managerial logic, market logic, political logic, and community logic. Below, Table 5 depicts the presence of multiple logics in MOCs with respect to their vision, core values, performance evaluation criteria, organizational identity, mode of governance, and HR practices. The following findings provide a detailed prevalence of competing logics in the cases.

Insert Table 5 here

State logic. In all of the three cases, LWMC, LTC, and LPCL, the state logic is evident in the legal framework that governs their operations. These MOCs are established under state or national laws and have to comply with regulations set by the government. They also receive funding or support from the government to carry out their functions. Moreover, the state or national government have a role in setting policies and guidelines for the operations of these local bodies. For example, the government may set standards for service delivery, impose taxes or fees on local bodies, or provide incentives for certain types of activities. Although MOCs have some degree of independence in decision-making, they are still accountable to the state or national government for their actions and

performance. This accountability ensures that local bodies operate within the framework of state logic and are aligned with the broader goals and objectives of the government.

Political Logic. In all three cases, political influence is prominent and affects strategic, as well as operational, matters of the organizations. Hence, political logic is inductively found in all cases. Political logic refers to the use of political power or influence to shape decision-making and resource allocation in organizations or industries. In contrast, market logic emphasizes the importance of competition and market forces in shaping decisions and outcomes. In the present cases, political logic and market logic often compete with each other, particularly in third cases that are heavily regulated or influenced by government policies. For example, respondents and documentary analysis reveal political connections or lobbying efforts may be more important than market competition in determining which companies receive contracts or subsidies. This can lead to an uneven playing field and may limit innovation or efficiency in the industry.

Findings reveal that in some cases, political interference led to corruption, nepotism, and other forms of malpractice which thus had a negative impact on the functioning of the corporation and its ability to provide services to the public. Moreover, the findings suggest that tension existed between political and state logic in the three cases. This tension was seen in situations where political parties or politicians used their power to influence state institutions or bend the rules for their own benefit. This led to accusations of corruption, abuse of power, or violations of the rule of law which was reflected in media and documentary analysis. Table 4 provides relevant examples of data instances where respondents talked about their organizational practices.

Insert Table 4 here

Market logic. Among the three cases, LPCL is more prone to market logic as it is established as a profit-making company. As a commercial entity, LPCL operates according to market principles such as supply and demand, pricing, and competition. The company aims to maximize its revenue by providing high-quality parking services at competitive prices while also ensuring that there is sufficient supply to meet the demand for parking in Lahore. To achieve this, LPCL has adopted various market-oriented strategies such as using technology to improve its operations, partnering with private sector companies to expand its services, and implementing dynamic pricing models that adjust prices based on demand.

Moreover, market logic based on principles like competition, efficiency, and lowering the costs is also introduced in LWMC and LTC irrespective of the fact that they are non-profit organizations. LWMC is responsible for waste collection, disposal, and recycling services in Lahore. The company operates under a market logic by providing these services based on contractual agreements with the government or private entities. It may compete with other waste management companies or service providers to secure contracts and pricing may be determined based on market factors such as operational costs and demand for services. Similarly, LTC, which oversees public transportation in Lahore, operates with market logic with the aim of providing efficient and reliable transportation services to the public while also ensuring financial sustainability. The company may enter into contracts with private transport operators or implement fare structures based on market considerations to balance service quality and affordability.

In all three cases, market logic influences decision-making processes such as resource allocation, pricing strategies, and service expansion. However, it is important to note that these companies still operate within a regulatory framework to ensure service standards, public interest, and fair competition and are also prone to political interference in multiple points. The government may set policies, regulations, and guidelines to guide the operations of these companies and protect the interests of the public but political intervention may hinder these guidelines. As a result of this an explicit tussle of competing logics can be found here. Overall, the relationship between political logic and market logic is complex and organizations must navigate these competing logics carefully in order to achieve their goals while maintaining ethical practices.

Managerial logic. These MOCs are established with the expectation to improve service delivery at local level. They are exposed to managerial logic that aims to enhance accountability, promote transparency, adopt best practices from the private sector, ensure best utilization of resources, deliver efficient services, and measure and monitor performance. MOCs are also exposed to the use of modern technology to improve the efficiency of the organization.

Community logic. It is important to note that while managerial logic should have played a significant role in these cases, per the findings however it is often conflicted with other considerations such as political, social, and legal factors as these bodies also have a responsibility to serve public interest and address community needs. Organizational structure is more prone to managerial logic where organizational identity, core values, and basic norms appeared to have mixed logic such as managerial logic, market logic, community logic, and political logic.

Organizations' financial and HR functions are dominated by political and state logic and hence result in more complex practices.

5.2- Level of Institutional Complexity in MOCs

All three cases are unique in their characteristics. They reflect managerial logic in the structural aspect of their organization but the cultural dimension of institutional theory reflects complexity. Their values, norms, and internal performance monitoring systems are much more complex adhering to multiple and conflicting logics. The cases with more logic face more complexity whereas less logic means less complexity. The multiplicity of logic makes organizations more complex and vulnerable in the face of conflicting institutional pressures. This study finds that institutional complexity is low in LTC because of the dominance of state logic. Due to less autonomy and high state control, the dominant state logic has reduced the influence of other logics in LTC and has reduced its complexity whereas institutional complexity is high in LPLC due to the presence of conflicting demands from state, market, and political logics. Contrastingly, LWMC is faced with a moderate level of institutional complexity because the dominant logics here include managerial, market, and community logics that compliment each other and LWMC has blended their demands.

5.3- Organizational Responses to Institutional Complexity

It is indicated by the data that LWMC has harmoniously combined different logics and, consequently, has a balanced approach towards its performance. The synthesis of the logics and becoming a functional hybrid can be a suitable yet difficult option. LPLC proved to be inefficient in managing multiple logics and became a blocked hybrid and, resultantly, has performance issues.

The blocked hybrid can be associated with organizations' disability to collaborate with multiple logics and hence the competition at a practical level reveals which logic is the winner. The findings of the study also suggest a more practical approach where organizations operate on some logic and depict another logic such as in the case of LTC. This type of symbolic compliance towards certain logic is more common in governments where there is a history of strong bureaucracy and weak control mechanisms. Table 6 depicts the hybrid type of MOCs that emerged from the multiplicity of institutional logics.

Insert Table 6 here

To sum up the findings the prevalence of multiple and competing logics in all the cases is asserted. However, the way with which these logics are attended is different for each case. LTC has been able to maintain state logic even when they are introduced with market and managerial logic. LWMC has been able to integrate state and managerial logic with a clear focus on market and community logics. However, the tussle between political and managed logics are still in practice in LPCL who have not be able to prioritize the logics but rather political logics have been the dominant pattern.

6- **Discussion**

This study explains the organizational responses to multiple institutional logics in different organizational elements and advocates for the hybrid response as the most promising response to complexity. This study reveals that multiple logics introduced under different paradigms have not changed the administrative structure of the local government radically from

the traditional hierarchal style organizations to a more corporatized model. Hence, the previous templates when colliding with the new ones create complexity which results in complex patterns of authority relationships between Municipal Corporation Lahore (MCL) and municipal-owned companies. This study explains the hybridity that emerged from the institutional logic perspective by identifying evidence of multiple logics governing different organizational activities and functions.

Cross-case comparison (see Table 5) reveals the prevalence of contradictory logic in LWMC and LPCL than in LTC. It can be argued here that the professional logic of the agency clashes with the political pressure from the local government more evidently in these organizations as compared to LTC. The findings also conform with this tension as multiple logics are evident in mission, organizational identity, HR practices, core values, and performance evaluation criteria of LWMC and LPCL. However, it is also manifested in LWMC that the expected clash between multiple logics which may hinder organizational functioning and affect the principal-agent relationship is not found but rather a blend of two logics is harmoniously done to create a more hybrid type of organization.

In the case of the MOCs of Lahore, international firms contributed to developing the capacity of the local government to improve the overall efficiency of the public sector that inculcate elements of private-sector logic in the system. LWMC conforms to the involvement of international agencies for its service delivery which indicates a more corporatized organization compared to the other two cases. Effective service delivery is the result of coordination and partnership between MOCs and states and also the synthesis of multiple logics as in the case of

LWMC making it a blended hybrid (Battilana & Dorado, 2010; Christensen & Lægreid, 2011; Skelcher & Smith, 2015; Versari, 2015).

The present study also highlights the role of the principal through organizational function and it is evident in the prevalence of typical bureaucratic logic in LTC. Corporatization of agencies typically involves the grant of a significant degree of autonomy to the agency which allows it to operate independently and make decisions based on its expertise and knowledge. However, in some cases, the principal may choose to limit the degree of autonomy granted to the agency as evident in LTC. There can be several reasons for this for example, the principal may be concerned about the potential risks associated with granting too much autonomy such as a loss of control over the agency or a failure to achieve desired outcomes. Alternatively, the principal may feel that the agency does not have the necessary expertise or resources to operate independently (Musa & Kopric, 2011; Overman & van Thiel, 2016; Pratama, 2017).

When the principal chooses to limit the degree of autonomy granted to the agency it is important to establish clear expectations and guidelines for the agency which is missing from LTC. Overall, symbolic hybridity is an important aspect of agentification as it can help ensure that the agency operates in a manner that is consistent with the values and priorities of the principal while still allowing for some degree of independence and autonomy (Skelcher & Smith, 2015). By establishing clear expectations and guidelines, and developing strong oversight mechanisms, the principal can help ensure that the agency is working towards a common goal while remaining accountable to the public.

It is also important for the principal to maintain open lines of communication with the agency and to work collaboratively to ensure that the agency can achieve its goals while still operating within the parameters established by the principal. However, in the case of LTC, clarity on the role of the agency is not evident from the findings which thereby creates ambiguity and confusion. LTC has been able to symbolically comply with the agency model and has decoupled itself from the institutional environment. LTC can be characterized as a symbolic hybrid within which core or original logic remains the same (Dunn & Jones, 2010; Pache & Santos, 2010). However, the organization implements the components and symbols of a partially brand-new logic. Instead of compartmentalizing the logic, selective incorporation of elements occurs (Luo et al., 2017; Schildt & Perkmann, 2017). This study thus highlights that local governments' high development targets can explain such symbolic adoption of new prescriptions. The central government is more focused on outlining rules to govern and the need for third-party evaluation, the actual enforcement of the regulations remains inadequate (Luo et al., 2017). Therefore, organizations have to manipulate the conflicting demands from central and local governments which becomes an underlying factor in the deteriorating performance of MOCs in Pakistan.

Pache and Santos (2013) indicate that social enterprises often compartmentalize market and welfare logic to gain legitimacy from stakeholders. Similarly, assimilation is used as a strategy to resist the intrusion of new logic while maintaining the existing logic (Reay & Hinings, 2009). In such situations, organizations depict new logic in structures, official language, and explicit symbols while day-to-day activities continue to operate with the predominant logic. In the case of LTC, the principal (e.g. a provincial transport department) has specific

expectations about the delivery of services. LTC was supposed to revamp the transport facilities and focus more on efficiency and effectiveness in terms of performance and outcomes, financial accountability, and procedural regularity. These expectations depicted managerial logic based on NPM principles. On the other hand, LTC internal management continues to operate in a traditional bureaucratic fashion maintaining the bureaucratic logic that has hampered their performance-related outcomes (Lipsky, 2010).

LPCL and LWMC, on the other hand, have been able to respond in a manner that sees them incorporate the post-NPM logics in various ways. A positive hybridity was evident in LWMC in their ability to integrate both demands which is considered near to a blended hybrid; however, they also face difficulties including the conflict between organizational members recruited from different backgrounds, ambiguity in decision-making and strategic direction, and external legitimacy challenges (Besharov 2014). The demands of managerial, political, and community logic are the in-built characteristics of the organization like these cases which are service delivery organizations. LWMC has been able to integrate multiple logics at a time, for example, when political logic may affect the strategic vision of the organization but organizational functioning, its mission, and operational matters are aligned with the managerial logic. Existing work advocates that blended hybrids use various practices to integrate different demands (Skelcher & Smith, 2015). Blended hybrids may use formalization, as in the case of LWMC, to separate core practices associated with each logic (Battilana & Dorado, 2010; Skelcher & Smith, 2015). LWMC has based its operational activities on managerial logic by holding a sturdy managerial identity whereas lower-level employees demonstrate community logic that integrates managerial and community logic to deliver services. The effect of political

logic is an inevitable reality for organizations but they have been able to prioritize the demands in a more deterministic manner. This integration strategy is also supported by research that enables organizations to compartmentalize rather than extricate their practices based on different logics (Pache & Santos, 2010; Pache & Santos, 2013).

Literature also identifies organizations that combined multiple practices to facilitate outcomes providing high field fragmentation (O'Mahony & Bechky 2008; Perkmann & Schildt 2015). Perkmann and Schildt (2015) refer to integration of practices as the process through which organizations combine their diverse practices and routines in order to create new forms of organizational activity. LWMC has blended the multifarious demands from the institutional environment that have been supported by the study of Pratt and Foreman (2000) in which they explain the integration of multiple identities into a singular identity, to provide a solution to institutional pluralistic demands.

Literature establishes that blended hybridization can also occur when organizations diversify into an entirely new institutional field and face new logic to manage and organize (Besharov & Smith, 2012; K. Schildt & Perkmann, 2017; Skelcher & Smith, 2015; Smith & Besharov, 2019). Examples include the Canadian healthcare system which faced market-based logic to run the healthcare system as a business and hence faced conflicting logics of professionalism and market (Reay & Hinings 2009). These logics are then integrated by developing organizational mechanisms to cope with the challenges faced by conflicting logics.

The organizational practices of LPCL characterize conflicting logic without any settlement among them which creates dysfunctionality. The inability of the organization to blend or cope with the contradictory logics is depicted in its truncated performance. LPCL has not been able to incorporate a dominant logic in its vision, core values, performance management, and accountability mechanisms. The actors failed to handle the multiple tensions and seemed more naïve in handling such paradoxes. Hence, organizational members show an ad hoc adherence to the demands that arise from time to time. This situation is referred to as a vicious cycle of response in the paradox literature (Sirris, 2020). LPCL fails to synthesize the logics faced by contrary tensions between logic resulting in organizational dysfunction.

Literature established that nonprofits frequently originate as informal collectives and, when faced with the demands to grow hierarchy and adopt a more corporate form of decision-making, face tensions and create complexity (Smith & Lipsky 1993; Oster 1996). LPCL, when established to serve the community by adopting market principles, contradicts the logic of politics and faces an imbalance between the powers and responsibilities. These challenges are not resolved to provide the inability to steer the organization appropriately and resulting in a stalemate. For example, LPCL carries multiple logics of profit earning and community logic at a time with strong political interference. This can be referred to as the low-performance high-persistence case in which the board is unable and unwilling to push the organization to its mission.

It is argued in the literature that the politicization of an agency occurs when political considerations, such as ideology or partisan interests, are given priority over the agency's mission

and mandate. This can be problematic as it can lead to a loss of independence and impartiality and can undermine the agency's ability to achieve its objectives. The politicization of an LPCL is evident in several ways. For example, political interference in the appointment of agency leaders or staff can undermine the agency's independence and impartiality. Similarly, political pressure to prioritize certain issues or outcomes over others can lead to a distortion of the agency's mission (Lowande, 2018). To address the politicization of an agency, it is important to establish clear lines of authority and accountability and to ensure that the agency is able to operate independently and impartially. This can include measures such as establishing clear appointment processes for agency leaders and staff, developing performance metrics and targets that are aligned with the agency's mission and mandate, and establishing strong oversight mechanisms to ensure accountability and transparency (Lowande, 2018; Wood & Lewis, 2017).

It is also important for the agency to maintain open lines of communication with stakeholders, including the public, to ensure that its decisions and actions are transparent and accountable. By doing so, the agency can help build trust with stakeholders and maintain its independence and impartiality in the face of political pressures.

7- Conclusion, Limitation, and Future Direction

In this study, organizational responses are categorized by determining their ability to respond to the institutional pressures they face. Organizational responses help the researcher evaluate these organizations as hybrids or not on the basis of how well these organizational mix institutional logics. Organizations that mix elements from different institutional prescriptions are categorized as blended hybrids whereas organizations that symbolically accept the institutional

pressures are referred to as symbolic hybrids. There are also instances of the organizations that failed to cope with the institutional pressures and were therefore termed blocked hybrids.

This study concludes that, in practice, organizations tend to accommodate different logics but not all organizations have the capacity to do this in the same manner. Their ability to manage multiple logics is highly dependent upon the nature of institutional complexity they face and their organizational capacity which is not focused on in this research. Table 7 summarizes the key findings of the study.

Insert Table 7 here

There are several limitations of this study. First, the choice of three specific MOCs in Lahore may introduce selection bias. This selection may not be representative of all MOCs in Pakistan, potentially limiting the generalizability of the findings. Secondly, the accessibility to data and information could lead to sampling bias as it may not capture the experiences and perspectives of individuals or organizations that were less accessible or cooperative. Lastly, the respondents may provide socially desirable or biased answers during interviews, especially when discussing sensitive topics related to governance, corruption, or organizational performance. Despite these limitations, the study adds to a growing stream of practitioner literature on hybrids, more narrowly defined as organizations oriented toward both the market and the public service. The study has applicability to the local arm length bodies working under similar corporate models. These cases are selected based on the existence of conflicting demands and practices rather than the content of those demands. Further, these findings are not specific to the public

service or private sector logic and may apply more broadly to any field subject to institutional competition.

This study did not cater to the field level characteristics in its analysis. In future, field level characteristics must also be taken into account while studying the organizational adjustments to the institutional pressures to gauge the natural inclination of the organization towards a certain logic and its sources from the external as well as the internal environment of the organization.

8- Recommendations for Public Policy

Policy recommendations, based on the results of this study, include:

- While granting autonomy to agencies such as MOCs, it is crucial for the government to establish clear expectations and guidelines. This clarity can help prevent ambiguity and confusion regarding the role and responsibilities of these agencies/MOCs.

- It is critical to recognize that some organizations may selectively incorporate elements of new institutional logic while maintaining their existing logic. This approach should be understood and managed, especially in cases where organizations exhibit symbolic hybridity.

- When introducing any reform it is imperative to invest in capacity-building efforts for public organizations to effectively cope with the demands of new institutional logics. Training and support can help organizations adapt and integrate conflicting logics.

-        The politicization in agencies needs to be controlled because it can distort the agency's mission and mandate. For this purpose, the government needs to establish clear lines of authority, accountability, and transparent appointment processes for agency leaders and staff.

-        Performance metrics and targets need to be aligned with the agency's mission and mandate. This alignment can help them prioritize their objectives and avoid conflicts arising from competing logics.

-        Local governments need to develop and implement control mechanisms that align with the institutional logic of MOCs. This can help ensure that MOCs operate in a manner that is consistent with the values and norms of the local government.

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TABLE 1: LOCAL GOVERNMENT REFORMS

Political Era	Local Government Instrument
Democratic Era	1979 Local Bodies Ordinance
Military Era	Local Government Ordinance 2001
Democratic Era	Punjab Local Government Act 2013

TABLE 2: CENTRAL FEATURES OF DIFFERENT INSTITUTIONAL REFORMS

Reforms	Plan	Central Feature
NPM Reforms	Devolution	More autonomy at local level
Post-NPM Reforms	Democratization	Control at provincial level

TABLE 3: RESPONDENTS CATEGORIES

MOCs	No of interviews	Interview level in the organization	Some Key interviewees	Average interview time
Case 1: LTC	8	Senior Management and Middle Line Management	CEO, HR Manager	40 mins
Case 2: LWMC	10	Senior Management and Middle Line Management	Deputy Managers, CFO, HR Manager Operations Manager	45 mins
Case 3: LPCL	9	Senior Management and Middle Line Management	HR Manager, CFO, Deputy Managers	60 mins
MCL, PTD	3	Senior Management	Mayor, DCO	60 mins

LTC = Lahore Transportation Company, LWMC = Lahore Waste Management Company, LPCL = Lahore Parking Company Limited, MCL = Municipal Corporation Lahore, PTD = Provincial Transport Department

TABLE 4: INTERVIEW EXCERPTS RELATED TO SOURCE OF AUTHORITY

Construct	Excerpts
Authority	"I don't think so, that board is out of the influence of the political will. We need to get approvals and whatever is being decided and allocated should be accountable" (LWMC SM1).
	"We had private hiring previously but now these mayors are becoming chairperson, CDGL has dissolved and now MCL is a new body, district government pattern has changed now, mayors are there, and they were public representatives".
Mission and vision	"It is an important initiative… I think things are more organized and we are more focused towards service, we are a mission driven organization… clean Lahore… and we are serious about it, as a company we have a targeted approach that help us work efficiently" (WM-MM- R2).

TABLE 5: CROSS CASE COMPARISON OF INSTITUTIONAL LOGICS

Dimension	Case 1:LTC	Case 2:LPCL	Case 3: LWMC
Vision	Public sector as a service provider, regulation of services (S)	Public sector as service provider (S)	Public sector as service provider achieving specific objective (M)
Core Values	Focus on security, secrecy, stability (S)	Focus on dependency, stability, continuity (S)	Efficiency, service delivery, performance improvement (M,C)
Evaluation Criteria	Procedures, rules, and regulations (S)	Procedures and political submission, Profit (S, K)	Output, Individual and organizational goals (M,K)
Organizational Identity	Public service provider, regulatory body (S)	Profit earning entity, public service provider, political favoritism (K, P)	Service delivery, managerial model (M)
Mode of Governance	Autonomous but less transparency in performance evaluation, loose control from the principal (S)	Tight and multiple control, strong political influence (S, P)	Contractual governance is based on objectives performance measures (S, M)
HR Practices	Traditional with symbolic adoption of service system (S)	Traditional with symbolic adoption of service system(S)	Modern techniques and proper implementation of policies (M)
Institutional Complexity	Low	High	Moderate

S = state logic, M = managerial logic, K = market logic, P = political logic, C = community logic

TABLE 6: CASE COMPARISON BASED ON TYPES OF HYBRIDS

	Theoretical Hybrid Types	Logic Contestation	Example
LWMC	Blended hybrid	Context-driven logic: managerial, community, political, and state logic	Integration of logic into operational matters of the organization
LTC	Symbolic Hybrid	Between state, political, and managerial logic	Formal rules and regulations and organizational language depict managerial logic but the actual functioning is based on traditional rules and regulations
LPCL	Blocked Hybrid	Between state, managerial, market, community, and political logic	Constant unrest in company because of continuous political interventions in the company

LTC = Lahore Transportation Company, LWMC = Lahore Waste Management Company, LPCL = Lahore Parking Company Limited

TABLE 7: KEY FINDINGS OF THE STUDY

Objectives	Findings
Institutional logics contestation	The MOCs are exposed to multiple logics including state logic, managerial logic, market logic, political logic, and community logic with respect to their vision, core values, performance evaluation criteria, organizational identity, mode of governance, and HR practices. The study found evidence of contestation between institutional logics.
Level of institutional complexity	- Moderate complexity in LWMC because the MOC has blended the logics. - High complexity in LPLC because of high contestation among the logics. - Low complexity in LPC due to dominance of one (state) logic.
Organizational responses	- LWMC: blended hybrid - LPLC: blocked hybrid - LTC: symbolic hybrid

LTC = Lahore Transportation Company, LWMC = Lahore Waste Management Company, LPCL = Lahore Parking Company Limited

Appendix -A

Sample Questions	Topic explored
1. What is the ultimate goal of your organization?	• Identification of multiple logics
2. What are the indicators to measures the goals?	
3. Do you think organization has tensions between multiple goals related to public and private interest? If yes? What are the causes if these tensions	• Organizational Elements prone to multiple logics
4. How you resolve such tensions?	

5. What are the core values associated with your organization? Are these connected to the goal of the organization? *(operational efficiency, stakeholder satisfaction, growth, survival, sense of belonging, profit maximization, high productivity, cost reduction, opening to the outside, employee satisfaction)*	o Vision
	    o Core values
	    o Evaluation criteria

6. What is the criteria of good performance in your organization?	o HR practices
7. What kind of indictors are used to evaluate the performance of this organization?	o Source of authority
8. What is the role of state pertaining to your organization? Or how would you define the role of state?	• Organizational identity
9. Do you think that rigorous evaluation criteria like performance appraisals and frequent feedback must be the part your organization?	
10. Is it implemented or not? Why?	
11. How you assess the adequacy of various management instruments (HR practices, control mechanisms, job descriptions) currently in use in organization?	Organizational responses
12. What is your assessment of the necessity to reform the MOCs or local government system? Why it is important?	
13. To what extent this organization can be considered as complex in terms of • Internal relations • Relations with other institutions • Decision making	Role of Board, Multiplicity of logics
14. Governing board? Is it change over time? What kind of decisions it takes? Do you think that board incorporates interest from different institutional contexts?	Governance, Elements prone to conflicting logics, organizational responses to pressures
15. Does your organization have an advisory board? Who appoints board members? In case your organization has a governing board, by whom or which actor is it appointed (are the members appointed)?	
16. What are the powers of the board?	

In which decisions board is dependent upon the approval from MCL or provincial government?

17.	In addition to a local state owned enterprise, what other context/institutions are present in this organization? What other interests played by other parties?	Multiplicity of logics
18.	How you define the role of your organization? What is its implication for MCL and society and community?	Organizational identity
19.	What do you think about the role of your governing board? To what extent you feel incisive in board meetings? (For CEO and CFO)	Role of municipal board role
20.	What values they carry?	
21.	To what extent you conform to those values?	

Appendix B: Coding Process

Excerpts	Codes	Themes
"I think profit is and should be our major concern as this company is established for profit… other values like efficiency and service delivery are secondary one and can be met once we are earning profit… earning profit is actually an indication towards efficiency" (PC-MM-R1).	Market logic	Core Values
"I can't say that we are getting rewards on the basis of the performance… the difference between good and bad performance is not very clear here…" (PC-MM-R3) *"No, I don't think that service delivery extension is just for pay… well yes we are not implementing pay for performance system here… yes there are some weaknesses of the evaluation criteria that is insufficient to differentiate between a performer and a non-performer…" (PC-MM-R2)* *"Complexity of functions are there that what are the jurisdictions of each authority and company, coordination problems are there. There is no connection between the provincial departments and it's off shoots. Evaluation of the impact of these companies on performance is absent" (RTD-MM-R9)*	Political logic Political logic	Evaluation Criteria
"No, there are almost all private sector practices... we have clear manuals" (WM-MM-R7) *We have targets, rules and regulations for the company operations. We stick to that we have policy documents and manuals you can see on our websites we are pretty clear" (WM-MM-R8)* *"We are always told that we are working for a private firm not public sector. This ensure strict performance evaluation & monitoring at employees level" (WM-MM-R9)*	Managerial logic	Organizational Identity

"Since we are established under section 32, profit is our main concern however political influence has proved to be detrimental in achieving its targets and we have to work in a rather complex system which hinder our projects and proposals"	Market logic	
"We are operating under company ordinance. We take/seek guidance from board which assure the implementation of company rules. Plus CEO has that responsibility to seek endorsement" (LTC-SM-R1)	Managerial logic	Mode of Governance
"Since we are established under section 32, profit is our main concern however political influence has proved to be detrimental in achieving its targets and we have to work in a rather complex system which hinder our projects and proposals"	Market logic	
"I don't think so that board is out of the influence of the political will. We need to get approvals and whatever is being decided and allocated should be accountable" (LWMC SM1)	Political Logic	HR Practices
"We have private hiring previously but now these mayors are becoming chairperson CDGL has dissolved and now MCL is a new body now, district government pattern has changed now, mayors are there, and they were public representatives"	State Logic	
"Mayor is the part of the board members, MPAs are there some are private, it's a combination of both" *"Now all MPAs are part of board, previously privately board members are hired"* *"Public representatives will be there on the board… yes they will affect company performance, if we have public representatives, they and much better aware public of these issues"* *"Public representatives will be there on the board… yes they will affect company performance, if we have public representatives, they and much better aware public of these issues"*	Political logic	

Appendix-C : Coding Process Diagrams

Figure A : Multiple institutional logics in LTC

Figure B: Multiple logics in LPCL