Commercialization of mission-oriented organizations as a structural hybridization process

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Abstract
Past research suggests that formal organizational structure can help hybrid organizations to manage their diverse activities, but little is known about how such structures emerge. We address this gap through an inductive, longitudinal study of San Patrignano, the largest drug rehabilitation community in Europe, which transformed over a seven-year period from a purely social mission-oriented organization, funded primarily by philanthropic donations, to a social-commercial hybrid organization, funded primarily by commercial revenue. Our findings reveal a multi-phase process of structural hybridization, in which recursive changes in both formal organizational structure and the interpretive schema carried by organization members led to the increasing structural integration of social and commercial activities. Formal restructuring was initiated by middle managers in response to challenges encountered in their day-to-day operations, then later adopted by top management to realign with middle management and thus improve vertical coordination. Changes in formal structure at both levels reshaped the interpretive schema of organization members in ways that subsequently facilitated new, more integrated formal structural arrangements. Based on our findings, we develop a process model that explains the “structural hybridization” process of mission-oriented organizations that commercialize.