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**‘WE ARE THIS HYBRID’: MEMBERS’ SEARCH FOR
ORGANIZATIONAL IDENTITY IN AN INSTITUTIONALIZED
PUBLIC-PRIVATE PARTNERSHIP**

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ABSTRACT

There has been significant scholarly interest in organizational hybridity, the combination of multiple institutional logics in one entity. However, the extant research has mainly studied the implications on organizations and individuals, neglecting the challenges for organizational members as a collective. To mitigate, this article examines how members of a British institutionalized public-private partnership grapple with the question of what their organization may be, highlighting the confusion they are experiencing and their attempts to overcome it. Drawing on the concept of organizational identity (theorized as the outcome of collective sensemaking), the analysis identifies two mechanisms that recursively connect the organization and its members. *Relational positioning* draws on possible configurations of institutional logics and associated identity resources while *discursive framing* captures members’ hopes and expectations. The main contribution of this paper is a better understanding of collective sensemaking in hybrid organizations in the light of institutional complexity.

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INTRODUCTION

Despite keen scholarly interest in hybridity in the public sector (e.g. Brandsen and Karré 2011; Buffat 2014; Denis *et al.* 2015; Skelcher and Smith 2015; Krøtel and Villadsen 2016), its implications on organizations and individuals have been studied largely separately. One strand of literature examines hybrid organizations through institutional logics (Battilana and Dorado 2010; Jay 2013), the ‘frames of reference that condition actors’ choices for sensemaking, the vocabulary they use to motivate action, and their sense of self and identity’ (Thornton *et al.* 2012, p. 3). In hybrid organizations, multiple such logics are combined, which are the state logic characterized by citizen ownership and public service and the market logic dominated by shareholder ownership and managerial control (Billis 2010). Such logics can be combined differently (Battilana and Lee 2014; Skelcher and Smith 2015), leading to ambiguity and tension (Greenwood *et al.* 2011; Jay 2013). Another strand examines the impact of such institutional complexity on professionals. Research in the health sector, for instance, establishes that individuals are often deeply challenged by the introduction of managerial practices (Schott *et al.* 2014; Croft *et al.* 2015; McGivern *et al.* 2015; Spyridonidis *et al.* 2015).

While these levels of analysis have been connected (Hebson *et al.* 2003; Rondeaux 2006; Buffat 2014; Rondeaux 2014), there remains limited recognition of the interplay between the organizational and collective levels through sensemaking, the negotiation of joint meanings (Weick 2001). Organizations are made up of a heterogeneous group of individuals, their members, who enact the organization based on their interpretations and understandings (Weick 1995). Such interconnectedness is central to institutional logics (Thornton and Ocasio 2008) but the extant research has favoured the organizational level, neglecting members’ perspectives (Denis *et al.* 2015; Bevort and Suddaby 2016).

Hence, this paper examines the generation of organizational identity (OI), members' shared understanding of who they are as an organization (Albert and Whetten 1985), theorized here as the outcome of collective sensemaking (Fiol 1991). OI connects the organization and its members recursively: (1) While negotiating OI, members draw on identity resources (Dhalla 2007), including institutional logics (Glynn 2008), to ensure that their understanding of the organization matches its purpose and external expectations. (2) Once negotiated, OI shapes how members enact the organization (Cornelissen *et al.* 2007).

Specifically, this paper focuses on how institutional complexity (the ambiguity and tension inherent in hybridity; Greenwood *et al.* 2011; Fossetøl *et al.* 2015), affects members as they seek to establish what their organization may be. It is set in a British institutionalized public-private partnership (iPPP) called NorthService Ltd. (all names are pseudonyms), an independent legal entity created by local authority NorthCouncil (public partner) and publicly listed firm ServiceCom plc (private partner). NorthService Ltd. is an extreme case of public-private hybrid organization and therefore a fruitful setting for examining the negotiation of OI amongst ambiguity and tension. The paper is guided by the following two questions: (1) What are the challenges that iPPP members are facing when negotiating OI? (2) What are the mechanisms through which they seek to overcome them?

The findings indicate that a significant challenge for members is a lack of clarity of what their organization may be. While understanding the premise of iPPPs, they struggle to negotiate what this means in practice. NorthService members' sensemaking is captured in four coexisting accounts, reflecting different conceptualizations of iPPPs. The two sensemaking mechanisms identified are (1) *relational positioning* by which members compare NorthService Ltd.'s form with those of the partners and their respective logics, and (2) *discursive framing* that captures their expectations, allowing them to express what organization they seek to enact. The main

contribution of this paper is a better understanding of collective sensemaking in hybrid organizations in the light of institutional complexity, highlighting members' difficulties of enacting such entities.

THEORY

Hybrid organizations, institutional logics and associated challenges

A drive towards efficiency in the public sector (Diefenbach 2009) has led to the creation of iPPPs (Marques and Berg 2011). They are independent legal entities (Borys and Jamison 1989), formed as strategic partnerships or joint ventures between a public and a private organization (Skelcher 2005) with both partners having authority and influence (Vining *et al.* 2014). iPPPs combine contradictory elements that are central and persistent and can therefore be classed as hybrid organizations (see Battilana and Lee 2014). Since the label 'hybrid' has been applied to various public-private cooperations (Denis *et al.* 2015; Skelcher and Smith 2015), its use in iPPPs warrants further exploration.

Organizational hybridity has been widely theorized in terms of institutional logics (e.g. Jay 2013; Pache and Santos 2013; Skelcher and Smith 2015; for alternative theorizations see Ashworth *et al.* 2013; Denis *et al.* 2015) in that hybrid organizations combine multiple such logics in one entity (Battilana and Dorado 2010; Skelcher and Smith 2015). In iPPPs, the state logic is represented by the public partner and the market logic by the private partner (Billis 2010; Thornton *et al.* 2012). The former is not abandoned in favour of the latter, however (Emery and Giauque 2014); iPPPs are expected to simultaneously employ both to satisfy both partners' expectations (Brandsen and Karré 2011), thereby to institutional complexity (Greenwood *et al.* 2011; Fossetøl *et al.* 2015).

Institutional logics can be combined differently. Drawing on Skelcher and Smith (2015), assimilated hybrids are characterized by a core logic that contains elements of another, making

such organizations are closer to one partner's logic. Empirical evidence by Peters *et al.* (2014) indicates that in such iPPPs the market logic typically dominates over the state logic.

Alternatively, blended hybrids create a new logic from the existing ones. Battilana and Dorado (2010), for example, show that staff from different institutional backgrounds can develop novel ways of working. Such hybrids are often seen as ideal type because they seek to combine the 'best of both worlds' (e.g. Riccio 2012). Additionally, Battilana and Lee (2014) suggest that one logic may be rejected. Thus, there is considerable ambiguity affecting organizations and individuals.

For organizations, the combining of institutional logics is subject to tension as the logics may be incompatible with one another (Greenwood *et al.* 2011). Jay (2013), for instance, shows that attempts to combine the state and market logics can lead to an action being regarded as success under the former but failure under the latter and vice versa. Moreover, the introduction of a new logic may be incompatible with the organization's history and purpose, which is pertinent in a hybridizing public sector (Kuipers *et al.* 2014; Fossetøl *et al.* 2015). While some organizations succeed by creating new structures (Reay and Hinings 2009) or creatively exploiting contradictions in institutional logics (Coule and Pathmore 2013), others fail to fulfil their economic potential (Thomann *et al.* 2016).

For individuals, such ambiguity and tension has a significant impact on their work and self-understanding. Clinicians who take on an additional managerial role experience tension between roles (Croft *et al.* 2015) as each has different expectations on the individual, often leading to confusion (Schott *et al.* 2014). To mitigate, some clinician-managers have a clear rationale for taking the managerial role (McGivern *et al.* 2015), helping them navigate the tension between the two. Others shift consciously between roles during the working day (Spyridonidis *et al.* 2015) or develop a new self-understanding as hybrid professionals (Croft *et al.* 2015).

Only few studies have examined how public employees collectively grapple with a changing organizational ethos (Waring and Bishop 2011; Smith 2012; Kletz *et al.* 2014). In the civil service, for instance, some individuals agree with the introduction of private-sector principles and practices, while others are challenged. Rondeaux (2014), for example, demonstrates the co-existence of multiple positions as her research participants grapple with tension between multiple institutional logics, and Buffat's (2014) research participants poignantly describe their changing organization as 'semi-public' or 'semi-private'. However, despite such important insights, the interplay between the organizational and collective levels of analysis remains ill understood; it is largely unclear what challenges iPPP members collectively are facing. Thus, more attention needs to be given to the way in which they 'negotiate, make sense of and navigate around rule structures imposed on them' (Bevort and Suddaby 2016, p. 18) as they try to understand what their hybrid organization may be.

The interplay of organizations and individuals: OI and collective sensemaking

The question of what an organization is has been conceptualized as organizational identity (OI), describing an organization's central, distinctive and enduring features (Albert and Whetten 1985) and constituting members' collective sense of self (Gioia 1998). Simultaneously, OI is dynamic, reflected in questions of "who we should be as an organization", highlighting its adaptive potential (Gioia *et al.* 2000). A social constructionist perspective of OI is adopted here, focusing on 'what members perceive, feel and think about their organization' (Hatch and Schultz 1997, p. 357). Moreover, this article is about OI rather than related notions of organizational identification (members' sense of belonging, see He and Brown 2013) or corporate identity (the portrayal of OI to external audiences, see Cornelissen *et al.* 2007).

OI is the outcome of collective sensemaking (Fiol 1991), by which members share and discuss their understandings of what their organization is / should be, enabling them to deal with tension and ambiguity and to generate a new understanding of their organization. It is triggered by events that disrupt members' expectations (Weick 2001) and threaten their understanding of the organization, such as Ravasi and Schultz's (2006) analysis of environmental change and Breit's (2014) examination of member responses to external critique. In such instances, members renegotiate what their organization is / should be with members labelling and categorizing what is happening, typically resulting in multiple plausible accounts (Weick 1995; Maitlis 2005; Weick *et al.* 2005). In doing so, members draw on resources from within and outside of the organization (Cornelissen 2012; Kroezen and Heugens 2012) to remain connected with its heritage, purpose and external expectations.

Internal resources include the organization's history and values (Ravasi and Schultz 2006) and management and HR (Dhalla 2007) that connect past, present and future. Schultz and Hernes (2013), for example, highlight the importance of evoking memories of the past when reconstructing OI and Golant *et al.* (2014) show that leaders achieve consistency by referring to past OI in their speeches. They thus achieve the balance between continuity and adaptability (Albert and Whetten 1985; Gioia *et al.* 2000). However, in some organizations executives are disconnected, leading to fragmented sensemaking (Maitlis 2005) and competing accounts of OI (Pratt and Foreman 2000) that risk pulling an organization apart (Kreiner *et al.* 2015).

External resources include institutional logics (Weber and Glynn 2006; Glynn 2008). Rondeaux (2006), for instance, shows that civil servants use a public service logic and a public managerialism logic to describe what their changing organization is. Institutional logics have a dual role in supporting members' sensemaking and the generation of OI, increasing the amount of available resources while limiting the amount of acceptable resources (Kraatz and Block

2008). In iPPPs, while members can draw on more than one logic to make sense of their organization, their public-sector heritage may be important for members and community stakeholders but not be acceptable for the private partner and its shareholders, and vice versa (see Jay 2013). As such, the tension and ambiguity inherent in hybrid organizations will affect the way in which members make sense of what their organization may be.

Hence, this article is situated at the intersection of the literatures on hybridity (theorized as institutional logics) and OI (theorized as collective sensemaking) and guided by two questions. (1) What are the challenges that iPPP members are facing when negotiating OI? Its focus is the interaction between the organizational and collective level of analysis (Weber and Glynn 2006) as members seek to negotiate what their hybrid organization may be in the light of institutional complexity (Greenwood *et al.* 2011; Jay 2013) and the associated constraints of identity resources (Kraatz and Block 2008). (2) What are the sensemaking mechanisms through which iPPP members seek to overcome them? Its focus is how members draw on different logics (Glynn 2008) and interpretations of their organization as well as their hopes and expectations.

RESEARCH AND METHODS

Research setting

The research was conducted in NorthService Ltd., an iPPP envisaged as a joining of forces with the partners combining their staff with operational (NorthCouncil) and management (ServiceCom plc) expertise as well as their systems and working practices in an independent legal entity (NorthService Ltd.). Streamlined business processes were expected to create efficiency savings and business growth, thereby regenerating the local area. About 450 NorthCouncil staff were transferred into NorthService Ltd. without a change in contract and without choice. ServiceCom plc seconded managers and consultants on a short- to medium-term basis to

implement and manage large-scale change. As such, NorthService Ltd. is a pertinent setting for examining the generation of OI, the associated challenges and sensemaking mechanisms.

Data collection

As part of a larger, publicly funded project, access to NorthService Ltd. was granted in 2010, two years after its founding. Senior management wanted to learn how change had affected members and valued my independence and academic background. A variety of data were collected, including interviews and company documents (2010-2011), online and media coverage (2008-2016) as summarized in Table 1.

TABLE 1 HERE

The main data source for this paper is individual and group interviews involving 12 senior managers, 13 managers and 13 frontline staff, totalling 38 individuals. The interviews were largely unstructured exploring how members experienced change in NorthService Ltd. and what they understood their organization to be. While specific examples were sought, no such technique as critical incident or scenario questioning was employed. The individual interviews lasted, on average, about 70 minutes and the group interviews 55 minutes. A broad understanding of issues was sought through wide representation of members from across NorthService Ltd., despite it precluding inferences from within the data set. In line with a social constructionist philosophy (Berger and Luckmann 1966), this research was designed to enable deep analysis. The value of such work is that ‘if an event can happen in one place, then it likely can happen again’ (Weick 2007, p. 14), thereby providing explanatory power beyond a single case.

Data analysis

The data were analysed using abductive grounded theorizing, a hybrid research strategy that involves a systematic combining of theory and data (Dubois and Gadde 2002). This means that emerging theoretical themes are considered alongside the extant research in an iterative process (Reichertz, 2010). Dubois and Gadde (2014) explain that such work starts off with a rough framework that is subsequently refined through ‘critical evaluation of emerging constructs against ongoing observation’ (Suddaby 2006, p. 636). The analysis was supported by the NVivo software and proceeded through four stages (see Figure 1).

FIGURE 1 HERE

Stage 1 involved multiple detailed readings of the interview transcripts, which pinpointed the key theoretical concepts. The lack of shared understanding of what NorthService Ltd. is was obvious with several interviewees specifically mentioning a lack of OI and associated challenges.

Documentary sources were used to contextualize the interview data and identify the key stakeholders mentioned therein (e.g. the partner organizations, the wider local community as well as ServiceCom plc’s management and shareholders).

Stage 2 involved focused reading of the literature on the key concepts and their application to the interview data through coding and categorizing. Codes include statements of competing pressures and feelings of in-betweenness (hybridity), reflections on what the organization stands for and suggestions of what is or should be about (identity) as well as references to working something out (sensemaking). This stage resulted in four coexisting accounts of OI: (1) an *official account* alluding to a public-private hybrid ideal, (2) an *enthusiastic account* seeking more power to

innovate, (3) a *sceptical account* cautiously welcoming NorthService Ltd.'s potential contribution to the local area. A fourth account, labelled '*confused*' was created to capture those voices who had little to say about their organization. Most interviewees (irrespective of background and position) referred to elements of more than one account during the interview rather than subscribing to one account only as highlighted in Table 2. As such, these accounts are not formalized versions of OI (outcome of sensemaking) but different plausible interpretations that members grappled with at the time of the interviews (process of sensemaking).

TABLE 2 HERE

Stage 3 linked these themes to the extant literature on hybridity as a combination of multiple institutional logics, iPPPs and employee experiences in a changing public sector as well as OI. The data pinpointed external identity resources taken from both the state and market logics (e.g. local government, notions of profit) as well as internal identity resources from both partners (e.g. building, communication infrastructure, recruitment and induction, branding). The relational positioning of the accounts to the partner organizations and their respective logics became apparent as interviewees referred to different configurations.

Stage 4 considered the use of language, prevalent in the literature on OI (Albert and Whetten 1985; Gioia *et al.* 2000) and sensemaking (Weick 2001). Close attention to the spirit of the four accounts identified differences in their phrasing as interviewees sought to express their expectations for the organization (discursive framing). The four accounts provide pertinent insights into iPPP members' challenges resulting from the organization's hybrid form and their attempts to overcome these through collective sensemaking. While not capturing objective

reality, these accounts are real and meaningful for members, shaping their actions and behaviours (Reissner 2008).

MAKING SENSE OF WHAT AN IPPP MAY BE

NorthService Ltd. as a hybrid ideal

The creation of NorthService Ltd. is the result of long negotiations. NorthCouncil initiated the search for a partner to introduce private-sector working practices and third-party investment, thereby strengthening its position. At the time, ServiceCom plc had been involved in other iPPPs and sought to increase its iPPP income. NorthService Ltd. was conceived as a ‘joining of forces’, combining NorthCouncil’s operational and ServiceCom plc’s management expertise. It is an independent legal entity owned by ServiceCom plc while remaining an integral part of NorthCouncil (‘directorate’).

Thus, in NorthService Ltd., NorthCouncil and ServiceCom plc sought to create a hybrid ideal – an organization combining the state and market logics and allowing them to achieve their aims. NorthService Ltd. (which combines the partners’ names) was expected to integrate NorthCouncil’s operational content and focus (‘this is what we are doing and why’) and ServiceCom plc’s managerial expertise (‘this is how the business is run and what its aims are’) as summarized in Table 3. Managers sought to communicate the hybrid ideal discursively through staff briefings (see Reissner and Pagan 2013) and reinforce it operationally through structures, processes and systems.

TABLE 3 HERE

Competing accounts

Despite recognition that the hybrid ideal may adequately capture what NorthService Ltd. is about, there is also critique. For some, captured in the enthusiastic account, the hybrid ideal does not go far enough: they seek to make NorthService Ltd. largely independent, transcending the operational constraints imposed by the partners. For others, captured in the sceptical account, the hybrid ideal disconnects NorthService Ltd. from the local community, which, they maintain, should remain the key stakeholder. Others again, captured in the confused account, fail to understand how their organization (which they perceive to be NorthCouncil) has changed and why. These four accounts have been summarized in Table 4 and will be discussed next.

TABLE 4 HERE

The official account

NorthService Ltd. combines public- and private-sector resources: operations come from NorthCouncil and management expertise from ServiceCom plc. ServiceCom managers introduced a change programme to make the business processes transferred from NorthCouncil efficient and profitable. Interviewees contend that service quality (the focus of NorthCouncil's operations) and profitability (the focus of ServiceCom plc's management processes) are the joint backbone of NorthService Ltd. as explained by Interviewee 5 (manager):

The idea is to ... extend our role in [NorthCouncil] so they get a great service ..., to extend our role beyond [NorthCouncil] into at least the [local area], helping regenerate the [local area] and also have a regional role.

He explains how NorthService Ltd. continues to work with NorthCouncil, while subscribing to ServiceCom plc's agenda of improvement and seeking to transcend the boundaries of NorthCouncil while benefitting the local area, a key tenet of NorthCouncil. The account thus emphasizes the benefits of the hybrid ideal: NorthService Ltd. benefits from ServiceCom plc's management expertise to increase efficiency and profitability, while NorthCouncil benefits from a share of NorthService Ltd.'s profits. The local community in turn benefits from new jobs and economic regeneration, making this account the best avenue to pursue, as suggested by Interviewee 23 (senior manager):

We've taken something that is essentially, you know, a council ... and ... we've taken all of that from where it was into [NorthService Ltd.] and we've created jobs in the region with engaging with the local community. We've got a focal point of the [new] building, we've transformed the services, we're growing the services, we've taken the staff with us and given them an opportunity. So we've gone from a point that was kind of reaching the end of the day ... [and] we've given it a bit of a new lease of life really in terms of making the services work better together, making the staff see that there's lots more to learn here, there's lots more to do, you know, there's wide opportunities for you here but in new business and within [ServiceCom plc], and [ServiceCom plc] can be part of the [local area] and the community.

She emphasizes that NorthService Ltd. is positioned at the intersection of the partners (although this may be due to her executive role), reinforced by the the present perfect (e.g. 'we've taken') and the present continuous (e.g. 'we're growing the services'). In other words, this account captures what NorthService Ltd. *is* about and how it *is* run, assuming it to be singular.

The enthusiastic account

For several interviewees, the official account does not go far enough. They recognize that the partners inhibit the creation of a distinctive organization through joint ownership, hybrid

structure and competing processes. There is resentment of the compulsory use of ServiceCom plc's systems, procedures and brand as Interviewee 12 (manager) explains:

If I had to highlight one thing that we've struggled with is we are this hybrid. ... I mean clearly, we've got governance and things like that, but they've all come from [ServiceCom plc] – and we haven't actually put our own stamp on it.

She alludes to a 'struggle' to 'put our own stamp' on what NorthService Ltd. is and how it is run. This account refers to frustration with the restrictions on the organization's ability to operate independently. Some interviewees emphasized that less than one year after the creation of NorthService Ltd. a new chief executive was appointed at NorthCouncil, changing the inter-organizational relationship as Interviewee 32 (manager) comments:

It's a funny one that, because the title 'partnership' almost suggests that it's a joint effort, so that all the services we provide are a joint effort with the council, rather than us delivering those services back to the council. So it's communicated as a partnership between [ServiceCom plc] and the council ... when actually we are the supplier of those services now.

She contends that this challenges NorthService Ltd.'s alleged hybrid status. While 'partnership' suggests an equal inter-organizational relationship, being a supplier implies a mere contractual connection. More importantly, if NorthService Ltd. was merely a contractor, the partners would have limited authority over it. Hence, some interviewees interpret these developments with hope, as Interviewee 12 continues:

We haven't been allowed to make that separation as a partnership away from [NorthCouncil] until recently, because when it started we were a directorate, now we're a valued partner. ... So I'm hoping personally that that's going to signal a slackening of the reins from [NorthCouncil] where we can actually get to a point where we forge our own identity and we can say, "hang on, here we are". We can stand up and be counted and have

separate branding and say to people “that’s who we are, we make mistakes, we put them right, but basically we do a good service, it’s us, it’s not [NorthCouncil], it’s us”.

For her, the changing description of the inter-organizational relationship may signify a decrease of NorthCouncil ‘s control and allow NorthService Ltd. to operate more independently. This account thus expresses members’ hopes for the future, reflecting the opportunities of what NorthService Ltd. *could* be and how it *could* be run.

The sceptical account

For several interviewees, the official account has insufficient focus on the local community. They argue that, since NorthService Ltd. was primarily formed to regenerate the local area, service quality and the local community should remain at its heart as Interviewee 8 (employee) explains.

But that’s what they are trying to do, bring jobs to the area, so if they can bring more shops, they can make that [area] down by the ferry look nice and bring in more jobs round here that can only be a good thing because [the region] isn’t brilliant for jobs. So I genuinely think if [ServiceCom plc] can put some money in to get something [like this] out, then...

He highlights the potential benefits of ServiceCom plc’s local involvement through NorthService Ltd. However, he leaves the final sentence hanging, which may represent doubt. The prospect of job creation and economic regeneration is welcome and there is acknowledgement that NorthService operations have to become more efficient to do so. Yet there is resentment about making a profit from business services whose primary purpose has been to serve the local community as Interviewee 9 (manager) comments:

My understanding is that [NorthService Ltd.] was formed to create jobs in the local area, to grow the services that we have, to sell them on to other organizations and other local authorities, creating wealth in the local area. But at the end of the day [ServiceCom plc] will be making a profit out of this. It’s something I’ve become acutely aware of when we’ve tried

to sell our services on to other parties, that there's always a profit margin. I can appreciate how that would not be well accepted by some elected members [of NorthCouncil].

While agreeing with NorthService Ltd.'s aim to provide a better future for the local community, she is uncomfortable with the expectation that NorthService Ltd. make a profit (in her view primarily) for the benefit of ServiceCom plc's global shareholders, which implies a closer link between NorthService Ltd. and ServiceCom plc. Interviewee 15 (employee) agrees:

You don't think of yourself as local government any more, you have to think of yourself as a business and how can you bring business into [the local area], so it's a big change from what we're used to. ... [NorthService Ltd.] is all about business and that's the big difference. It's not local government, it's not providing a service, it's really, you know, you are a business now.

She characterizes NorthService Ltd. as a 'business' in contrast to past notions of 'local government' and NorthCouncil's prime concern of service quality, as Interviewee 9 continues:

[At NorthCouncil] we've had to think increasingly of efficiencies working in local authority, but we've never had to think of profit. And when you move to a partnership and all of a sudden if you ask your colleagues ... to do something, all of a sudden you've got to fill in a change request, which we never had to do in the past and everything becomes more bureaucratic ... There is that feeling I think of being stuck slightly in the middle of the [ServiceCom] agenda and the council.

Here, she highlights a tension between NorthCouncil's focus on the local community and a new need for profitability resulting in being 'stuck in the middle'. This account implies that NorthService Ltd. cannot maintain its commitment to the local community (state logic) when focusing on profit (market logic). Moreover, interviewees question ServiceCom plc's motives: is it a genuine interest in creating a better future for the local area or an attempt to increase profits? Local newspaper coverage (2008-2010) reflects such concerns, castigating NorthCouncil's

continuing investment in NorthService Ltd. (which is depicted as having been taken over by ServiceCom plc) and ServiceCom plc's distribution of NorthService Ltd.'s profits back to NorthCouncil (which is portrayed as insufficient). It is therefore not surprising that some members wonder what NorthService Ltd. *ought to be* and how it *ought to be* run.

The confused account

For several interviewees, the official account makes little sense. While they understand the key parameters of NorthService Ltd. as an iPPP, they struggle to express what it is about as epitomized by the following exchange with an employee:

Author: Do you have a clear idea of what [NorthService Ltd.] stands for? Could you summarize it in one, two, three sentences?

Interviewee 3: No, not really. I just know that [ServiceCom plc] were brought in to bring work into [NorthCouncil], for us to do work for other people other than [NorthCouncil]. ... Although we've read the statements on what their vision and values are, because I haven't actually seen anything that has happened, it's hard to picture what is going to happen, like who's going to give us the work.

She partially recites the rationale behind NorthService Ltd., while acknowledging that she has not experienced change. Such sentiment is widespread among those NorthService members who continue to do the same work with the same colleagues in the same NorthCouncil office continuing to use NorthCouncil's systems but is also recognized by senior management (see Table 2 above). The only change for many is a different name on their payslip (ServiceCom plc instead of NorthCouncil), so they cannot fathom how NorthService Ltd. differs from NorthCouncil. Interviewee 14, an employee who was transferred from NorthCouncil to NorthService Ltd. shortly before the research interview, reflected on his first impressions as follows:

I'm a [NorthService] employee [now] and that's circled more by the [ServiceCom] side of it. I've just noticed it seemed like this massive difference all of sudden, and I thought we are supposed to be joined together, but I'm sitting down there and I am still supposed to be working with these people and under these systems [at NorthCouncil], but I'm on a completely different [computer] network.

He perceives NorthService Ltd. to be operating 'more [on] the [ServiceCom] side' using ServiceCom plc's computer system while he is expected to work with NorthCouncil staff using NorthCouncil's computer systems. In his mind, there is nothing distinctive about NorthService Ltd. In this account, there is no distinction between NorthCouncil and NorthService Ltd.

DISCUSSION

In line with the extant research on hybrid organizations (e.g. Smith 2012; Jay 2013; Pache and Santos 2013; Battilana and Lee 2014; Skelcher and Smith 2015), NorthService members' challenges are manifold. Firstly, there is ambiguity about the configuration of state and market logics, i.e. whether the iPPP is a blended or assimilated hybrid (Skelcher and Smith 2015). Secondly, there is tension resulting from the combining of institutional logics in one entity as members experience contradiction and paradox (see Waring and Bishop 2011; Smith 2012; Jay 2013). Ultimately, however, there is confusion about what NorthService Ltd. may be as an organization in the light of such institutional complexity. The analysis provides better recognition of how members are collectively affected by hybridity and collectively make sense of their organization in a quest to generate OI (see Fiol 1991). As such, the question 'what is our hybrid organization?' – prevalent at NorthService Ltd. at the time of data collection – recursively connects the organizational and collective levels of analysis (see Weber and Glynn 2006).

Relational positioning, the first of two sensemaking mechanisms identified here, explains how members seek to overcome such ambiguity, tension and confusion: they compare NorthService

Ltd.'s form to that of the partners, drawing on differing configurations of institutional logics (see Figure 2). The official account implies a blended hybrid (Skelcher and Smith 2015) in which both partners' logics contribute to a similar extent to a new, hybrid logic; NorthService Ltd. is positioned at the intersection between the partners and a blended OI is envisaged. In the enthusiastic account, there is criticism of the constraints the partners are imposing on NorthService Ltd. It encompasses an attempt to create an assimilated hybrid (Skelcher and Smith 2015) with a dominating market logic and only tenuous links to the partners; NorthService Ltd.'s OI is positioned as largely independent from the partners' OIs. In the sceptical account, there is criticism of NorthService Ltd.'s business focus, implying an assimilated hybrid (Skelcher and Smith 2015) with a dominating state logic. NorthService Ltd. is positioned closely to NorthCouncil with overlapping OIs. In the confused account, NorthService Ltd. appears to be ignored and ServiceCom plc's market logic rejected (see Battilana and Lee 2014); NorthService Ltd. is a different name for NorthCouncil and ServiceCom plc has neither relation nor role.

FIGURE 2 HERE

Drawing on various external identity resources (Dhalla 2007; Kraatz and Block 2008), these accounts capture multiple versions of what NorthService Ltd. may be, emphasizing differing combinations of institutional logics in members' sensemaking. The accounts also draw on internal identity resources (Dhalla 2007; Kroezen and Heugens 2012), manifested in the form of constraints as members recognize the partners' respective agendas and the changing inter-organizational relationship.

Thus, the accounts surpass the question of what NorthService Ltd. may be with members including their hopes and expectations for the organization. Each account has a distinct quality captured in the second sensemaking mechanism, discursive framing (see Figure 3). In the official account, a shared reality is assumed as emphasized by the benefits of a blended hybrid. It is situated in the present, reflecting that NorthService Ltd. is a newly founded entity. In the enthusiastic account, a golden future for NorthService Ltd. is envisaged free from constraints and with an almost dreamy quality of what ‘could’ be. In the sceptical account, NorthService Ltd.’s public heritage and moral obligation to the local community is emphasized. It is situated mainly in the past, reminding members of NorthCouncil’s legacy and highlighting their moral duty to remain connected to the local area. In the confused account NorthService Ltd. and NorthCouncil are conflated; it is stuck in the past.

FIGURE 3 HERE

What wider scholarly significance do these findings have? The analysis highlights the importance of studying the challenges of organizational hybridity for members as a collective. While hybridity poses significant challenges for both organizations (Greenwood *et al.* 2011; Coule and Pathmore 2013; Thomann *et al.* 2016) and individuals (Schott *et al.* 2014; Croft *et al.* 2015; McGivern *et al.* 2015; Spyridonidis *et al.* 2015), iPPP members grapple with the question of what their hybrid organization may be (see Rondeaux 2006; 2014; Buffat 2014) as evident in the accounts. Through the two sensemaking mechanisms identified here, the analysis emphasizes the largely neglected interplay between the organizational and collective levels (see Denis *et al.* 2015; Bevort and Suddaby 2016). In particular, the organizational affects the collective level of analysis through institutional complexity (Greenwood *et al.* 2011; Jay 2013), the resulting (un)availability

of acceptable identity resources (see Dhalla 2007; Kroezen and Heugens 2012) and members' attempts to generate OI through relational positioning.

The recursive effect is captured through discursive framing as members express their hopes and expectations. The quality of the accounts suggests how members seek to shape the organization (see Weick 1995; Cornelissen *et al.* 2007). For example, the official account implies efforts to reconcile the tension between the partners' institutional logics, while the enthusiastic account implies efforts to innovatively develop the organization. Similarly, the sceptical account implies scrutiny of organizational systems and procedures to keep NorthService Ltd. rooted in the local area, while the confused account implies apathy. Hence, the analysis demonstrates the practical difficulties of conceptualizing and enacting hybrid organizations, which risk fragmentation of OI (Pratt and Foreman 2000) and may pull the organization apart (Kreiner *et al.* 2015).

However, the findings provide but a snapshot into NorthService members' sensemaking as they were searching for OI two years after the iPPP was founded. The findings thus neither provide insights into the generation of OI as a process (cf Corley and Gioia 2004; Clark *et al.* 2010; Gioia *et al.* 2010) nor are they applicable to all iPPPs. Nevertheless, members in other iPPPs will face similar institutional complexity and collective challenge related to the nature of their hybrid organization (see Waring and Bishop 2011; Smith 2012; Jay 2013); multiple accounts of the organization and its identity can be expected to coexist at a similar point in time.

CONCLUSION, CONTRIBUTION AND FURTHER

RESEARCH

Being situated at the intersection of hybridity and OI, this paper contributes to both literatures in the following ways. Firstly, it extends the literature on hybridity by emphasizing the interplay between the organizational and collective levels of analysis, highlighting that the inherent

ambiguity and tension make iPPPs difficult to understand and enact (Rondeaux 2006; Jay 2013; Buffat 2014). Collective sensemaking about the nature, purpose and aims of hybrid organizations is an important means to tackle such challenge (Fiol 1991; Maitlis and Christianson 2014). Secondly, this paper extends the literature on OI by identifying two new mechanisms through which iPPP members seek to negotiate OI in a new and complex institutional context, highlighting the fluidity of interpretations. As such, this paper contributes to the current understanding of collective sensemaking in hybrid organizations in the light of institutional complexity, establishing that members' sensemaking is recursive.

Yet, further research in the following areas is required. Firstly, changes to the coexisting sensemaking accounts, the means by which members agree on a shared version of OI and the effects on members' behaviour as a shared version of OI is developed require further attention. A critical stance applied to a larger dataset would enable considerations power to ascertain which members support which account and what role their background and position has as some accounts are endorsed and others discredited. Secondly, the dynamics of OI, organizational identification (He and Brown 2013) and corporate identity (Cornelissen *et al.* 2007) in new hybrid organizations need to be better understood. The latter two concepts rely on OI (outcome of sensemaking) but the case counsels that its generation (process of sensemaking) is time-consuming, raising the following pertinent questions. For example, how do iPPP members identify with an organization that does not yet have an identity? How does this affect their sense of belonging, satisfaction and performance? How do hybrid organizations communicate what they are about to external stakeholders in the absence of OI? How do organizational identification and corporate identity change as a shared understanding of OI develops? Such enquiry would not only achieve a stronger multi-level enquiry (see Thornton and Ocasio 2008; Bevort and Suddaby 2016) but also to further the current understanding of hybridity, institutional logics, OI and sensemaking.

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TABLE 1: *Data sources*

Method	Type	Number of items	Period
Documentary	Internal documents	Newsletter – 9 issues	2008-2011
		Presentations – 3	
		Staff surveys – 2	
	Press releases	24	2008-2016
	Case studies	4	2011-2016
Interviews at NorthService Ltd.	Individual	98	2008-2016
		25	2010
	Group	3	2010
	Number of interviewees	38	2010
	Online	Company websites	NorthCouncil ServiceCom plc NorthService Ltd.
Audio-visual	YouTube clips	3	2011

FIGURE 1: *Abductive grounded theorizing, illustration of process*

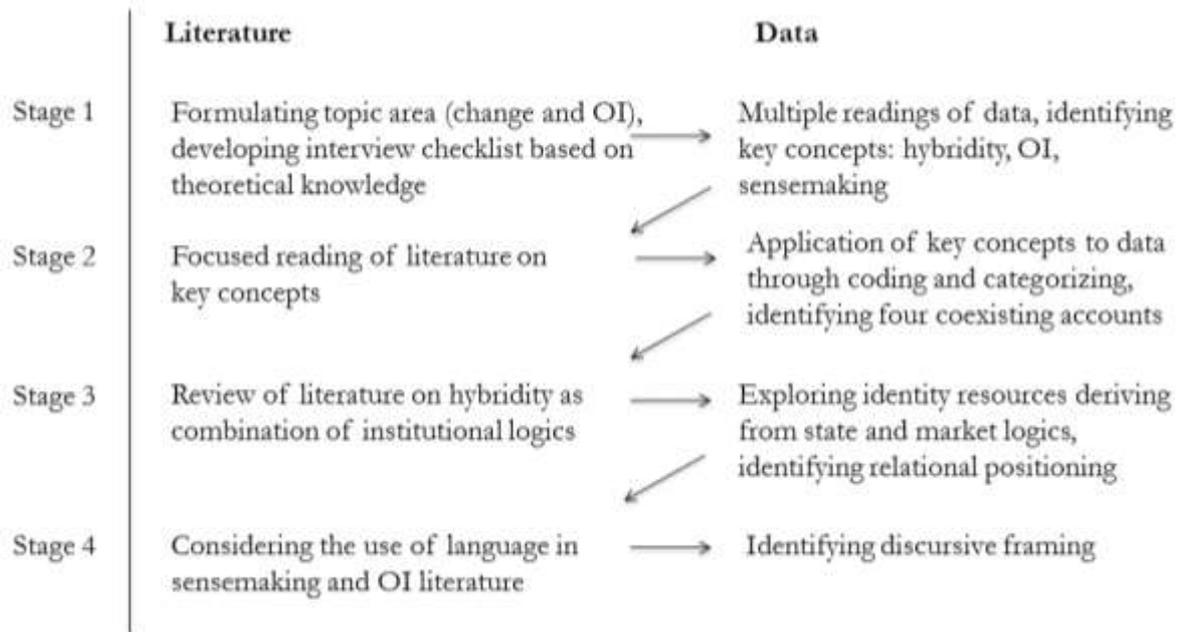


TABLE 2: *Data excerpts illustrating fluidity of accounts and process of sensemaking at NorthService Ltd.*

Staff groups	Official account	Enthusiastic account	Sceptical account	Confused account
Senior managers	‘What we are trying to do is establish how we want to work, take the good things from what we see from [ServiceCom plc] and the good things that come from [NorthCouncil].’ (1)	‘What we are doing is recognised and [branding] has to be different and a little bit more unique. ... Our brand and that is rubbish. ... We’ve got the [ServiceCom] logo in one corner and the [NorthCouncil] logo on the other side, how unimaginative!’ (1)	‘What you’ve got is the bulk of the people coming from [NorthCouncil], so they are more drawn towards [NorthCouncil] culture than [ServiceCom plc].’ (1)	‘You kind of get mixed messages in terms of what the vision is for [NorthService Ltd.], where it’s all going. Some people think ... it’s not much different really.’ (1)
Managers	‘It’s getting the balance right [between ServiceCom plc and NorthCouncil] and getting the identity right that’s fits that [balance].’ (21)	‘[New director]’s having the issues around that, ... it’s about getting the balance right between trading as [ServiceCom plc] and making people understand what we are ... [NorthService Ltd.] ... to make ourselves slightly different. (21)	‘Whereas [ServiceCom plc] are very different ..., they’re a profit-making organization and I think some people have found that a bit uncomfortable.’ (21)	
Frontline staff	‘What underpins all that [change] is how people behave in this new world, what’s the new different behaviours and new ways of doing something, new skills, the new way you interact with people, what’s our new arena for doing business in, people need to understand that otherwise they will just take with them what they’ve brought on board.’ (18)	‘It would help to get it clear in people’s mind about who they are, who they work for and this identity thing that we could come back to. So if you call it something else it would help and if you had a badge that you identified with as not [NorthCouncil] ... then fine.’ (18)		‘This directorate thing, I think ...has confused people “Are we not part of [NorthCouncil]?” ... “Do I work for [NorthCouncil] or do I not?”’ (18)

TABLE 3: *The institutional logics and organizational parameters of NorthService Ltd. and the partners*

	NorthCouncil (state logic)	NorthService Ltd. (hybrid logic)	ServiceCom plc (market logic)
Value focus	Service quality	Service quality plus efficiency and profitability	Efficiency and profitability
Geographic focus	Local area	Local area and beyond	Global reach
Key stakeholder	Local community	Client base	Global shareholders

TABLE 4: *Comparison of coexisting accounts of OI*

Account	What is NorthService Ltd.	Institutional logic	Issue(s)	Agenda
Official	Hybrid ideal	Blended hybrid at interface of state and market logics	Official account captures what NorthService Ltd. is about	Enact the hybrid ideal
Enthusiastic	Distinctive new organization	Assimilated hybrid closer to market logic with elements of state logic	Official account does not go far enough	Create an independent and distinctive organization
Sceptical	iPPP true to public heritage	Assimilated hybrid closer to state logic with elements of market logic	Official account distracts from what NorthService Ltd. ought to be about	Model NorthService Ltd. on NorthCouncil
Confused	iPPP, whatever this means	State logic – what else?	Official account does not make sense	Business as usual

FIGURE 2: *Relational positioning at NorthService Ltd.*

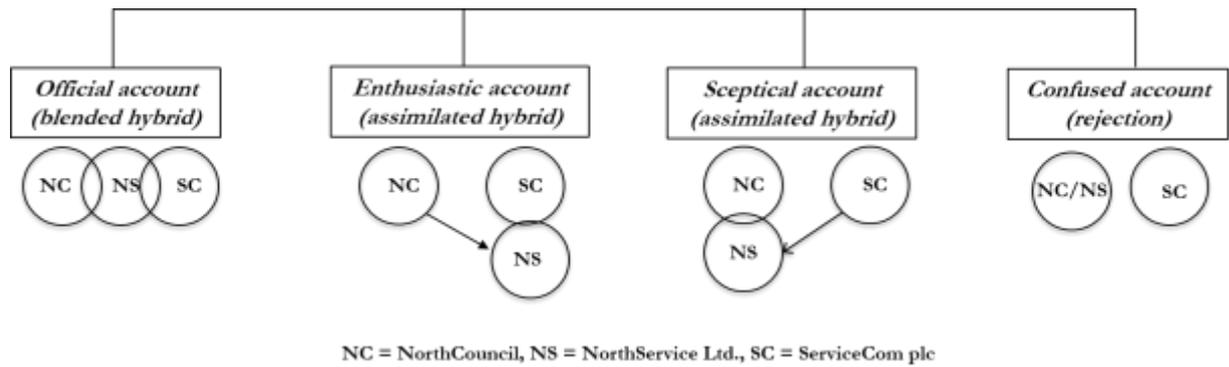


FIGURE 3: *Discursive framing at NorthService Ltd.*

