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Organizational hybrids as biological hybrids: Insights for research on the relationship between social enterprise and the entrepreneurial ecosystem

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ABSTRACT

Using the study of hybridization in evolutionary biology as metaphorical inspiration, I offer a thought experiment about the emergence and proliferation of social enterprise and the influence of hybrid organizing on the entrepreneurial ecosystem. After establishing a number of analogues between biological and organizational hybrids, I analyze the degree to which social enterprise may be indicative of hybrid speciation – i.e., a new organizational form – versus introgressive hybridization – i.e., a variant of a more traditional organizational form. I then use the metaphor to examine whether social enterprise: (1) possesses distinct rules and features, (2) is shaped by or shaping the entrepreneurial ecosystem, (3) still remains a hybrid organization, and (4) might even be considered an invasive species.

Executive summary

Social enterprise is on the rise in multiple economic sectors and parts of the world. As the field of social enterprise has grown, it has become increasingly mainstream and structured. Impact investing is on the rise with an estimated \$22.1 billion into nearly 8000 investments in 2016 (GIIN, 2017). Consumers are demanding responsibly-made products and services (Porter and Kramer, 2011). Employees have begun to exhibit preferences for organizations that contribute to society (Bhattacharya et al., 2008). Governments also are enacting legislation to facilitate the startup of hybrid organizations pursuing social and commercial goals (e.g., EC, 2015), including the creation of new legal statuses.

By combining traditional organizational forms, social entrepreneurs create social enterprises through a process of hybrid organizing. The result is a hybrid organization that is both firm and charity, yet not quite either. But is this hybrid organization truly a new organizational form, distinct from profit-seeking firms and not-for-profit charities, or is it a variant of one of these more traditional organizational forms? How would we know and what difference would the answer make in the way we might expect these organizations to influence and be influenced by the wider entrepreneurial ecosystem?

In this editorial, I introduce and develop a biological metaphor to examine: (1) whether social enterprise as an organizational form has characteristics (rules or features) that distinguish it from traditional organizational forms, (2) how social enterprise interacts with the entrepreneurial ecosystem, (3) when social enterprise would cease to qualify as a hybrid organizational form, and (4) whether social enterprise may be productively considered an invasive species under certain conditions.

The proposed metaphor suggests that an improved understanding of social enterprise and hybrid organizing could be integral to advancing understanding of the dynamic between organizational entrepreneurship and entrepreneurial ecosystem change, not because social enterprise offers a new label for an existing phenomenon, but because the phenomenon created by hybrid organizing

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may already be significantly altering the entrepreneurial ecosystem through introgressive hybridization, if not organizational hybrid speciation.

1. Introduction

Since Darwin's voyage on the *HMS Beagle* to the Galapagos Islands, how and why species multiply has been of interest to both the scientific community and the general public. In 2009, after 36 years of studying one of the species of Darwin's finches, Peter and Rosemary Grant published a paper documenting the emergence of a new species of finch (Grant and Grant, 2009, 2011). The species' forefather had flown from a neighboring island into the Grants' nets in 1981. He was a medium ground finch who was unusually large, especially in beak width, sang an unusual song, and had a few hybrid gene variants that could be traced to another finch species. He mated with a local finch, which also happened to have a few hybrid genes, and the couple had five sons, who inherited their father's mating song. Although the displaced father had tried to mimic the natives, his vocalizations had been off, accidentally introducing new notes and inflections that were passed on to his sons. These strange tunes and their unusual size set the sons apart, such that the Grants faced a conundrum: were these finches a new species or a hybrid variant of an existing species? It would have been difficult to say had a drought not struck the island, killing all but a single brother and sister, who mated with each other, and whose children did the same. Thus, the Grants were able to establish hybrid speciation – i.e., emergence of a new species (Keim, 2009).

In this essay, I question whether social enterprise might not be undergoing an analogous process of hybrid speciation. The term “hybrid” originates in the realm of biology, where hybrids denote “the result of interbreeding between two animals or plants of different taxa” or “crosses between populations, breeds, or cultivars of a single species” (Science Daily, 2017). Social enterprises exemplify a form of hybrid organization combining features of multiple organizational forms (Haveman and Rao, 2006; Hoffman et al., 2012; Jay, 2013) – here an amalgamation of the traditional charity and business forms that seeks to reconcile multiple identities, sources of funding, and objectives (Battilana and Lee, 2014). As such, organizational hybridity has existed for centuries, from cooperatives (e.g., Barron et al., 1994; Cornforth, 2004; Paton, 2003; Schneiberg et al., 2008; Schneiberg, 2011) through universities (e.g., Meyer and Rowan, 2006) to hospitals (e.g., Kimberly and Evanisko, 1981; Ruef and Scott, 1998). But with the emergence of the label “social enterprise” in the 1980s, proliferation of organizational hybridity has accelerated and reached new geographies north and south, and new sectors, including financial intermediation, retail, apparel, consumer products, food processing, and software development (Battilana, 2015; Billis, 2010; Boyd, 2009; Dorado, 2006; Hoffman et al., 2012).

Despite its rapid and recent proliferation, social enterprise, and its relationship with the entrepreneurial ecosystem, remains poorly understood (Bergman, 2017; Murray, 2014; Roundy, 2017; Roundy et al., 2017; Thompson et al., 2018). Using biological hybrids as a metaphorical window into organizational hybrids, I offer a conceptual framework that is capable of facilitating exploration of social enterprise's viability and interactions with its ecosystem by asking: is social enterprise a new organizational form or is it a variant of a more traditional organizational form? Metaphorically speaking, is the rise of social enterprise indicative of “hybrid speciation” or “introgressive hybridization”?

Through the proposed biological metaphor of social enterprise, I hope to inspire new discussion, debate, and avenues of inquiry along various dimensions of hybrid organizing. Because biological hybrid speciation can transform a gene variant found in only a few members of an existing species into a dominant feature of the new species, as the Grants' finches demonstrate, I begin by examining whether social enterprises share characteristics (rules or features) that distinguish them from traditional businesses and charities sufficiently to justify categorization of social enterprise as a new organizational form, as opposed to a variant of a traditional organizational form. Identification of such features allow scholars to consider the effect that social enterprise has had on the institutional infrastructure and how this effect might change as those characteristics become increasingly more prominent or salient.

The proposed metaphor also sheds light on how social enterprise affects not only its own environment but also the environments of traditional organizational forms to encourage increased hybridization of traditional organizational forms, thereby promising insight into how and why hybridization spreads. In addition, and somewhat ironically, if organizational social enterprise represents a new organizational form that can be reproduced without the ideational seed (rules or features) of traditional organizational forms, then it may not make sense to continue categorizing social enterprises as hybrid organizations. Such metaphorically inspired possibilities introduce insight into the difficult question of when and how organizational hybrids cease to be hybrids. Finally, I extend the biological metaphor to consider social enterprise's influence under changing environmental conditions asking whether it might be productively viewed as an invasive species capable of permanently transforming the entrepreneurial ecosystem for worse as well as better.

The remainder of this essay proceeds as follows. After establishing a number of analogues between biological and organizational hybrids, I analyze the degree to which social enterprise may be indicative of hybrid speciation – i.e., a new organizational form – versus introgressive hybridization – i.e., a variant of a more traditional organizational form. I then consider the degree to which social enterprises share distinct characteristics (rules or features) as well as the degree to which these characteristics shape or are shaped by the social enterprise's entrepreneurial ecosystem (comprised of both the institutional environment and other organizations). Next, I ask whether it makes sense to continue categorizing social enterprises as hybrid organizations once the organizational form is established and to what extent it might be productive to view social enterprise as an invasive species. Finally, I conclude by revisiting a few conceptual limitations associated with the metaphor.

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