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A PROCESS MODEL OF ORGANIZATIONAL SPECIATION (INTERACTIVE PAPER)

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INTERACTIVE PAPER

A PROCESS MODEL OF ORGANIZATIONAL SPECIATION

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Principal Topic

We consider how new organizational forms originate, focusing on the role of powerless actors in industry emergence. This process “is pre-eminently a political phenomenon” (Stinchcombe, 1965). New organizational forms—a primary source of organizational speciation—may be a product of the construction of markets using soft power (Santos and Eisenhardt, 2009). Organizational speciation transforms entrepreneurs into institutional entrepreneurs whose distributed agency leads to political and non-deterministic emergence (Battilana, Leca, and Boxenbaum, 2009). Most approaches characterize speciation as a consequence of insignificant or random initial factors.

Entrepreneurs are more likely to cause new organizational form emergence when both asset cospecialization and futurity are low (Rumelt, 1987), requiring rapid institutionalization through force or domination mechanisms (Lawrence, Winn, and Jennings, 2001). However, these mechanisms are unlikely to be available to powerless institutional entrepreneurs in limited access orders dominated by elite coalitions (North, Wallis, and Weingast, 2009). Venture capitalists—particularly the first few in a new industry—are one example of largely powerless actors in this setting.

We hypothesize that, in order to affect institutional change that leads to speciation, these actors coproduce change in cooperation with dominant elite coalitions, often represented by the state (Ostrom, 1996). Coproduction can take place following the establishment of enabling conditions and the diffusion of institutions and similar organizational forms.

Method

We use data from case studies of venture capital emergence in South Africa and Botswana, supplemented by existing literature on India (Dossani and Kenney, 2002) and participant-observer data from Russia. We analyze these data using a comparative case synthesis technique (Yin, 2003).

Results and Implications

We generalize an earlier process model of venture capital emergence to the broader phenomenon of organizational speciation. This model consists of four sequential sub-processes: enabling, diffusing, bonding, and replicating. The model has implications for researchers in reconciling the large number of new organizational forms with the complexity of speciation suggested by the model, for entrepreneurs seeking to shape the institutional context in which new industries arise, and for policymakers in defining the role of government in supporting effective speciation.

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