Navigating hybridity through SDG reporting: a case study of a municipally owned enterprise (MOE) in Italy

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Abstract

Purpose – This study aims to investigate how Sustainable Development Goal (SDG) reporting is used by a hybrid municipally owned enterprise (MOE) in Italy to balance public and private expectations in complex institutional settings. It analyses the selection, framing and justification of reported SDGs to show how disclosures help manage governance tensions and a dual organisational identity. Rather than assessing performance, this study focuses on how reporting practices are mobilised to construct, communicate and reconcile hybrid priorities.

Design/methodology/approach – This research adopts a qualitative single case study design, relying on semi-structured interviews with senior managers and document analyses of sustainability reports and financial statements from 2022 to 2023. The company was selected for its voluntary engagement in SDG reporting and exposure to hybrid tensions.

Findings – Results show that SDG reporting in the company has evolved from symbolic, narrative-driven disclosures to more structured practices that align with strategic planning and resource allocation. Between 2022 and 2023, the number of reported SDGs increased; references to sub-targets became more explicit; and links between reporting, financial decisions and stakeholder expectations were strengthened. Reporting supported internal co-ordination, identity construction and the negotiation of key paradoxes. Examples of such paradoxes included autonomy versus control and public value versus efficiency.

Practical implications – This study contributes to paradox theory by demonstrating how SDG reporting can serve as a sensemaking and governance tool in hybrid settings. It also extends the literature on public-sector sustainability reporting by showing how global frameworks can be adapted locally to manage complexity. Practically, this study highlights the value of embedding reporting in a company's strategic and operational processes to reinforce legitimacy and coherence.

Originality/value – To the best of the authors' knowledge, this is one of the first empirical studies on SDG reporting by an Italian MOE. The findings offer novel insights into hybrid accountability and sustainability governance under voluntary disclosure regimes.

Keywords Sustainable Development Goals, SDGs, Hybrid organisations, Municipal enterprises, Sustainability reporting, MOEs

Paper type Research paper

1. Introduction

Over the past decade, the expansion of corporatised public service delivery has contributed to a proliferation of hybrid organisations, particularly municipally owned enterprises (MOEs; Maine *et al.*, 2024). These entities operate at the intersection of public accountability and private-sector efficiency, combining institutional logics and value systems

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(Grossi *et al.*, 2017). As hybrid actors, MOEs pursue a dual mission. Firstly, they deliver essential public services; secondly, they leverage their financial capacity and scale to foster innovation, improve urban well-being and promote sustainable development (Ahunov, 2023). In this role, they act as "system builders" (Palm and Fallde, 2016) and contribute to local transformation. Documented cases have highlighted how MOEs can contribute to territorial development. For instance, in Växjö, Sweden, a municipally owned utility played a central role in the city's transition to fossil fuel-free energy through investments in biomass-based district heating and energy efficiency initiatives (Ferrari and Chartier, 2018). Similarly, in Medellín, Colombia, the local MOE implemented biotechnology and renewable energy solutions in underserved urban areas, fostering innovation in a context typically neglected by private investors (Morisson, 2018). However, the hybridity of MOEs often leads to governance tensions. Examples are the need for a trade-off between efficiency and service quality, as well as reduced transparency and accountability risks (Voorn *et al.*, 2021; Jedynak and Wąsowicz, 2021). In some cases, these issues have led to governance failures and declining public trust (Bergh *et al.*, 2019). This paradox raises a central question:

Q1. How can MOEs balance their dual mission without compromising their transparency and effectiveness?

A potential answer lies in sustainability reporting. As a disclosure tool, such reports can enhance transparency, strengthen stakeholder trust and promote reflexive learning (Ligorio *et al.*, 2022; Grossi *et al.*, 2023). In particular, the UN Sustainable Development Goals (SDGs) offer a structured and internationally recognised framework that allows MOEs to map their contributions and identify their inefficiencies. They also signal a commitment to legality, equity and long-term value (Barnes, 2019). Despite their potential, the accountability practices of MOEs – especially in relation to SDG reporting – have not been thoroughly researched (Kaur and Lodhia, 2019). Studies have tended to focus on private or national-level entities, leaving significant knowledge gaps regarding how MOEs engage with the SDGs (Kaur and Lodhia, 2019; Ahunov, 2023; Kuswantoro *et al.*, 2023). Moreover, the role of SDG reporting in managing the structural paradoxes of hybridity, through aligning organisational identity with stakeholder expectations, has not been well examined. This point is particularly relevant in the Italian context, where MOEs are widespread and deeply embedded in local public service delivery (Esposito *et al.*, 2021) but are underrepresented in international scholarship (Lodhia *et al.*, 2023).

By examining the strategic selection, framing and justification of reported SDGs, this paper explores how sustainability disclosures help MOEs balance public and private expectations within complex institutional environments. To achieve this aim, it provides an in-depth case study of an Italian MOE. This study addresses the identified research gaps by investigating how SDG reporting is used by a hybrid MOE to manage institutional tensions and its dual identity. Importantly, the study does not assess SDG performance per se; rather, it focuses on how SDG reporting practices can be used by companies to construct, communicate and negotiate hybrid organisational priorities.

The paper proceeds as follows. Section 2 reviews the relevant literature and theoretical background. Section 3 presents the research design and methodology. Section 4 presents the results. Section 5 discusses the findings, and Section 6 concludes by outlining the current contributions and future research directions.

2. Literature review

2.1 Hybrid organisations: the strengths of municipally owned enterprise hybridity

MOEs are a paradigmatic form of hybrid organisation, combining public ownership with private-sector management practices. Typically controlled by one or more municipalities, they deliver essential services and operate at the intersection of multiple institutional logics – such as public value, market efficiency and political responsiveness (Grossi *et al.*, 2017; Esposito *et al.*, 2021; Maine *et al.*, 2022). Hybridity can be a strategic asset for sustainability governance. The proximity of MOEs to their local communities, combined with their operational autonomy, positions them to act as “system builders” (Palm and Fallde, 2016); they can mobilise infrastructure and financial resources to support place-based transitions. Unlike profit-driven firms, MOEs often pursue broader missions that prioritise resilience, equitable development and systemic integration with ecological and social goals (Haigh and Hoffman, 2014).

Empirical cases support this potential. In Växjö, municipal enterprises used environmental indicators as both management tools and communication devices (Alpenberg *et al.*, 2019). In smaller municipalities, MOEs enabled climate action and acted as fiscal anchors, even when resources were constrained (Homsy, 2018). In addition, environmental management systems adapted from private-sector models were effective in improving accountability and integrating sustainability (Norén and Von Malmborg, 2004). MOEs can also deliver operational efficiency. Studies have shown that shared infrastructure, economies of scope and financial mechanisms such as revenue decoupling can enable cost control and support long-term sustainability investments (Cronin and Motluk, 2011; Xue *et al.*, 2014). While these findings are often sector-specific, they highlight that with strong governance and sufficient autonomy, MOEs can align efficiency with public value. These features make MOEs not only service providers but also key institutional actors in sustainability-oriented innovation.

2.2 Tensions and governance challenges in municipally owned enterprises: the paradox theory

Hybridity provides strategic flexibility but can also produce deep institutional tensions. MOEs must balance cost efficiency with social mandates and political responsiveness, a challenge that often leads to ambiguous goals, poor accountability and organisational inertia (Bognetti and Robotti, 2007; McKay, 2004). MOEs are entities that operate somewhere between managerial autonomy and political control, exposing them to shifting priorities and external influences (Voorn *et al.*, 2021). In Sweden, the expansion of MOEs has been linked to diminished transparency, conflicts of interest and opportunistic behaviour (Bergh *et al.*, 2022). In Germany, compliance scandals have revealed weaknesses in oversight structures (Krause and van Thiel, 2019); in addition, high MOE density was associated with low public trust and a risk of corruption (Bergh *et al.*, 2022). In Italy, Capalbo *et al.* (2021) documented instances of pre-electoral earnings management, particularly in single-municipality MOEs. These entities tend to inflate their financial results before an election to align their performance with political interests; the authors described this dynamic as a “political earnings cycle”. Even in systems that conduct formal audits, politicised governance structures and short-term incentives can undermine accountability. Such risks are amplified by the coexistence of conflicting institutional logics. As Ahunov (2023) observed, public, private and community-oriented rationales often interact without a unified framework for accountability. In these environments, sustainability goals may be sidelined in favour of short-term financial or political objectives.

In sum, while hybridity offers adaptive capacity, it also generates contradictions that threaten both organisational integrity and long-term impact. These tensions can be analysed fruitfully through the lens of paradox theory. Paradox theory is concerned with how actors confront persistent, interdependent and contradictory demands that cannot be resolved definitively but must be continuously negotiated (Smith and Lewis, 2011; Carmine and Smith, 2021). Unlike dilemmas, which require choosing between options, or dialectics, which require a synthesis, paradoxes involve both simultaneity and inescapability. Actors must engage with competing logics both at the same time and over time. Smith and Lewis (2011) identified four domains of paradox that are relevant for hybrid public organisations, namely, learning, belonging, organising and performing. For MOEs, organising paradoxes (e.g. autonomy versus control) and performing paradoxes (e.g. financial sustainability versus public value) are particularly salient. These tensions are intensified in contexts of plurality, change and resource scarcity, which are conditions that are typical of local public service provision. The dynamic equilibrium model proposed by Smith and Lewis implies that organisations can navigate such paradoxes through cycles of differentiation and integration to promote adaptive learning and strategic alignment. If paradoxes are embraced rather than suppressed, they can lead to virtuous cycles in which innovation, legitimacy and long-term sustainability are fostered. If mismanaged, however, a paradox risks degenerating into a vicious cycle of rigidity, fragmentation or organisational drift.

Viewed in this light, sustainability reporting emerges as both a managerial and symbolic practice through which MOEs may attempt to reconcile conflicting expectations, such as transparency versus control or accountability to diverse stakeholders. They do so by constructing coherent narratives around their hybrid identity and societal contribution. The use of a paradox lens provides a nuanced understanding of how sustainability disclosures can function not only as accountability tools but also to navigate paradoxes and engage in organisational sensemaking.

2.3 Sustainability reporting as a response to hybrid tensions

As already noted, hybrid organisations often use sustainability reporting as a strategy to navigate institutional tensions and enhance transparency. In addition, such reporting helps articulate value that goes beyond financial performance (Ahunov, 2023). For MOEs, this practice is salient given their dual mandate to deliver public value while maintaining operational and financial discipline. Sustainability reporting includes corporate social responsibility; environmental, social and governance; and SDG disclosures; such reporting provides a platform to align hybrid organisational identities with diverse stakeholder expectations (Manes-Rossi *et al.*, 2020).

MOEs face distinct pressures related to their public ownership and political embeddedness. Compared with private firms, they are subject to stricter demands for accountability, trust and democratic legitimacy. According to Ligorio *et al.* (2022), sustainability reporting is used to justify strategic choices, signal stewardship of public resources and respond to socio-environmental concerns. In this context, reporting becomes both a compliance mechanism and a reputational strategy that is concerned with building legitimacy with key audiences, such as citizens, regulators and municipal authorities. MOEs are also shaped by institutional pressures (Martínez-Ferrero and García-Sánchez, 2017), whether coercive (e.g. legal mandates), normative (e.g. expectations among professional networks) or mimetic (e.g. benchmarking against peers). While market competitiveness is typically not their primary concern, MOEs may leverage sustainability disclosures to attract funding, build reputational capital and foster stakeholder engagement. These practices are particularly relevant in areas such as infrastructure investment and environmental performance, where external scrutiny is high. However, hybridity strongly influences both the form and intent of such disclosures. As Ahunov (2023) noted, hybrid organisations may use NFR either to reinforce their public-oriented mission or to symbolically align with private-sector practices. In Italy, for instance, Esposito *et al.* (2021) found considerable variation in the quality of NFR reporting. Larger MOEs with stronger governance structures produced more strategic and substantive disclosures, whereas smaller or politically constrained entities often engaged in reporting as a mere formality. Digital platforms have introduced new dynamics. Giacomini *et al.* (2020) demonstrated that some Italian utilities were using social media, particularly Facebook, for environmental communication. While hybrid firms appear more open to dialogic and transparent online engagement, their actual interaction is often inconsistent or superficial.

Overall, sustainability reporting represents a potentially valuable tool for navigating the paradoxes of hybridity, especially the tension between public accountability and strategic autonomy. However, its effectiveness depends largely on governance capacity, organisational size, political independence and the organisation's orientation to stakeholder engagement.

2.4 SDG reporting: challenges and opportunities for hybrid organisations

The SDGs are a set of 17 interlinked global objectives adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development. They constitute a universal call to action to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The SDGs build on decades of international agreements and frameworks, including Agenda 21 and the Millennium Development Goals. They promote an integrated approach to development that balances social inclusion, economic growth and environmental sustainability. Their implementation requires broad cross-sectoral collaboration among governments, civil society and the private sector, underpinned by a commitment to multilateralism and global partnership (United Nations, 2015). For MOEs, this framework resonates with their public mission (Rosati and Faria, 2019). However, the SDGs were designed primarily for national governments, not for individual organisations. This background creates a disconnect between high-level goals and operational implementation (Gustafsson and Ivner, 2018). MOEs, as publicly owned enterprises, occupy a unique position: they are businesses, yet they are institutionally embedded in local policy agendas (Barnes, 2019). This dual identity makes them conceptually aligned with SDG priorities but also exposes them to challenges in translating those priorities into actionable and reportable strategies.

The absence of a corporate-specific SDG framework often results in disclosures that are symbolic or generic, lacking strategic depth (Silva, 2021). Moreover, SDG-related engagement is frequently characterised by superficial dialogue with stakeholders (Guidi *et al.*, 2025). Nonetheless, the SDGs can extend MOEs' public mandate. The goals provide a shared language to communicate societal value and reinforce alignment with local government priorities (García-Meca and Martínez-Ferrero, 2021). Evidence also shows that credibility-enhancing mechanisms, such as high-quality assurance and multi-stakeholder review, can significantly improve both the breadth and depth of SDG disclosures (Zampone and Guidi, 2024). Despite these improvements, the lack of clear regulatory or interpretive frameworks tailored to public enterprises leads to ambiguity in how the goals should be operationalised. One result is that reporting practices vary greatly in terms of their depth and coherence, particularly in decentralised or politically sensitive settings (Papenfuß *et al.*, 2018).

A case in point is the implementation of EU directives on gender equality, in line with SDG 5. In Germany and the Netherlands, MOEs fall under "enterprises in the public interest", yet their compliance levels are fragmented and inconsistent (Papenfuß *et al.*, 2018). This point highlights a structural misalignment between policy expectations and the lack of tools specifically for public enterprises. While research indicates that public companies may outperform private firms in SDG alignment because of their stronger institutional ties and legitimacy expectations (Kuswantoro *et al.*, 2023), this reality often reflects conformity rather than transformational change. Hence, SDG reporting sometimes functions mainly as a mechanism to preserve external legitimacy, rather than as a catalyst for substantive organisational evolution. For MOEs, the core challenge lies in bridging this gap. Although the SDGs align with their societal role, meaningful integration requires more than rhetorical commitment; it requires internalisation into governance and planning processes. Understanding how MOEs interpret and use the SDGs is a critical step in assessing their true contribution to local sustainability transitions.

Despite this growing local engagement, researchers have generally not studied how MOEs contribute to the SDGs or report on them. The literature focuses on municipalities and listed companies, offering limited insight regarding how hybrid public enterprises integrate sustainability into their governance and communication practices. This study addresses the knowledge gap by exploring the strategic selection, framing and justification of reported SDGs and examines how sustainability disclosures help MOEs balance public and private expectations within complex institutional environments. It further investigates how SDG reporting is used by a hybrid MOE to manage institutional tensions and navigate its dual identity.

2.5 Municipally owned enterprises in the Italian context

In Italy, MOEs play a central role in local public service provision, particularly in sectors such as water, waste and energy. Although legally autonomous, these entities operate under close municipal control, navigating complex governance tensions typical of hybrid organisations (Esposito *et al.*, 2021). Most MOEs fall outside the scope of Legislative Decree 254/2016, which transposed EU Directive 2014/95/EU and are therefore not subject to mandatory NFR. As a result, their disclosures are voluntary and are often inconsistent, driven by professional norms and peer imitation rather than legal requirements (Posadas *et al.*, 2023). This landscape is evolving with the EU Corporate Sustainability Reporting Directive (CSRD), which has introduced harmonised standards and the principle of double materiality. While it promises greater transparency and comparability, it may also place a disproportionate burden on smaller public entities, which often lack the resources to comply with complex reporting requirements (Celli *et al.*, 2024). In addition, local governments in Italy are increasingly engaging with the 2030 Agenda. Italian municipalities tend to report selectively on the SDGs, primarily Goals 5 (gender equality), 8 (decent work and economic growth) and 12 (responsible consumption and production). Other goals usually receive limited attention (Gazzola *et al.*, 2020). Initiatives such as the Rete dei Comuni Sostenibili have supported indicator-based monitoring and the integration of SDGs into local strategic planning (Gazzarri *et al.*, 2023). In parallel, critical gaps persist in relation to Goals 3 (health), 10 (reduced inequalities) and 11 (sustainable cities and communities), which often fall within the operational scope of MOEs (D'Adamo *et al.*, 2022).

3. Research design

This research presents a single case study (Yin, 2003; Eisenhardt, 1989). The case study method is suitable for addressing complex "how" and "why" questions within real-life organisational settings. The paper focuses on Company X, a municipally owned multi-utility enterprise operating in Italy. Purposeful sampling (Patton, 2002) was used to select an information-rich case that would yield detailed insights into the dynamics of sustainability reporting in hybrid public organisations. The aim was not to assess SDG performance per se, but rather to explore how SDG reporting practices are constructed and mobilised to navigate institutional tensions stemming from hybrid logics. Examples of the tensions faced by the organisation were the need to balance efficiency and public value, market and political accountability and strategic autonomy and municipal control. In line with Creswell’s (2007) notion of an instrumental case study, the research was focused on extracting broad theoretical insights from a single highly contextualised organisation. Company X was selected because it had undertaken a voluntary sustainability reporting initiative in the absence of legal requirements; furthermore, it experienced pronounced hybrid tensions. As Creswell (2007) noted, an instrumental case study is most effective when it addresses broad theoretical concerns and enables analytical generalisation. Hence, this study explored how an MOE constructed and mobilised its SDG reporting practices to navigate the persistent tensions inherent among most hybrid public organisations. The case provides valuable insights into the complex – and often contradictory – demands these organisations face.

The paper uses a conceptual lens that is applicable to similar organisations across diverse municipal contexts. In line with Creswell’s criteria, the context of the case holds greater significance than the organisation itself. In other words, the value of the study lies not in the specific identity of Company X but in what the case reveals about general dynamics of hybridity, sustainability governance and paradox navigation within the public utility sector. Finally, the research drew from a rich and triangulated set of data sources. These included sustainability reports, financial statements, internal planning documents and semi-structured interviews with decision-makers. A multi-source design supports inductive theory-building (Johansson, 2007). In the current study, it allowed grounded insights to emerge regarding how SDG reporting practices are shaped by, and respond to, the institutional paradoxes inherent in hybrid public organisations. Data collection included 12 semi-structured interviews with key actors involved in the design and communication of the company’s sustainability reporting. The interviewees were the general director, the sole administrator, the human resources (HR) manager and the operations manager. Each interview lasted between 60 and 90 min and followed a conversational structure, which was designed to elicit nuanced reflections on both formal reporting processes and informal decision-making dynamics. Semi-structured interviews were chosen for their flexibility in capturing participants’ motivations and subjective interpretations (Kvale and Brinkmann, 2009).

The interviews were guided by a predefined set of questions, but an open-ended conversational format was used to facilitate exploration of emerging themes (Wengraf, 2001). Interviews were conducted until data saturation was reached and no new themes emerged (Given, 2016; Saunders *et al.*, 2018). Each interview involved three researchers. R1 conducted the conversation, while R2 and R3 took notes and subsequently cross-verified their observations. Participants were selected through purposeful sampling (Creswell, 2012), based on their involvement in the company’s sustainability reporting and their knowledge of organisational dynamics as a hybrid municipal entity. The selection criteria were focused on two dimensions:

(1) direct involvement in the development of the 2022–2023 sustainability reports, including SDG mapping and narrative construction; and

(2) familiarity with the company’s strategic positioning, governance model and stakeholder relationships.

These criteria ensured that interviewees could provide informed insights about how SDG reporting was used to address hybrid tensions and align diverse institutional expectations. After two preliminary meetings, four key informants were identified and then interviewed. In addition to the interviews, the researchers analysed several internal and external documents. These included the company’s 2022 and 2023 sustainability reports, internal planning and strategy documents and annual financial statements (see Table 1). This approach enabled a triangulated analysis of both the symbolic and the substantive elements of reporting.

Table 1. Data sources

Sources	
Documents	Interviews
Sustainability report 2022/2023	
Press review	90 min – General Director
	90 min – General Director
Company website	60 min – Sole Administrator
	60 min – Sole Administrator
Company profile	90 min – General Director and Sole Administrator
	60 min – General Director and Sole Administrator
Code of ethics	60 min – HR Manager
	60 min – HR Manager
Meetings' transcriptions	60 min – Operation Manager
	60 min – Operation Manager
Financial statements 2022/2023	60 min – HR Manager and Operation Manager
	60 min – HR Manager and Operation Manager

Source(s): Authors' own work

Financial statements were examined to assess whether the reported SDGs corresponded to actual investment patterns, profit allocation or reinvestment in public services. This part of the study provided insight into the alignment between disclosed priorities and resource distribution.

4. Results

This section presents the empirical findings based on the two complementary sources of data. The first part presents insights from 12 semi-structured interviews with key organisational actors, where the aim was to understand how Company X interpreted and mobilised its SDG reporting within the context of hybrid governance. The second part is based on documentary analysis of the company's 2022 and 2023 sustainability reports and annual financial statements. As noted above, the aim was to assess the extent to which the declared strategic orientation regarding the SDGs was reflected in actual resource allocation and operational practices. Together, these two data streams provided a multi-layered understanding of how SDG reporting was used not only as a narrative tool but also as a mechanism for managing tensions, shaping priorities and legitimising a hybrid identity. A summary of the key characteristics of Company X is provided in Table 2 as evidence to support the interpretation of the empirical results. Appendix presents selected excerpts from the sustainability reports, translated in English. These excerpts are analysed throughout the paper.

4.1 Results from interviews

4.1.1 Navigating hybrid identity: scale, mission and territorial constraint. Company X is a hybrid municipal Italian company specialising in parking management, infrastructure management, thermal plant monitoring and cemetery services. Company X was established to centralise multiple essential services under a single municipal umbrella. This design choice positioned the organisation at the intersection of public governance and operational efficiency. As the general director explained:

Table 2. Summary of the key characteristics of Company "X"

Category	Information
Company size	55 employees (as of December 31, 2023) 2023 revenue: €4,659,341, 2022 revenue: €4,229,951 2023 net profit: €599,803, 2022 net profit: €343,153
Sector/services offered	*Areas served:* The company operates across approximately 45 municipalities within the same provincial territory *Services provided:* • Management of public parking infrastructure, comprising approximately 9,000 on-street parking spaces and six multi-storey parking facilities • Oversight and maintenance of the safety and operational efficiency of thermal plant systems • Administration of public infrastructure, including the management of a historic building designated for hosting public and private events • (Started in 2023) Provision of cemetery services in 13 cemeteries, encompassing site supervision, technical operations, maintenance of burial grounds, as well as cleaning and preservation of the overall decorum of the facilities
Governance features	The share capital, amounting to *€214,276, is 100% owned by the* "X" Municipality, the sole shareholder The administrative body consists of a sole director The board of statutory auditors is composed of a chairperson and two standing auditors, along with two alternate auditors. The legal auditor is an external professional appointed in accordance with applicable regulations
Time period analysed	The financial years 2022 and 2023 were analysed
Data sources	Financial statements 2022/2023

Source(s): Authors' own work

> Company X was founded with the specific aim of centralising various services under one administrative umbrella, a goal accomplished by establishing it as a municipal company. (General Director)

This hybrid configuration is shaped by three foundational dimensions:

(1) service provision in key utility sectors;

(2) responsibility towards the local community; and

(3) a declared commitment to sustainability and social welfare.

These elements collectively define Company X's institutional identity. The organisation is thus positioned as both a public agent and a corporate actor, and its obligations span the economic, political and social domains.

A key strength of the organisation lies in its scale. Operating at a relatively large size for a municipal enterprise, Company X benefits from economies of scale, good access to financial and human capital and the ability to optimise resource allocation:

> Company X operates as a sizeable organisation […] the large scale enables us to benefit from economies of scale, allowing us to achieve cost efficiencies and optimise resource allocation more effectively than smaller entities. (General Director)

This organisational scale also enhances its capacity to attract qualified personnel and reinvest in internal development:

> The extensive scale of Company X increases its chances of accessing high-profile resources, especially in terms of human resources […]. Moreover, it allows the company to secure additional financial resources, which can subsequently be invested to further develop and enhance these resources. (General Director)

At the same time, its legal form as an in-house entity imposes operational constraints:

> A significant weakness arises from the limitation in providing in-house services, which confines the company's operations strictly within the boundaries of the municipality. (General Director)

The geographical constraint limits the company's strategic flexibility and curtails its opportunities for expansion or innovation beyond the city. The company's multi-service character adds further complexity. While designed to foster synergy and engagement, it may generate inefficiencies:

> Although offering multiple services could foster greater user engagement and interaction, it could also result in decreased operational efficiency for the company. (General Director)

Company X thus embodies a structural paradox: it has the capacity and complexity of a large-scale enterprise but is institutionally bound by public ownership and regulatory frameworks. It must navigate between efficiency and limitation, autonomy and control and innovation and compliance.

These tensions directly influence how the company approaches strategic tools such as SDG reporting, which is used not only to declare purpose but also to communicate and rationalise its hybrid nature to stakeholders. As discussed in subsection 4.1.2, this complexity becomes even more evident when external expectations and accountability demands are analysed.

4.1.2 Stakeholder expectations and accountability pressures. As an MOE, Company X must respond to a diverse range of stakeholder demands. Particularly important are the demands from the municipality, which acts as owner, funder and regulator; also important are the demands from citizens, who are both service users and political constituents. This layered accountability structure raises the complexity of hybrid governance and requires the organisation to continuously mediate between public mandates and managerial autonomy. The municipality's expectations reflect a broader governance logic rooted in transparency, collaboration and alignment with community priorities. At the same time, this oversight introduces operational constraints that can limit flexibility:

> [The] municipality expects us to provide high-quality and reliable services that really meet the needs of the community and ensure the well-being of its citizens. They also want us to operate transparently, meaning we should make decisions openly and be accountable for our actions and results. In addition, they're looking for us to work closely with local authorities and other stakeholders to tackle challenges and work together on common community goals through collaboration and partnership. (HR Manager)

The company's operational space is shaped by a dynamic of strategic partnership under political supervision, where the language of collaboration often coexists with subtle forms of control. The balance between responsiveness and bureaucratic compliance emerged as a central point of tension in the governance relationship. At the other end of the accountability spectrum, citizens express expectations that are both pragmatic and aspirational; they seek reliable service delivery as well as broader contributions to social and environmental well-being:

> They expect us to deliver high-quality, efficient, and reliable services. They also want fair and affordable rates to ensure everyone in the community has access. We need to respond quickly to their needs and concerns, providing effective and timely solutions whenever issues come up. On top of that, they're looking for us to constantly innovate and improve our services, adopting new technologies and better practices to keep up with the changing needs of the community. Lastly, they expect us to be socially responsible and sustainable, minimising our environmental impact and contributing positively to the community's well-being. (HR Manager)

These layered expectations reveal a dual tension. On one hand, the municipality requires transparency, collaboration and alignment with collective goals, principles deeply rooted in public governance. On the other hand, citizens expect services that are not only efficient, accessible and affordable but also innovative and environmentally sustainable. Notably, the demand for sustainability and innovation appears to originate from citizens themselves, indicating a shift in civic expectations that goes beyond conventional service standards. This evolving set of expectations often clashes with a limited public awareness of the organisation's actual contributions, revealing a gap between performance and perception. Much of Company X's work, such as its role in urban beautification or the technical management of historic sites and public events, remains largely invisible or is mistakenly attributed to the municipality. As the operations manager stated:

> Company X plays a significant role in various city beautification projects, such as installing Christmas lights in the city centre and maintaining the city's green spaces. However, citizens often attribute these contributions to the local municipality rather than our company […]. We oversee a historic site in City X and coordinate the events held there, including setting up exhibitions, implementing security protocols, and conducting staff training, but this work often goes unrecognised by attendees. (Operations Manager)

In this context, the sustainability report can serve as a strategic tool. It has the potential to address the municipality's expectations for transparency but also to illuminate the organisation's efforts, achievements and the operational complexity underlying the public role. Rather than merely documenting activities, sustainability reporting may function as a means to raise public awareness, enhance stakeholder engagement and reinforce the organisation's hybrid identity. Hence, it can create a narrative bridge between the organisation's often invisible work and the value perceived by its stakeholders. This function is especially relevant for hybrid enterprises operating in symbolically charged institutional environments. The potential communicative and integrative role of sustainability reporting is examined further in the following section.

4.1.3 SDG reporting as a strategic and managerial tool. The centrality of sustainability reporting within Company X's governance and communication practices is clearly articulated by its top management:

> The sustainability report serves as a corporate tool that integrates economic, social, and environmental dimensions. This integration facilitates the monitoring, reporting, and communication of responsible management practices, the value generated and shared with stakeholders, and their contribution to sustainable development – particularly to the company's primary audience, the human capital. (Sole Administrator)

The above statement encapsulates the evolving role of sustainability reporting within Company X. Beyond fulfilling regulatory or normative expectations, the report is framed as a strategic instrument that is intended to support both internal co-ordination and external communication. Interviews with the general director consistently highlighted this dual function: on one hand, reporting was a mechanism for organisational reflection and performance improvement; on the other, it served as a tool for public positioning and stakeholder alignment. From an internal perspective, the reports provide a platform for diagnosing operational challenges and aligning sustainability goals with day-to-day management:

> Internally, our goal with non-financial reporting is to better assess and understand how our operations are running. This helps us improve performance and plan for the future. For instance, from what I've heard, sustainability reporting could be really useful for spotting inefficiencies in our operations, making necessary improvements, and boosting engagement with our internal stakeholders. (General Director)

Rather than being a static retrospective document, the report is thus conceived as a reflexive and anticipatory tool that can help embed sustainability considerations into decision-making processes. Externally, the report communicates Company X's values and commitments and potentially attracts institutional partners and resource providers:

> The external goal here is to use sustainability disclosure to communicate our social and environmental efforts to our external stakeholders. But it's not just about keeping stakeholders informed; it's also a chance for us to attract high-profile resources that align with our company's values and identity. (General Director)

In hybrid organisational environments, where institutional logics and stakeholder expectations often differ, SDG reporting can assume a strategic function within non-financial disclosure practices. Again, rather than serving solely as a retrospective account of sustainability efforts, the SDG framework can operate as a structuring device to support organisations in several dimensions. Firstly, it facilitates the monitoring of progress on specific operational priorities, such as improvements in efficiency. Secondly, it helps to organise and formalise strategic goals in a coherent and integrative manner, providing internal guidance and alignment. Thirdly, it enhances external communication by offering stakeholders a clear and accessible representation of how the organisation contributes to sustainable development. This multi-functional view of SDG reporting was referred to by Company X's senior management. As the general director explained:

> Firstly, it [the SDG framework] helps us formalise our sustainable strategies by making sure they align with specific SDGs. Secondly, it motivates us to plan future sustainable activities and initiatives. Lastly, it provides a framework to guide us in enhancing the sustainability of our core activities. (General Director)

Hence, the SDGs provide not only a reporting framework but also a tool for forward-looking governance. The goals offer a language through which the company can align its internal processes with external sustainability narratives, linking operational reality and strategic aspiration:

> Reporting on the SDGs isn't just about showing what we've done so far. It's also a powerful driver for our future initiatives and actions. It helps us plan and focus on what we need to do next to continue making progress towards these goals. (General Director)

From this perspective, sustainability reporting functions as a sensemaking practice, a way for Company X to negotiate the paradoxes of hybridity through a structured narrative. It translates internal complexity into stakeholder-relevant language and offers a flexible yet strategic architecture for navigating ambiguity and institutional fragmentation. Within the broader reporting landscape, the SDGs are central. They provide not only a globally recognised reference point but also a concrete structure through which the company articulates its priorities, plans its future actions and seeks legitimacy across stakeholder groups. But does this SDG-centred narrative materialise in practice? The next section addresses this question by examining whether the company's 2022–2023 sustainability reports and financial statements reflect or fail to reflect, the commitments, orientations and hybrid tensions that SDG reporting is intended to organise and communicate.

4.2 SDG reporting and organisational practice: insights from document analysis

This section examines the extent to which the narratives constructed through SDG reporting are reflected in Company X's actual practices and resource allocations, as documented in its 2022 and 2023 sustainability reports and annual financial statements. The analysis focuses on three dimensions:

(1) the identification and implementation of SDG-related initiatives;

(2) the alignment between reported goals and financial/resource commitments; and

(3) the consistency over time in reporting approaches and priorities.

4.2.1 The identification and implementation of SDG-related initiatives. Both the 2022 and 2023 sustainability reports published by Company X explicitly identify the SDGs to which the organisation claims to contribute. The 2022 report outlines contributions to four SDGs: SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action). These contributions are described primarily through narrative accounts, with limited references to specific sub-targets or standardised performance indicators. For example, under SDG 8, the company highlights its commitment to continuous staff training and non-discriminatory HR practices. Some quantitative data, such as gender breakdowns and contract types, are provided. However, key indicators – such as wage equity or employment figures disaggregated by age or disability – are omitted. Regarding SDG 9, the report refers to infrastructural investments to improve the urban environment and supporting local development; however, no quantitative benchmarks or timelines are included. For SDG 11, specific data are reported, namely, the integration of parking services with public transport through a combined ticketing system, which is said to have reduced private vehicle use. However, this outcome is not linked to SDG sub-targets or formal metrics. For SDG 13, the company discusses its plans to install photovoltaic systems on the roof of a major parking facility, which is projected to meet approximately 65% of its energy needs. While the initiative is framed within a climate-mitigation agenda, details on implementation timelines or evaluation methods are lacking.

The 2023 sustainability report retains the original four SDGs and expands the scope of engagement by incorporating SDG 12 (Responsible Consumption and Production) and SDG 16 (Peace, Justice and Strong Institutions). There is greater reporting precision, as the company explicitly refers to SDG sub-targets and provides detailed descriptions of related initiatives. Under SDG 8 (Decent Work and Economic Growth), Company X presents a more comprehensive account than the previous year's regarding its employment-related initiatives. These include internal training programmes, the hiring of individuals with disabilities and the implementation of inclusive merit-based recruitment practices aligned with the SA 8000 social accountability standard. For SDG 9, the report details targeted infrastructure enhancements, such as the renovation of multiple parking facilities, improvements to pedestrian zones and the design of a new intermodal mobility hub. SDG 11 (Sustainable Cities and Communities) is addressed through a series of digital transformation efforts, including the automation of parking systems, integration of mobile-enabled payment solutions and deployment of remote surveillance technologies operated via a centralised control room. For SDG 12 (Responsible Consumption and Production), the company reports on the automation of public infrastructure services and internal operational processes, aimed at improving efficiency and reducing environmental impact. With regard to SDG 13 (Climate Action), the report documents the continuation of several climate-focused initiatives. These include the electrification of the vehicle fleet, installation of electric-vehicle charging stations and the launch of a 100-kWp photovoltaic project. That project was planned in the previous reporting cycle to meet 65% of the energy needs of a major facility. Finally, under SDG 16 (Peace, Justice and Strong Institutions), Company X emphasises the adoption of a new Anti-Corruption and Transparency Plan (2023–2025) and reaffirms its commitment to ethical governance practices, including improved whistleblowing mechanisms, in line with evolving national regulations. Overall, the 2023 report reflects a broader and more structured engagement with the 2030 Agenda than in the previous year. Compared to the 2022 report, there is better alignment between organisational activities and specific SDG targets. However, notable gaps remain in the use of standardised indicators and the measurement of impacts.

4.2.2 Alignment between reported goals and resource commitments. In the interviews, senior management stated that Company X was contributing to local development, not only through service delivery but also via the redistribution of profits to its public shareholder. To assess this claim, the company's 2022 and 2023 financial statements were examined in relation to its stated SDG commitments, particularly those linked to urban well-being and community reinvestment (e.g. SDG 11). The analysis revealed a partial alignment between sustainability discourse and financial practice. In 2022, the company reported a net profit of €343,153, which was not distributed to the shareholder but instead allocated to an extraordinary reserve, indicating a preference for internal financial reinforcement rather than external redistribution. In contrast, in 2023, the company recorded a higher net profit of €599,803, which was fully transferred to the public shareholder. This decision more closely reflected the company's declared commitment to supporting local development and creating shared value through its financial policies. While not yet indicative of a consolidated practice, this evolution suggests an emerging alignment between the company's sustainability orientation and its resource allocation strategies. The situation warrants continued observation over time. Further insight into this alignment was provide by an analysis of Company X's charitable contributions, which illustrate how the organisation supports local well-being beyond core service provision. In both 2022 and 2023, the company allocated €180,000 to sponsor citywide holiday lighting and decorations; this initiative was aimed at enhancing the urban environment and fostering community engagement during the festive season. In 2023, the initiative was expanded through an additional €15,000 contribution to a citywide cultural event titled "A Brighter City X", explicitly designed to improve liveability and the appeal of public spaces during the holidays. Moreover, in 2023, the company donated €2,000 to a local organisation supporting individuals with disabilities, along with a smaller €250 donation to a parish engaged in charitable work. Despite the modest scale, these contributions signal an effort to promote social inclusion and community cohesion. They complement the company's infrastructural and environmental sustainability efforts.

4.2.3 Evolution and coherence over time. A comparison between the 2022 and 2023 sustainability reports reveals a clear evolution in Company X's approach to SDG reporting in terms of both scope and structural coherence. The 2022 report represented an initial step towards aligning the company's activities with the 2030 Agenda, focusing on four core SDGs and offering general narrative descriptions. By comparison, the 2023 edition demonstrated greater intentionality, detail and consistency. Notably, the number of SDGs addressed expanded from four to six with the inclusion of SDG 12 and SDG 16. This shift reflects a broader strategic ambition and a more integrated approach to sustainability governance. In 2022, references to SDG sub-targets were largely absent, and contributions were framed qualitatively, with limited use of measurable indicators. By contrast, the 2023 report explicitly maps organisational activities to specific SDG targets and provides more operational detail, such as reporting on avoided emissions (SDG 11), planned photovoltaic capacity (SDG 13) and compliance with ethical standards (SDG 16). This evolution suggests a progressive institutionalisation of SDG language and logic into the company's reporting practices. Despite this enhanced discursive alignment, the degree of integration into strategic planning, budgeting and performance evaluation remained uneven. Standardised metrics were still selectively applied, and many sustainability initiatives were presented in isolation from broader monitoring or impact assessment frameworks. Overall, the comparison points to a gradual consolidation of SDG reporting practices, with a shift away from symbolic adoption towards more structured and potentially actionable forms of integration. Whether this trajectory will lead to deeper organisational change remains a question for longitudinal research.

5. Discussion

5.1 Navigating hybrid paradoxes through SDG reporting

A central insight from this study concerns the dynamic interplay between sustainability reporting and organisational paradoxes. In contrast to earlier research portraying SDG disclosures as predominantly symbolic (Silva, 2021), the findings suggest that for Company X, SDG reporting has evolved into a mechanism of both organisational reflection and strategic orientation. Initially introduced as a narrative tool for mapping existing practices, the SDGs gradually assumed a more anticipatory and structuring role; they support internal decision-making and help to align hybrid objectives with stakeholder expectations. This dynamic is particularly evident when comparing reporting practices and operational priorities between 2022 and 2023. In 2022, Company X's sustainability report focused on a limited set of SDGs (8, 9, 11 and 13) framed through general narratives and with minimal reference to specific targets or performance indicators. This initial phase can be viewed as an effort to signal alignment with external legitimacy norms. However, the interview data revealed an emerging awareness of underlying hybrid tensions, particularly those related to operational efficiency, stakeholder misrecognition and constraints related to the company's in-house legal status. These tensions closely align with the organising and performing paradoxes described by Smith and Lewis (2011). That is, organisations must reconcile conflicting demands, such as for autonomy versus municipal control or for efficiency versus service coverage, without collapsing into inertia or fragmentation. By 2023, the initial awareness had matured into a more structured response. The sustainability report expanded its SDG coverage to include Goals 12 and 16, accompanied by more granular descriptions and explicit references to sub-targets. For instance, SDG 12 was introduced in connection with internal digitalisation and automation strategies, particularly in the newly acquired cemetery management service. These initiatives, including gate automation and control room surveillance, were framed not merely as technological upgrades but as components of a broader resource optimisation strategy. This alignment suggests that the SDG framework was increasingly used not only to retrospectively document initiatives but also to structure operational choices, rationalise service expansion and frame investments within a coherent sustainability narrative. In this sense, the SDG reporting was a tool for sensemaking; it helped the company translate hybrid complexity into actionable priorities. This trajectory is congruent with the findings of Ahunov (2023), who argued that hybrid organisations may use NFR as both a managerial and symbolic device. Such reporting can facilitate sustainability discourses and navigate plural institutional demands. Company X's reporting practice, especially in 2023, reflects that duality. On one hand, the reports articulate a commitment to values such as transparency, community well-being and ecological transition, which align with public expectations. On the other hand, they provide internal stakeholders with a planning scaffold to link SDG targets with operational tasks and performance goals. Hence, NFR supports a strategic synthesis across logics, enabling integration through temporal cycling so that paradoxical demands are negotiated over time rather than resolved in binary terms. The current study also highlights the layered structure of stakeholder expectations that shaped the reporting process. As previous researchers have noted, MOEs operate under dense institutional pressures, which are political, normative and mimetic (Martínez-Ferrero and García-Sánchez, 2017). In Company X, this multivocality is evident in the divergent yet interdependent expectations expressed by municipal authorities and citizens. The municipality demands accountability, alignment with collective goals and legal compliance. These points reflect the characteristics of "belonging paradoxes" (Carmine and Smith, 2021), in which hybrid actors must reconcile their embeddedness in a public structure with aspirations for an autonomous identity. In 2022, the tensions were only partially addressed, primarily through community-centred initiatives such as urban beautification and incentives for intermodal transport. However, transparency mechanisms remained underdeveloped, as illustrated by the absence of SDG 16 in that year's report. By 2023, the introduction of an Anti-Corruption and Transparency Plan (2023–2025) under SDG 16 signalled a more deliberate response to public governance expectations. The 2023 report detailed the company's whistleblowing procedures, political neutrality and ethical oversight. These issues have been identified as transparency risks in the MOE literature (Bergh *et al.*, 2019; Voorn *et al.*, 2021). This development can be viewed as a move that reinforces legitimacy, as formalised reporting practices are boundary-spanning devices that help mediate conflicting logics and consolidate trust (Haigh and Hoffman, 2014). Nonetheless, legitimacy in hybrid organisations is not static. While formal structures may serve a ceremonial function, they also enable organisations to maintain order amid environmental complexity. The case of Company X illustrates that SDG reporting, when used reflexively, may evolve from symbolic compliance into a substantive governance mechanism that contributes to the internalisation of sustainability logics. This observation aligns with the findings of Ligorio *et al.* (2022), who argued that in MOEs sustainability disclosures are often shaped by a dual imperative to both respond to public scrutiny and support internal co-ordination. In Company X, this dual role is clearly evident in the interview narratives. Sustainability reports were described both as communicative artefacts and as tools for strategic diagnosis and foresight.

5.2 Legitimising profit within a public-sector framework

A salient tension in hybrid municipal enterprises that is widely discussed in the literature concerns the structural contradiction between profitability and the delivery of public value (Grossi *et al.*, 2017; Capalbo *et al.*, 2021; Voorn *et al.*, 2021). This tension is often noticeable in countries like Italy, where MOEs are legally autonomous yet politically embedded and performance is assessed through financial outcomes as well as community impact (Esposito *et al.*, 2021). In this light, the performing paradox faced by Company X can be viewed as a negotiation between financial self-sufficiency and societal accountability. The two objectives are interdependent but are often misaligned in practice. The current findings revealed that SDG reporting played an increasingly strategic role in mediating this paradox. In 2022, the company allocated its entire net profit to internal reserves, a decision consistent with financial prudence but potentially at odds with expectations for community reinvestment. By contrast, in 2023, a significantly higher net profit was fully distributed to the municipal shareholder, echoing the company's declared SDG 11 commitment to inclusive urban development. This shift could indicate a form of temporal balancing, in which Company X oscillates between fiscal consolidation and redistributive contribution over time. However, these moves are not purely economic in nature. The sustainability discourse, particularly regarding SDGs 8, 11 and 13, enabled Company X to frame its financial decisions within a broad narrative of public interest. For instance, the use of profits to support city beautification, public lighting and social initiatives – such as support for individuals with disabilities – indicates the company's alignment with communal well-being. At the same time, its operational surplus is justified. In this sense, SDG reporting functions as a legitimacy device that renders profit-compatible narratives intelligible and acceptable in a public-sector framework. The company's reporting also illustrates a nuanced response to organising paradoxes. A case in point is the tension between strategic autonomy and municipal control (Bognetti and Robotti, 2007; McKay, 2004). As interviewees indicated, Company X formally depends on its municipal owner for strategic direction, yet it exercises considerable discretion in its operational and financial decisions. This hybrid governance structure can generate either institutional resilience or dysfunction depending on how these tensions are managed (Krause and van Thiel, 2019; Bergh *et al.*, 2019). In this case, the 2023 adoption of SDG 16, along with formal anti-corruption safeguards, appears to have institutionalised transparency practices that enabled greater autonomy without compromising political accountability. This point reflects what Palm and Fallde (2016) described as the "system-building" potential of MOEs, namely, their ability to produce social and environmental infrastructure under a logic of delegated public interest. This form of bounded autonomy is further supported by internal managerial capacity and reflexive planning. Interviewees consistently described SDG reporting as an anticipatory tool, used not only for compliance but also for performance diagnosis and scenario planning. The fact that the 2023 report explicitly references future infrastructure upgrades, mobility integration and digital transitions (SDGs 9, 11 and 12) suggests an intentional effort to bridge long-term planning with short-term operations. Such practices reflect a paradox-savvy approach to hybridity. Tensions are not suppressed or artificially resolved but are continuously navigated through iterative reporting, adaptive planning and stakeholder dialogue (Smith and Lewis, 2011; Carmine and Smith, 2021).

5.3 SDG reporting as a tool for identity construction

Another central insight emerging from the case is the role of SDG reporting in shaping and reconfiguring hybrid organisational identity. As the literature highlights, hybrid organisations often suffer from identity ambiguity (Haigh and Hoffman, 2014; Ahunov, 2023). This ambiguity arises from the simultaneous presence of conflicting logics in the form of market rationality versus civic responsiveness and managerialism versus democratic legitimacy. The ambiguity can lead to internal confusion, external misrecognition and ultimately declining legitimacy (Bergh *et al.*, 2022; Jedynak and Wąsowicz, 2021). Company X's evolving use of SDG reporting appears to counteract these risks. In particular, the company uses the SDGs not merely as indicators, but as narrative anchors through which it articulates its distinct hybrid role. For instance, SDG 8 was consistently used to highlight inclusive employment and local engagement; this strategy reinforces the company's identity as a socially embedded employer. Likewise, SDG 9 was framed around innovation and urban regeneration, aligning the organisation with modernisation and progress. Through SDG 13, the company linked its technical expertise to climate action, a domain traditionally associated with government intervention. Taken together, these elements contribute to the construction of a discursive identity that transcends narrow managerial or bureaucratic definitions; the company is thus positioned as a "hybrid steward" of local development (Ligorio *et al.*, 2022). This identity-related effort also addresses the problem of stakeholder misrecognition, where citizens may fail to perceive the company's contribution to public goods and attribute its achievements to the municipality instead, as noted by the operations manager. Through SDG-linked storytelling, the sustainability report becomes a tool for identity clarification. The result is that the company's added value in service integration, urban innovation and environmental stewardship becomes more visible.

Giacomini *et al.* (2020) emphasised the role of digital media in hybrid communication. In a similar vein, Company X's efforts indicate that narrative visibility is a critical, yet underexplored, dimension of hybrid accountability. Nonetheless, the analysis revealed that this identity construction remained uneven. Despite clear progress in 2023, gaps persisted in the use of standardised indicators, outcome measurement and materiality analysis. The reporting practices still appeared to rely heavily on narrative framing rather than robust performance systems. As Silva (2021) cautioned, the risk of shallow reporting is high for organisations that adopt SDG frameworks without sufficient technical infrastructure or external assurance. In Company X's case, such limitations indicate the need for better integration between the reporting and planning functions. This point is especially relevant because the EU CSRD is likely to intensify people's expectations around data quality, double materiality and stakeholder inclusiveness (Celli *et al.*, 2024). Table 3 summarises the key insights across the themes identified in the findings and discussion.

6. Conclusions

6.1 Contribution to the literature

This paper examined how a hybrid municipal enterprise used SDG reporting to navigate the tensions of its dual mandate, balancing economic efficiency with public value, autonomy with political oversight and complexity with transparency. Drawing on a case study of an

Table 3. Themes and key insights

Themes	Key insights
Navigating hybrid tensions	Company X navigates organising (autonomy vs control) and performing (efficiency vs public value) paradoxes by using SDG frameworks to structure reporting, planning and communication
Public vs private value creation	Profit reinvestment decisions reflect a balance between financial prudence and public interest. SDG narratives legitimise these trade-offs by aligning them with community well-being goals
Hybrid identity construction	Company X uses SDG-linked storytelling (e.g. around SDGs 8, 9 and 13) to clarify its hybrid role and increase visibility of its contribution to public value
Evolution of SDG reporting	SDG reporting evolved from symbolic mapping (2022) to a structured strategic tool (2023), with expanded SDG coverage and stronger alignment between reporting and operations
Use of SDGs as strategic tools	SDGs are used not only to report past outcomes but also to guide internal strategies, frame investment decisions and align organisational priorities with sustainability principles
Temporal dimension of change	Findings indicate a pattern of temporal cycling in paradox navigation: instead of resolving tensions, the company adapts its strategies and reporting practices over time

Source(s): Authors' own work

Italian MOE, the research combined interviews and document analysis. Findings show that sustainability reporting evolved from symbolic narratives to structured frameworks, increasingly integrated into governance and planning. Over time, SDG reporting supported accountability, co-ordination, identity construction and strategic sensemaking, enabling the company to address persistent paradoxes and strengthen its capacity to reconcile competing institutional logics. Such development suggests a growing capacity for paradox navigation through sustainability disclosure.

The study contributes to the literature on organisational hybridity and sustainability reporting in public enterprises in several areas. Firstly, it advances theoretical understanding by showing how hybrid organisations may use reporting not only to meet regulatory or reputational expectations, but also as a dynamic tool for navigating paradoxes. In contrast to accounts that depict non-financial disclosure as merely symbolic (Silva, 2021), this research has shown how SDG reporting can serve as a structuring device that supports strategic decision-making, institutional learning and adaptive capacity. Secondly, this work contributes to growing scholarship on hybrid identity construction in public enterprises (Haigh and Hoffman, 2014; Ahunov, 2023). It shows how SDG-linked storytelling enables MOEs to articulate their dual role as public agents and corporate actors. By mapping core activities – such as digitalisation, infrastructure management and energy transition – onto globally recognised sustainability goals, Company X builds a coherent narrative that bridges managerial pragmatism with civic responsibility, reinforcing both external legitimacy and internal clarity. Thirdly, the study enriches a relatively underdeveloped literature on SDG reporting in the public sector (Kaur and Lodhia, 2019; Kuswantoro *et al.*, 2023). While previous research highlights low uptake or superficial implementation, this study shows that SDGs can be localised and operationalised by MOEs to address both governance and performance challenges. Finally, the paper contributes to understanding the role of MOEs in a European context. The Italian case illustrates the particular challenges and opportunities of SDG reporting under conditions of voluntary disclosure, limited standardisation and political complexity. The findings indicate that MOEs, despite their institutional vulnerabilities, may provide laboratories for sustainability governance innovation, particularly when supported by motivated leadership, reporting reflexivity and strategic stakeholder alignment.

6.2 Practical implications

The findings have implications for practitioners working in or with hybrid public enterprises. They underscore the value of adopting SDG reporting not merely as a compliance tool but also as a governance instrument. Such reporting can support strategic alignment and operational reflexivity as well as stimulating stakeholder dialogue. Managers of MOEs should view sustainability reporting as a platform for internal co-ordination and learning, rather than just a vehicle for external communication. The study has shown that reporting can help companies to identify inefficiencies, prioritise investments and enhance the visibility of otherwise "invisible" work, especially in areas where the company's public value is not well recognised. Furthermore, the study highlights the importance of integrating reporting with planning and budgeting processes. The evolution of Company X's disclosures between 2022 and 2023 demonstrates that SDG reporting was most impactful when linked to resource allocation, future initiatives and formalised commitments (e.g. transparency plans or environmental projects). This finding suggests that sustainability governance should not be siloed within communication departments but embedded into the core organisational strategy. In addition, the study emphasises the role of sustainability narratives in reinforcing organisational legitimacy and identity. In environments where political accountability and public expectations intersect, the ability to craft clear, credible and consistent sustainability narratives is a critical organisational capability. For small and medium-sized MOEs, which often lack the resources of larger utilities, this narrative function can support funding access, public trust and alignment with broader municipal agendas.

6.3 Limitations

The study encountered certain limitations. Firstly, the analysis was focused on disclosure practices rather than performance outcomes. Although some alignment was noted between reporting and resource allocation, the research did not assess the actual sustainability impacts of the reported initiatives. Future studies could examine the extent to which SDG reporting leads to measurable improvements in social, environmental or governance performance. Secondly, although data triangulation occurred through the use of interviews, documents and financial statements, the study relied primarily on self-reported and managerial perspectives. As such, the findings reflect how tensions and strategies are constructed and communicated by the company, rather than how they are perceived by external stakeholders, or how they are enacted across all levels of the organisation.

6.4 Future research avenues

Several avenues for future research were identified. Firstly, comparative case studies across different national and regulatory contexts could deepen the academic understanding of how institutional environments shape the use and effectiveness of SDG reporting in MOEs. This study focused on an Italian context that was characterised by voluntary disclosure and high political embeddedness. Other countries may present different dynamics, particularly where reporting is mandatory or externally audited. Secondly, researchers could explore the internal decision-making dynamics that underpin sustainability reporting. While this study captured the views of senior managers, additional work could investigate how middle managers and operational staff engage with SDG goals and whether reporting processes can foster organisational learning and behavioural change. Finally, future studies could explore the role of digital technologies and platforms, such as social media or interactive dashboards, in expanding the reach and impact of SDG reporting.

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Appendix

Table A1. Documents' excerpts

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
Financial year 2022		
Sustainability report 2022	*SDG 8:* Through continuous training of personnel, Company X is dedicated to fostering the development of highly qualified skills while advocating for non-discrimination in the selection and management processes of its staff. In doing so, it actively contributes to promoting productive employment and ensuring dignified work	*EXCERPTS:* … As of the close of the fiscal year on 31 December 2022, the workforce of the Company consisted of 41 employees, reflecting substantial stability compared to the previous year. During 2022, the overall staff turnover rate stood at 2.42%, resulting from three new hires and one termination, as detailed below. This figure reflects a careful approach to human resource management, maintaining continuity in employment. … An analysis of the team's gender composition reveals that the majority of employees are male. A further distinctive aspect is that all employees originate from Region X. This feature highlights the Company's commitment to enhancing local talent, underscoring a strong connection with the community in which it operates. Nevertheless, Company X has set the objective for 2023 to expand its workforce in order to respond to increasing business demands and to foster continuous development. […]
Sustainability report 2022	*SDG 9:* Company X makes targeted investments in the infrastructure enhancement of the Municipality of X City, thereby contributing to economic growth, job creation and the promotion of prosperity	*EXCERPTS:* […] In the course of 2022, the Company strengthened its relationships with the local community by promoting and participating in various initiatives in City X. These efforts focused primarily on enhancing the city's image, implementing projects aimed at improving urban infrastructure and launching specific actions to promote sustainable mobility…In particular, to promote and enhance the city, the Company undertook several actions, including commissioning local artists to paint and decorate covered parking areas, constructing a fountain at the entrance to the train station, installing a lighting system for the statue "X" and initiating a lighting project for the pedestrian bridge on "Via X", located near Hospital X. This latter intervention, in addition to its aesthetic contribution, proved to be highly functional in terms of road safety and accessibility, given that the area lacks basic lighting and is particularly busy during certain times of the day. […]

(*continued*)

Table A1. Continued

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
Sustainability report 2022	*SDG 11:* Leveraging technological innovation and digitization, Company X offers increasingly dematerialized and automated services, thereby contributing to making the city more inclusive, sustainable and resilient	*EXCERPTS:* […] With regard to its current value proposition, Company X has already introduced a series of measures aimed at embracing the digitalization process, with the goal of contributing to the transformation of City X into an increasingly smart city, starting with the management of parking services and related payment methods. Specifically, in response to the growing demand for electronic payment solutions, the Company has implemented the use of several smartphone applications to allow for fast, simple and secure parking payments. The authorized applications include Paybyphone, Easypark, MyCicero and TelepassPay. These tools enable users to manage parking payments efficiently, allowing them to pay only for the actual time parked and offering the flexibility to extend or end a parking session directly through a smartphone app. […] […] Company X is planning a significant evolution in its parking payment system, aiming for the exclusive adoption of electronic payment methods in the coming years… The Company also envisions the implementation of smart solutions, including the full automation of cemetery gate opening and closing. This system will enable Company X to optimize logistics by eliminating the need for dedicated personnel to manually operate gates located in different areas of the city, thereby reducing emissions associated with staff travel and simplifying operational procedures…Finally, to manage the operational areas remotely, the Company operates a control room located at its main headquarters, allowing personnel to carry out monitoring and supervision activities without the need to travel across various parts of the city. […]
Sustainability report 2022	*SDG 13:* The intramodality of urban transportation represents one of the strategies for combating and adapting to climate change. Parking facilities managed by Company X, along with agreements	*EXCERPTS:* Based on an estimated 125,200 annual entries to Parking X over 313 days per year, it is calculated that the use of public transportation instead of private vehicles to reach the city

(*continued*)

Table A1. Continued

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
	established with local public transport companies, enable the reduction of traffic congestion and urban pollution. Additionally, plans are in place for "re-lightening" interventions in covered parking areas and the installation of a photovoltaic system on the solar pavement of the "X Parking Lot", which will lead to the production of renewable energy and a decrease in energy consumption	centre results in an annual saving of approximately 250.65 tonnes of CO_2 […] With regard to the green initiatives undertaken by the Company, albeit on a modest scale, Company X began in the course of 2022 to implement various environmentally oriented actions within its vehicle fleet and in City X, thereby contributing to the broader transition towards a more sustainable economy. […] In the context of the energy transition, Company X actively participates in the "Renewable Energy Community" project. This ambitious and sustainable initiative aims to produce and share renewable energy through the installation of a photovoltaic system on the rooftop of Parking X, located near the historic centre of City X. The parking facility, covering approximately 2,500 square meters, will be equipped with solar panels, with an expected annual energy generation of around 125,000 kilowatt-hours (kWh), accounting for approximately 65% of the parking facility's energy needs. […]
Financial year 2023		
Sustainability report 2023	*SDG 8:* Through continuous staff training, Company X is committed to developing highly qualified competencies while promoting non-discrimination in recruitment and personnel management processes. In doing so, the Company actively contributes to fostering productive employment and ensuring decent work *Sub-targets:* 8.5, 8.6	*EXCERPTS:* […] In 2023, training activities involved all 55 employees, comprising 35 men and 20 women. Participation varied by professional category: only male employees took part among the managerial and executive staff (one in each category), while female representation was more pronounced among administrative and technical workers. During the same year, Company X employed three male individuals with permanent contracts who belong to the category of persons with disabilities and other protected groups… The Company firmly rejects all forms of discrimination, adopting an inclusive and respectful approach to diversity. Company X recognizes that discrimination based on age, race, social class, national origin, gender, religion, disability, sexual orientation, trade

(*continued*)

Table A1. Continued

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
		union membership, or political affiliation is unacceptable in any form. In accordance with current legislation and inspired by the principles of Corporate Social Responsibility, particularly the SA 8000 standard, the Company is committed to ensuring that the criteria applied at every stage of the employment cycle – recruitment, remuneration, access to training, career advancement, termination or retirement – are based exclusively on merit and competence, directly related to job performance
Sustainability report 2023	*SDG 9:* Company X undertakes targeted investments aimed at strengthening the infrastructure of Municipality X, thereby contributing to economic growth, job creation and the promotion of shared prosperity *Sub-targets:* 9.4	*EXCERPTS:* […] Between 2023 and 2024, Company X launched an extensive maintenance and redevelopment plan for Parking Structure X facilities and related infrastructure, with the aim of improving efficiency, safety, and overall urban aesthetics. Significant interventions were carried out on several facilities, including Parking X1, X2 and X3, involving waterproofing works, upgrades to technical systems and the functional refurbishment of utility spaces…Concurrently, in its role as technical sponsor, Company X collaborated with Entity X on the implementation of a new lighting system for Pedestrian Bridge X, enhancing both safety and environmental sustainability through the use of high-efficiency LED solutions…Finally, the design process for the new Parking Facility X – envisioned as a gateway to City X – was resumed, incorporating project optimizations to contain costs while respecting the urban context and ensuring accessibility for all users
Sustainability report 2023	*SDG 11:* By leveraging technological innovation and digitalization, Company X increasingly offers dematerialized and automated services, thereby contributing to the development of a more inclusive, resilient and sustainable city *Sub-targets:* 11.2, 11.7	*EXCERPTS:* […] Company X has initiated a digitalization process aimed at transforming City X into an increasingly smart city, starting with the management of parking services and related payment systems. In response to the growing demand for electronic solutions, the company has integrated various smartphone applications that enable fast, secure and flexible payment options. The affiliated applications allow users to pay only for the actual

(*continued*)

Table A1. Continued

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
		parking time and to adjust the duration directly from their mobile devices, offering benefits both to citizens and to traffic enforcement personnel. Additionally, a post-paid payment option is available through partner apps for eligible users…
Sustainability report 2023	*SDG 12:* As a multi-utility company engaged in the provision of various public interest services, Company X places great importance on achieving high levels of efficiency in both resource management and service delivery, in order to ensure reliable and high-quality services for users. In this context, the company has already initiated – and will continue to pursue – a process of digitalization and operational optimization. Planned initiatives include the automation of gate operations for public spaces and cemeteries, the full digitalization of parking meter payment systems and remote monitoring of supervised areas through a dedicated control room. The implementation of these measures will enable the company to reduce operational redundancies, thereby significantly improving the accessibility and effectiveness of the services provided *Sub-targets:* 11.2, 11.7	*EXCERPTS:* […] Company X is planning a significant transformation of its parking payment system, aiming for the exclusive adoption of electronic payment methods. This digitalization initiative is expected to enhance the efficiency of device management, reduce operational costs and personnel-related travel emissions and significantly limit theft and vandalism, which currently result in substantial financial losses…Since 2023, the company has also taken over the management of Service X across multiple sites within the territory. In this context, the automation of gate systems is planned to streamline operations, reduce the need for on-site personnel and further decrease emissions…. To optimize the monitoring and coordination of its operations, the company utilizes a centralized control room, enabling remote supervision of key areas. This setup enhances operational efficiency and responsiveness while minimizing the need for physical interventions. […]
Sustainability report 2023	*SDG 13:* The intramodality of urban transport is one of the strategies for addressing and adapting to climate change. The parking facilities managed by Company X, together with agreements made with local public transport companies, help reduce traffic and urban pollution. Additionally, planned interventions include the relamping of covered parking areas and the installation of a photovoltaic system on the rooftop of Parking X, which will lead to the production of energy from renewable	*EXCERPTS:* Among the planned interventions are the relamping of Structure X to enhance energy efficiency and the installation of electric vehicle charging stations to encourage the use of low-impact technologies. Additionally, the company has begun transitioning its fleet to electric and hybrid vehicles, further reinforcing its commitment to the ecological transition… In parallel, to promote sustainable mobility, the company offers complimentary bus tickets to users of Parking Facility X, enabling access to the city centre without the use of private vehicles… In

(*continued*)

Table A1. Continued

Data source	SDGs declared contribution, (English translation)	Extracts from the report substantiating the stated contribution, (English translation)
	sources and a reduction in consumption *Sub-targets:* 13.2	2023, Company X launched several strategic projects aimed at improving the energy efficiency of its infrastructure. Among these, the installation of a 100 kWp photovoltaic system at Structure X was planned, identified as a suitable site along with other future intermodal hubs. The system, designed to cover an area of approximately 2,500 square meters, is expected to generate around 125,000 kWh annually, meeting approximately 65% of the facility's total energy needs. The project includes a technical analysis for integration with the existing electrical system, grid connection and the preparation of documentation for public procurement procedures and access to potential incentives. In addition, the initiative foresees support for the creation of an energy community in collaboration with local authorities and territorial partners, thereby strengthening the company's commitment to the transition toward renewable energy sources
Sustainability report 2023	*SDG 16:* Ethics and transparency represent the foundational principles upon which all activities of Company X are based. The integration of Municipality X within the company's organizational structure, along with the expectations of citizens toward the Company, necessitates the establishment of an institutional climate grounded in collaboration, trust and openness. To this end, Company X is committed to publicly disclosing detailed information regarding its whistleblowing system, any political contributions, ongoing legal proceedings, internal anti-corruption policies and guidelines governing interactions with suppliers, customers and financial institutions *Sub-targets:* 16.5	*EXCERPTS:* […] One of the main developments that marked the year 2023 for Company X was the adoption of the Three-Year Anti-Corruption and Transparency Plan (PTPCT) for the period 2023–2025. The plan was drafted in accordance with Law 190/2012 and approved by resolution no. 22 dated 30 March 2023 by the General Director. This plan represents an evolution compared to previous versions, as it adapts to a continuously evolving national regulatory framework and incorporates recent legislative updates and the guidelines issued by the National Anti-Corruption Authority (ANAC), as outlined in the National Anti-Corruption Plan

Source(s): Authors' own work