

Peschl, Markus F.; Kerschbaum, Clemens

## Article

# The Power of Aesthetic Alignment in Future-Oriented Organisations: The Case of Patagonia

ENTRENOVA - ENTERprise REsearch InNOVation

## Provided in Cooperation with:

IUNET - Society for Advancing Innovation and Research in Economy, Zagreb

*Suggested Citation:* Peschl, Markus F.; Kerschbaum, Clemens (2023) : The Power of Aesthetic Alignment in Future-Oriented Organisations: The Case of Patagonia, ENTRENOVA - ENTERprise REsearch InNOVation, ISSN 2706-4735, IUNET - Society for Advancing Innovation and Research in Economy, Zagreb, Vol. 9, Iss. 1, pp. 387-399, <https://doi.org/10.54820/entrenova-2023-0035>

This Version is available at:

<https://hdl.handle.net/10419/302098>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by-nc/4.0/>

# The Power of Aesthetic Alignment in Future-Oriented Organisations: The Case of Patagonia

*Clemens Kerschbaum*

*Vienna University of Economics and Business, Austria*

*Markus F. Peschl*

*University of Vienna, Austria*

## Abstract

When Yvon Chouinard, the founder of Patagonia, started to forge pitons (a piece of climbing equipment) in 1957, he never planned to become a businessman. All he wanted to do was produce climbing gear for his friends and himself. However, half a century later, his company Patagonia (now worth 3 billion dollars) has become one of the most renowned outdoor brands on the market. It is also known to be one of the most sustainable clothing companies in the world and, as a business, incorporates its core values into all its actions. Altogether, Patagonia evokes the coherent aesthetic image of an organisation that is very much in alignment with its purpose, stakeholders, and the environment. In our paper, we examine this notion of alignment and think of it as a kind of resonance between the organisation, its purpose and its stakeholders – a dynamic process of unfolding, co-creating and being co-created in and for a thriving environment. Using Patagonia's example, the paper aims to provide practical implications and principles based on theoretical foundations related to organisational capabilities, such as understanding and leveraging future potentials and fostering a mindset of resonance and co-creation. To this end, we draw on recent interdisciplinary findings from future-oriented approaches to innovation, creativity, enactive cognitive science and anthropology, as well as organisational learning and spiritual knowledge management, and place them in the context of the challenges of today's VUCA world.

**Keywords:** innovation; future potentials; organisational aesthetics; sustainability; co-creation; resonance; futures skills

**JEL classification:** O3; O31

**Paper type:** Research article

**Received:** 25 January 2023

**Accepted:** 1 May 2023

**DOI:** 10.54820/entrenova-2023-0035

## Introduction

How can organizations thrive in a volatile, complex, uncertain, and ambiguous (VUCA) world? In recent years, scholars and practitioners alike have argued that in such environments, the exclusive focus on explicit, data driven strategies is outdated (Laloux, 2014; Nonaka & Takeuchi, 2021). Instead, organizations should reconsider *why* they are in the world and whom they actually create value for.

Although the power of purpose is evident not only in our personal lives but especially in organizational contexts, it seems that purpose is something that, if considered at all, has been reduced to pretty illustrated vision- or purpose statements on corporate websites. In many cases, having a purpose is seen as a “nice-to-have” and formulating it as an extra exercise every modern organization has to do nowadays. Contrary to this attitude, we propose to *put purpose first*. We will show that purpose is at the core of every successful organization and is its driving force. This is all the more true for organizations that are characterized by a future-oriented innovation mindset. This implies to reconsider the organization's purpose that can briefly be summarized as the reason why an organization exists (Duska, 1997; George et al., 2021; van Knippenberg, 2020).

Yet, how does an organization reconsider its purpose? Thinking about this question illustrates that what reads well on paper might be a different tale in practice. On many occasions, literature suggests that identifying (and change) one's purpose has to include the ability to be open and receptive to perceptions that allow for little hints on where to go and what to do (e.g. Peschl, 2019).

Following up on this question and calls from the literature, in this paper, we present the concept of *resonance* as a description of the ongoing process leading not only to the best possible fit of an organization to an ever-changing environment it exists in, but also enabling it to proactively shape this environment in a beneficial manner. In other words, resonance describes the continuous alignment of an organization with its purpose and its environment as well as the capabilities required to achieve it. We argue that amongst those capabilities, *aesthetics* takes an important place because it enables us to integrate different sensorial perceptions into a coherent whole. This is important for as if we would break down resonance into many parts, we would only analyze perception but not its overall efficacy with regards to the interaction with organizational purpose. What we aim for with the notion of resonance is to get an understanding of the bigger picture that agents in an organization have or acquire about their organization; it becomes the necessary foundation for continuous dynamic alignment and co-shaping of the organization with the world around it.

Our argument consists of a conceptual part in which we outline the theoretical foundations for the notion of resonance followed by a case-study of the outdoor brand *Patagonia*, based on the memoirs of the company's founder, Yvon Chouinard. He describes in detail the process of how Patagonia became what it is today. We use Patagonia's case especially to illustrate our point on resonance and ultimately distill some ideas on how to interact with different facets of organizational purpose that can enhance future-oriented innovation and co-creation in organizations.

## Theoretical Foundations

Before we introduce the notion of resonance in detail we must first clarify two other important building blocks of our argument which are *organizational purpose* and *(organizational) aesthetics*.

## *Organizational Purpose*

On a personal/individual level, “purpose is a long-term, forward-looking intention to accomplish aims that are meaningful to the self and of consequence to the world beyond the self.” (Malin et al., 2017, p.1201) Beyond the important meaning for individuals, purpose is highly relevant for the design of social systems. A clearly defined and lived purpose is not only a critical instrument for offering direction, orientation, and coherence (between stakeholders), but also equips a social system or an organization with orientation concerning its own future and (innovation) strategy.

In the organizational domain, an organization's purpose is understood as the core reason for its existence (Duska, 1997; George et al., 2021; van Knippenberg, 2020) and as providing orientation and direction for its future development and self-enactment (Kaiser & Peschl, 2020; Peschl, 2020).

The purpose of an organization can be interpreted in terms of a means to realize an end but also as something that emerges from societal values and ethical obligations, which is more of a duty-based interpretation (George et al., 2021). These different understandings have led to the concept being somewhat ambiguous in the literature that originates from a number of different scientific fields (George et al., 2021; Kragulj, 2022). From an ontological perspective, purpose can arguably be seen either as something that is there and hence must be discovered (e.g. Quinn & Thakor, 2018) or as something that can be more or less deliberately constructed/designed (e.g. Binney, 1991). In any case, what purpose does is to provide some frame of reference, along which actions can be justified (Gartenberg et al., 2019). This action-guiding aspect of organizational purpose is also very prominent in the literature that originates from practice (Bakke, 2006; Chouinard, 2006; Laloux, 2014; Robertson, 2015).

Recently there have been efforts to organize the scattered field of organizational purpose and develop holistic definitions of the concept that include both goal-based views and societal expectations. Reviewing the existing literature (George et al., 2021; Kragulj, 2022) and adding empirical findings (Kragulj, 2022), two independent but complementary definitions have been proposed. According to them, organizational purpose can be defined as “the essence of an organization's existence by explaining what value it seeks to create for its stakeholders [...]” (George et al., 2021) or, as Kragulj puts it, the “configuration of those value expectations of legitimate stakeholders that cause them to organize as and engage in an organization in order to fulfill them”. For the sake of completeness, it should be mentioned here that the omission of certain actions can also be a possible value expectation (Kragulj, 2022).

What makes those definitions appealing is that they emphasize the plurality of stakeholders and their respective (diverse) value expectations that the organization has to address in order to fulfill its purpose. This implies that every organization has to balance different expectations and, in extreme cases, even opposing positions. Organizations have to position themselves in a way that satisfies their most salient stakeholders value expectations (e.g. customers), while also being considerate of the remaining groups and constraints (Kragulj, 2022). Thus, there is no ‘one-fits-all’ approach. Additionally, sticking to the definitions, there is no such thing as an inherently ‘good’ or a ‘bad’ purpose of an organization as both definitions are value-neutral. Rather, the assessment of some organizations' purpose as being ‘good’ or ‘bad’ is of relational nature and always comes down to a personal interpretation (Barnard, 1938). We must further assume that organizational purpose – although often perceived as somewhat stable (Kragulj, 2022) – is rather a process of continuous organizational ‘becoming’ in which actors try to make sense of and act coherently with the world (Tsoukas & Chia, 2002). This implies that we can only get an explicit hold of an organization's purpose at a certain point in time, and it provides one explanation

for why the concept of organizational purpose is inherently intangible and its configuration is so hard to pin down precisely. The emergent quality of purpose makes it precede action guiding artifacts such as the corporate vision or mission statement (Nonaka & Takeuchi, 2021).

Consciously implementing organizational purpose into all levels of the organization can however be a directed effort; according to George et al. (2021) this process requires the framing of purpose into a set of values and a cohesive mission and vision, formalizing purpose into organizational processes, and ultimately allocating resources to fulfill it (George et al., 2021). It is important that the resulting artifacts like values, mission and vision form a coherent narrative in order to help stakeholders make sense of the organization and its relationship to its environment, hence enabling them to take proper actions (Shapiro, 2016).

However, not every aspect of organizational purpose (remember that it consists of stakeholders value expectations) can indeed be implemented into artifacts, because some facets, as has been argued, are hidden and can only be perceived through direct personal experience (Barnard, 1938; Jasinenko & Steuber, 2022; Polanyi & Sen, 2009). Thus, in order to reveal all aspects of purpose, one has to engage in an organization and acquire personal first-hand experience and tacit knowledge of the organization.

### *Organizational Aesthetics*

Speaking of direct personal experience and tacit knowledge about an organization, it becomes evident that those cannot be acquired through explicit 'learning' in the conventional sense. Rather, we have to engage with an ecosystem with all our senses in order to acquire such knowledge and experience. The scientific field that is concerned with such topics is referred to as *organizational aesthetics*. Generally speaking, aesthetics can be defined as all *sensorial perceptions and the meaning that those experiences generate* (Strati, 1992; Taylor & Hansen, 2005). In terms of organizations, (organizational) aesthetics describes the understanding of organizational life as "*experienced and understood through the senses*" (Baldessarelli et al., 2022 p.219) as well as all knowledge that originates from such experiences (Baldessarelli et al., 2022; Strati, 1999; Taylor & Hansen, 2005). This knowledge can range from visceral reactions or feelings up to reasoning.

According to Baldessarelli, Stigliani and Elsbach (2022), approaches to organizational aesthetics can be categorized into three meta perspectives that reflect the role of aesthetics for an organization: (i) aesthetics can be seen as a *directed stimulus* (that guides the evaluation and understanding of artifacts, workplaces and behavior), (ii) a *knowledge tool* (that is deployed to accomplish everyday work) or (iii) as an open ended outcome (that describes the, often intimate, effects that aesthetic experience has on individuals when they interact with organizations) (Baldessarelli et al., 2022).

Studies on organizational aesthetics have yet covered a variety of contexts such as creative work (Ewenstein & Whyte, 2007), medicine (Creed et al., 2020), innovation (Akgün et al., 2019) or leadership (Hansen et al., 2007) and many other. There is also the opinion that aesthetics can enhance the chances for survival of a group by influencing an individual's behavior through the meaning that an aesthetic experience elicits (Dissanayake, 2001).

For the purpose of our argument, aesthetics serves as a concept to describe the type of perception and knowledge that is required to resonate with an organization and its environment.

Which finally leads to the last building block of our argument — the idea of *resonance*. We chose that term because we argue that whenever a person bases an action on aesthetic perception, that action is supposed to fit into the aesthetic image that the person has in mind. In turn, that action again influences reality and hence eventually requires further action. Instead of a singular static notion like the ‘fit’ or ‘match’ between a perception and the respective action, or the ‘place’ of an organization in an environment, we argue that interactions with organizations and their environment respectively, are ongoing dynamic processes of co-creation that can be best described through the term *resonance*. Metaphorically, one could think of the relationship between the subject and the organization as similar to the relationship between a conductor and an orchestra that is characterized by an ongoing process of aesthetic perception and immediate respective action.

## *Resonance*

Starting from a theoretical perspective, we understand resonance in H. Rosa's sense as a “sociology of world-relations” (Rosa, 2016, 2019). Rosa has worked in this field for many years and is one of the most renowned and cited sociologists in the field. He defines resonance as an emergent phenomenon characterizing the human-world-relation(s): resonance emerges when a human and the world “meet” and engage in a process of (*mutual*) *transformation*. Rosa's resonance concept is based on two assumptions: it is intrinsically *relational* and *humans* are by nature *resonance-seeking beings*. This is evident in almost every domain of our lives, be it in our epistemological relationship with the world (e.g., in deeply understanding something; “our mind resonates with the world”), our social relationships with other humans (love and friendship as a phenomenon of resonance), or in how our needs relate to what the world offers us (e.g., affordances, or goods that satisfy a need, etc.). As organizations are intrinsically social (and epistemological) systems, we will show that the concept of resonance plays a key role in studying, explaining, and designing sustainable and future-oriented enterprises.

It is important to understand that resonance is primarily about a relationship of (*mutual*) *response*, rather than echo or (passive and predetermined) “reaction” (manifesting in, for instance, routines or processes). It ‘presupposes that both sides speak with their own voice’, implying that every party involved in this experience enjoys a certain degree of autonomy. Finally, an essential characteristic of resonance is ‘a moment of constitutive unavailability [Unverfügbarkeit]’, indicating that its obtainability cannot be taken for granted. Its constitutive unavailability has two major implications: first, resonance cannot be brought about at will or in a purely instrumental fashion; second, resonance is unpredictable in its results.” (Susen, 2020, p. 311) Resonance, then, involves (a) respecting the participating systems’ autonomy and (b) creating, participating, and engaging in a relationship of mutually responding to each other. Thereby, we are building a meaningful and transformative rapport between agents and their environment leading—in the best case—to their flourishing. If we understand resonance as an emergent phenomenon where humans and the world meet, it becomes an *interface for mutual transformation*. In the next part of our paper we will illustrate what that means using the example of Patagonia, a company that operates in the outdoor industry and has since its early days adopted unconventional ways of doing business.



## Methodological Considerations

The initial idea for our argument of resonance and aesthetics as a driver for innovation in future oriented organizations was conceptual in nature. However, we figured that it would be useful to try and map the theoretical concept to a real world example.

Thus, trying to find illustrative examples for resonance, we looked into the literature from practice and searched for accounts of organizations that would provide for interesting cases. Due to its strong emphasis on purpose, we ultimately chose to go deeper into the story of the outdoor brand Patagonia. The company has only recently received broad media coverage when the company's founder and then owner, Yvon Chouinard, decided to give away the company to a charitable trust in order to manifest *earth as the organizations only shareholder* which reflects the company's purpose of protecting our home planet.<sup>1</sup>

We began by reading Yvon Chouinard's memoirs, titled "Let my People go Surfing", a book that tells the story of Patagonia from its early days up until recently. There, Chouinard writes about his motives and his approach to doing 'business unusual'. The book also goes into detail about the company's values and reasons that underlie many organizational decisions. In our thorough analysis, our first intention was to find anecdotal examples of decisions that would illustrate our conceptual considerations of resonance and how it might influence organizational decision making, but we soon realized that the text could offer more than just that.

Since it has been argued that popular literature can serve as a valid data source for Grounded Theory (Martin, 2019), we reasoned that a more structured qualitative analysis of the story might yield valuable insights. Yet, developing a full Grounded Theory would have been an overkill for our purposes and not very well in alignment with the idea of traditional Grounded Theory in which researchers would enter the field with as little pre-knowledge as possible (Glaser, 1967; Glaser & Strauss, 2017). Hence, we decided to adopt basic principles of open and axial coding but refrained from doing a full-blown Grounded Theory approach. Yet, we were able to generate categories for different observations of resonance and elements that create and are part of situations of resonance.

As a first step of the analysis, we re-read the story and marked all passages of text that contained decisions or elements of decisions relevant for our focus of research. We identified 112 quotes on a heterogenous mixture of topics. Subsequently, we analyzed each quote and generated codes (i.e. short descriptions of the quotes essential meanings). This led to 348 initial codes ranging in length from one to a maximum number of 12 words per code. With all duplicates removed, we took 309 codes into further analysis to cluster the data around certain types of resonance that led us to our initial categories. This step was similar to the axial coding known from Grounded Theory methodology. The result were 14 preliminary Clusters, that describe resonance from different ontological perspectives. We then went over each cluster individually to refine and make sense of the content and meaning and also added descriptive headings and subheadings that describe the categories that we developed. In the following sections we will present some of the resulting categories that we consider particularly relevant for our argument and the goal of this conference.

---

<sup>1</sup> <https://eu.patagonia.com/gb/en/ownership/>

## Resonance in the Case of Patagonia

To begin, we will give the reader a very brief introduction to the history of Patagonia that dates back to the 1950s when the company's founder, Yvon Chouinard, started to forge climbing equipment in his parents backyard – more out of a necessity for well-made and functional climbing equipment for himself and his climbing partners than for the sake of doing business. However, soon after having manufactured the first pieces of equipment, demand for his gear began to grow which made him team up with friends to meet the ever growing demand. Still, none of them saw the business as an end in itself but as a convenient way to finance their climbing and traveling lifestyle. With sales almost doubling each year, Chouinard Equipment, as the first company's name was, became the largest supplier of climbing hardware in the US within the first 15 years of its existence. The next big step came when Chouinard decided to add climbing clothes to the product range; it was an attempt to support the climbing hardware business that, despite its market leadership, was hardly profitable. It was also at this time that the name Patagonia was born out of the urge not to dilute the climbing hardware brand and the vision to create a brand that would go beyond mountain climbing towards a broader image of various outdoor activities.

During the next few years Patagonia experimented with innovative fabrics to create multi-functional outdoor clothing that established an industry standard for the outdoor market. They also invented the concept of layering that consists of a base layer to keep the wearer dry, a mid-layer for insulation and an outer shell to protect the wearer from wind and weather. However, amidst all the technical gear, general sportswear turned out to be the main driver for growth.

After a number of lawsuits in the 1980s that centered around the faulty use of climbing hardware and subsequent accidents, Chouinard Equipment was forced to file for bankruptcy and underwent a reorganization process in which employees of the company managed a buyout of the assets. The company was then renamed to Black Diamond Ltd. and continued to produce hardware for outdoor sports - but now independent from Patagonia who would continue to focus on clothing.

Already struggling with the increasing complexity that came along with the skyrocketing growth of the 1980s, Patagonia was hit hard during the recession in the early 1990s when its growth rate went down and financing was on the edge. The company had to lay off 20 percent of its total workforce and needed to reconcile its purpose and values. However, it was the experience of going through an existential crisis that allowed Patagonia to define and implement their ultimate objective of serving as a role model for conducting sustainable business: 'Make the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.'

In 2018, the company's purpose was even more radically reformulated into the simple 'We're in business to save our home planet.' The enactment of this purpose peaked in the transformation of 98 percent of the company's shares to a non-profit organization with the single aim to protect Mother Earth. The remaining two percent (100 percent of the voting stocks) were transformed to the Patagonia Purpose Trust that ensures the protection of Patagonias values.

Now that the reader has an idea of the organization subject to our analysis, we will present selected findings related to resonance, co-creation and future oriented innovation.

In general, our analysis led to two ontologically different results. The first that already emerged early in the analysis regards the different entities involved in the process of resonating and their relationships (i.e. who resonates with what or whom). For that, we identified six relationships between individual, organization, the environment (that



includes nature but also the environment in which the organization operates) as well as the relationship towards the product and finally the relationship between the individual and itself in a sense of reflecting and resonating with one's own experiences. The following relationships were identified:

- Individual – Environment
- Individual — Organization
- Organization — Environment
- Organization — Organization
- Individual — Product
- Individual — Self (individual learnings)

As for the relationship between an individual and the product, we found that, in the case of Patagonia, the products carry a great amount of values, like quality, versatility and simplicity embedded in them. Most of those values are also characteristic for the organization as such but manifest in qualities of the product so that customers can resonate with those values.

Apart from those types of relationships, we identified 14 categories (areas) of resonance. In the following, we will present the categories '*organizational purpose*', '*actions*', '*evaluation of actions*' and '*future & innovation*' illustrating the notion of resonance.

### *Organizational Purpose*

Purpose and organizational purpose play an important role throughout the whole story. This category is obviously characterized by interactions between individuals with the organization but also with the environment. In the case of Patagonia, we have a strong founders imprint (Kragulj, 2022), meaning that especially in the organization's early days, the purpose of the organization and that of its founder had great overlap which is why Patagonia's purpose was largely shaped through personal values. And still, the values that Yvon Chouinard imprinted into the company during these days seem to persist. Chouinard developed those values through his intensive engagement in climbing and other outdoor sports, where we can see resonance between the individual and the environment. Decisive therefore was the direct experience that he could only make through the intensive engagement in nature. Thus, the '*being in (resonance with) the world*' of the company's founder could be seen as a prerequisite for its success.

When it comes to resonance with purpose, we furthermore identified three different actions that are important: *creating or identifying purpose*, *implementing purpose* and *enacting purpose*. At Patagonia for example, Chouinard invested much in developing as well as teaching corporate philosophy and purpose to all employees (Chouinard, 2005 p.80), so that everybody would know and act according to the ethics and values underlying the business.

Resonating with purpose, however, is not without its difficulties as it can create tension between long term ideals and day-to-day business. To be truly purpose-driven might require, for instance, to waive easy turnover to maintain one's identity. E.g. refraining from selling clothes to mass merchants or department stores because this would be against the ideals of the company and blur the outdoorsy image of the brand, although the short term financial profit would be substantial (Chouinard, 2005 p. 67). This implies that there can be opportunities that seem worthwhile pursuing from an outsider's perspective but which are nevertheless dismissed for the fact that they do not resonate with the organization and its purpose.

## Actions

The category of resonance in terms of actions is interesting because it operationalizes purpose. Here we identified four sub-categories, namely *values as basis for actions* and the corresponding *perception of values*, *aesthetics of actions* and *trust*. The first two sub-categories beautifully illustrate the notion of resonance, as corporate decisions require a sense for the organization's values and at the same time enact these values in the world. It is important to notice here that values serve as philosophical or inspiring guidelines for actions but *not* as a set of rigid rules. A good decision hence can never be 'measured' but must instead resonate with the values that are embedded in the organization.

Resulting from resonance with values is a consistent aesthetics that characterizes all decisions. That aesthetics very much contains the feeling for *how the organization is and acts* which can be seen as a part of aesthetic rationality (Shrivastava et al., 2017). For Patagonia, this aesthetics includes a strong sense of responsibility for actions and the urge not to exceed one's limits. That comes from the experience of climbing at remote places, where exceeding the limits could lead to fatal consequences. Just as climbers need to be aware of their own capacity in relation to the wall, a company can never go beyond its capabilities without risking a high fall.

When acting upon the organization's purpose and values, an organization might also see itself confronted with critics who question the purpose and resulting business model. To resist such interference, we identified a strong emphasis on trust in the correctness of the perceived purpose. Similar to Nonaka and Takeuchi (2021), the story of patagonia is a story of an inside-out approach to business in which success is attributed to the organization's own values instead of embracing and following trends or reacting to popular (market) demands.

## Evaluation of Actions

In the *Actions* category, we argued that organizations should resonate with and act upon their values, also giving little notice to critics from the outside. Yet, there still needs to be a corrective to all actions taken. This comes in through ongoing conscious reflection on the outcomes that these actions yielded. Here, again, resonance describes the ongoing process of acting and immediately responding to the outcomes of action. Such self-evaluation requires an organization to be self-critical to a very high degree. Otherwise, reacting to problems and knowing when to get support could be overrun by issues of ego, stubbornness and false pride.

On the other hand, the biggest reward for good action is not financial in nature but more of a feeling of pride, similar to that of mountaineers who have just conquered a mountain peak. In organizational terms, this can also mean to have shaped an industry through one's actions or having set a new standard and hence being imitated by competitors.

## Future & Innovation

One of the most important categories of resonance is resonance towards *future and innovation*. It describes how organizations can (co-)create the future instead of just reacting to changes in the world. One of the most important prerequisites for this capacity is for the organization to be grounded in the world. This means to establish a vibrant connection between the organization and its environment. It is about *being in the world* rather than thinking about the world. At the core, what our analysis shows is that at Patagonia most landmark decisions were informed by aesthetic experiences that were only then followed by explicit reasoning. This implies that big decisions virtually demand and are a result of personal experience and interaction with the

world. As such, probably the most underrated prerequisite for an organization to be grounded in the world; this means for its members to leave behind the boundaries of the organization and gather experience in the world.

Being grounded in the world then allows for recognizing and using potentials, seeing necessities and serves as a source for asking the right questions. Moreover, it creates better anticipation and enables innovating for the future. At Patagonia we find many accounts of this approach to groundedness e.g. when Chouinard took a dozen of the company's top managers to the wilderness of Patagonia (in Argentina) to discuss what kind of business Patagonia should become (Chouinard, 2005 p. 76).

## Conclusion & Implications for future-oriented organizations

It is often proclaimed that modern day VUCA environments require organizations to adapt quickly to changes. We argue that adapting alone will not suffice. If an organization truly wants to thrive, it must work towards co-creating a desirable future together with its stakeholders and the environment. To do so, the organization and its members must engage in an ongoing, dynamic process of alignment with its environment that we describe as *resonance* – the organization must resonate with itself, its stakeholders and its surroundings. In its purest form this leads to a sensible grounding of all organizational actions in the organization's individual reality and environment which builds the basis for deliberate co-creation of the future.

As we have seen in the example of Patagonia, resonance requires leaders to develop a sense for the organization's purpose and the will to pursue it, even in times of crisis, where true purpose tends to manifest itself (Kraguli et al., 2020). This sense relies less on explicit and rational knowledge but in essence on the aesthetic perception of the organization and its surroundings. 'Resonating leaders' can feel when the organization steers towards to, or away from its purpose.

Thus, it is often the leaders of an organization who are guiding the process of resonance through their receptivity for small cues from past experience, present aesthetics and (emerging) future potentials. Organizations should hence allow spaces for the development of such sensitivity and receptiveness for their employees. Yvon Chouinard's story and that of Patagonia suggests that this capability is best supported by a multitude of meaningful personal experiences both within and beyond the frontiers of the organization.

## References

1. Akgün, A. E., Keskin, H., & Kırçovalı, S. Y. (2019). Organizational wisdom practices and firm product innovation. *Review of Managerial Science*, 13(1), 57–91.
2. Bakke, D. W. (2006). *Joy at Work: A Revolutionary Approach to Fun on the Job*. PVG Perseus Distribution.
3. Baldessarelli, G., Stigliani, I., & Elsbach, K. D. (2022). The Aesthetic Dimension of Organizing: A Review and Research Agenda. *Academy of Management Annals*, 16(1), 217–257.
4. Barnard, C. I. (1938). *The functions of the executive* (Bd. 11). Harvard University Press.
5. Binney, G. (1991). Brief case: Shareholder dominance—Time to ask if the emperor has any clothes. *Long Range Planning*, 24(6), 107–109.
6. Chouinard, Y. (2006). *Let my people go surfing: The education of a reluctant businessman*. Penguin Books.
7. Creed, W. E. D., Taylor, S. S., & Hudson, B. A. (2020). Institutional Aesthetics: Embodied Ways of Encountering, Evaluating, and Enacting Institutions. *Organization Studies*, 41(3), 415–435.

8. Dissanayake, E. (2001). *Homo aestheticus: Where art comes from and why*. University of Washington Press.
9. Duska, R. F. (1997). The Why's of Business Revisited. In M. Fleckenstein, M. Maury, L. Pincus, & P. Primeaux (Hrsg.), *From the Universities to the Marketplace: The Business Ethics Journey: The Second Annual International Vincentian Conference Promoting Business Ethics* (S. 191–199). Springer Netherlands.
10. Ewenstein, B., & Whyte, J. (2007). Beyond Words: Aesthetic Knowledge and Knowing in Organizations. *Organization Studies*, 28(5), 689–708.
11. Gartenberg, C., Prat, A., & Serafeim, G. (2019). Corporate Purpose and Financial Performance. *Organization Science*, 30(1), 1–18.
12. George, G., Haas, M. R., McGahan, A. M., Schillebeeckx, S. J. D., & Tracey, P. (2021). Purpose in the For-Profit Firm: A Review and Framework for Management Research. *Journal of Management*, 014920632110064.
13. Glaser, B. G. (1967). *Theoretical sensitivity: Advances in the methodology of grounded theory*. Mill Valley, Calif.: Sociology Press.
14. Glaser, B. G., & Strauss, A. L. (2017). *The discovery of grounded theory: Strategies for qualitative research*. Routledge.
15. Hansen, H., Ropo, A., & Sauer, E. (2007). Aesthetic leadership. *The Leadership Quarterly*, 18(6), 544–560.
16. Jasinenko, A., & Steuber, J. (2022). Perceived Organizational Purpose: Systematic Literature Review, Construct Definition, Measurement and Potential Employee Outcomes. *Journal of Management Studies*, 60(6), 1415–1447.
17. Kaiser, A., & Peschl, M. F. (2020). The role of self-transcending knowledge in Senge's understanding of learning organizations. Towards an interdisciplinary taxonomy of self-transcending knowledge. *The Learning Organization*, 27(6), 527–539.
18. Kraguli, F., Fahrenbach, F., Kaiser, A., Kerschbaum, C., & Baumgartne, L.-M. (2020). Revealing the Purpose of a Stakeholder Organisation: The case of a public university responding to the COVID-19 'Corona' Crisis. *Journal of Behavioural Economics and Social Systems*, 2(1), 65–80.
19. Kragulj, F. (2022). *Knowledge Management and Sustainable Value Creation: Needs as a Strategic Focus for Organizations*. Springer.
20. Laloux, F. (2014). *Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage in Human Consciousness*. Nelson Parker.
21. Malin, H., Liaw, I., & Damon, W. (2017). Purpose and character development in early adolescence. *Journal of youth and adolescence*, 46(6), 1200–1215.
22. Martin, V. B. (2019). Using popular and academic literature as data for formal grounded theory. *The Sage Handbook of Current Developments in Grounded Theory*. Sage Publications, London, 222–243.
23. Nonaka, I., & Takeuchi, H. (2021). Humanizing strategy. *Long Range Planning*, 102070.
24. Peschl, M. F. (2019). Design and Innovation as Co creating and Co becoming with the Future. *Design Management Journal*, 14(1), 4–14.
25. Peschl, M. F. (2020). Theory U: From potentials and co-becoming to bringing forth emergent innovation and shaping a thriving future. On what it means to „learn from the future as it emerges“. In O. Gunlaugson & W. Brendel (Hrsg.), *Advances in Presencing* (Bd. 2, S. 65–112). Trifoss Business Press.
26. Polanyi, M., & Sen, A. (2009). *The tacit dimension*. University of Chicago Press.
27. Quinn, R. E., & Thakor, A. V. (2018). Creating a purpose-driven organization. *Harvard Business Review*, 96(4), 78–85.
28. Robertson, B. J. (2015). *Holacracy: The new management system for a rapidly changing world*. Henry Holt and Company.
29. Rosa, H. (2016). *Resonanz. Eine Soziologie der Weltbeziehung*. Suhrkamp.
30. Rosa, H. (2019). *Resonance: A sociology of our relationship to the world*. Polity Press.
31. Shapiro, B. (2016). Using Traditional Narratives and Other Narrative Devices to Enact Humanizing Business Practices. *Journal of Business Ethics*, 139(1), 1–19.

32. Shrivastava, P., Schumacher, G., Wasieleski, D. M., & Tasic, M. (2017). Aesthetic Rationality in Organizations: Toward Developing a Sensitivity for Sustainability. *The Journal of Applied Behavioral Science*, 53(3), 369–411.
33. Strati, A. (1992). Aesthetic Understanding of Organizational Life. *The Academy of Management Review*, 17(3), 568.
34. Strati, A. (1999). *Organization and aesthetics*. Sage.
35. Susen, S. (2020). The Resonance of Resonance: Critical Theory as a Sociology of World-Relations? *International Journal of Politics, Culture, and Society*, 33(3), 309–344.
36. Taylor, S. S., & Hansen, H. (2005). Finding Form: Looking at the Field of Organizational Aesthetics. *Journal of Management Studies*, 42(6), 1211–1231.
37. Tsoukas, H., & Chia, R. (2002). On Organizational Becoming: Rethinking Organizational Change. *Organization Science*, 13(5), 567–582.
38. van Knippenberg, D. (2020). Meaning-based leadership. *Organizational Psychology Review*, 10(1), 6–28.

### About the authors

Clemens Kerschbaum works as a pre-doctoral researcher at the Vienna University of Economics and Business and is a member of the Division for Knowledge-based Management at the Institute for Data, Process and Knowledge Management. He holds a Business Law degree, focusing on Data Protection. In his ongoing doctoral studies, he is interested in topics around Knowledge-based Management, particularly the organizational structures of learning organizations. The author can be contacted at [clemens.kerschbaum@wu.ac.at](mailto:clemens.kerschbaum@wu.ac.at)

Markus F. Peschl is a professor of cognitive science and innovation studies at the University of Vienna. He graduated from the University of Technology Vienna and spent several years as a post-doc at the University of California, San Diego. His areas of research and expertise include innovation, cognitive science, organizational theory and strategy, design, and spaces for knowledge- and innovation work (Enabling Spaces). He is co-founder and CSO of the theLivingCore Innovation and Knowledge Architects and holds several guest professorships at European Universities. The author can be contacted at [Franz-Markus.Peschl@univie.ac.at](mailto:Franz-Markus.Peschl@univie.ac.at)