

## EXPANDED ABSTRACT

### **Organisational structure and innovation in the social economy of Andalusia**

Innovating companies improve their operation by increasing their level of flexibility and by adapting to the needs of their stakeholders. Innovation is also a key factor for business survival. Here, the system of Social Economy companies is observed.

Innovation is considered as the organisational capacity to develop processes and/or to produce and to commercialise a product and/or service in the market, by approaching a procedure that starts with an invention, and culminates in its adoption by the clients. Innovation is an intangible business asset derived from application, understanding, introduction, combination and transformation. Based on the literature, innovation is classified into various types: product, process, incremental and radical, among others. The results of innovation are not only conditioned by the organisation, because their determining or background factors are numerous.

In particular, in order to correct the weaknesses observed in the literature, and to provide the Directors of Social Economy companies with innovation management, the objectives of this study were twofold: first, to determine the relationship between the organisational design parameters (centralisation, formalisation, preparation and coordination) and the types of innovation; and second, to know if there are structural configurations in the Andalusian Social Economy sector, and if so, to determine if different structural configurations generate different types of innovation.

In this study, six hypotheses were formulated which constituted a conceptual model. The inductive method was used from several statistical analyses (inferences and cluster analysis) of a sample of cooperatives and worker-owned companies in Andalusia. Four hypotheses relate the innovation levels to the characteristics and types of organisational structures, whereas, the other two identify strategic groups within the innovating companies and the types of innovation.

The population under study was centred on the cooperative businesses and worker-owned companies that comprise the Andalusian Social Economy system. The collection of data was made in 2003, through a semi-structured questionnaire of ten questions. The extraction of the sample element (515 companies) was made by means of a simple random sampling procedure, based on chance and applied by means of tables of random numbers. Finally, for the statistical treatment of the collected data, the program SPSS/PC (V23) was used.

Of the six formulated hypotheses, only one was rejected: “the centralisation of the organisational structure is greater in the Social Economy companies that do not innovate”. The obtained results showed that the decentralisation levels are greater in the Social Economy companies which do not innovate. Next, the main results obtained through the five hypotheses that are supported are presented.

Firstly, it was verified that there is slightly less formalisation of behaviour in the Social Economy companies that innovate and, consequently, the structure is more organic. In addition, the levels of preparation of the senior management of the work teams, of the employees, and the level of coordination, is significantly less in non-innovating Social Economy companies. Therefore, the structural differences between the innovating and non-innovating Social Economy companies can be analysed through their level of decentralisation.

Secondly, two clusters could be identified which were composed of two strategic groups of innovating Social Economy companies, with different organisational structures. Specifically, cluster 1 was characterised by: a medium-to-high level of formalisation of behaviour, a medium-to-high level of preparation of the senior management, together with a medium level of preparation of the work teams and a moderate level of the employees, and a high degree of coordination and centralisation. Through these characteristics, except the high degree of centralisation, the companies that comprise this strategic group approximate to the mechanistic structure model.

Cluster 2 presents: a medium-to-high level of coordination and a low-to-medium level of formalisation, preparation of the senior management, preparation of the work teams, preparation of the employees, and centralisation. As opposed to the previous model, this strategic group approximates to an organic structure, through its low levels of formalisation of behaviour and, in spite of, its low degree of centralisation.

Finally, the innovating Social Economy companies of the two identified strategic groups resemble each other, because they obtained a high number of incremental process innovations. On the other hand, they are different, because proportionally, the companies whose structures approximate to the mechanist model, obtained more radical product innovations, and the companies which approximate to the organic structure model, obtained significantly more radical process innovations.

This study is not free of limitations, among them five limitations are highlighted: 1) the study provides a static view of the Andalusian Social Economy companies; 2) the sample is representative of the population, but it does not exclude problems of bias and heterogeneity, derived from the questionnaire being answered by the senior directors of the organisations, or the innovation managers; 3) The methods of multivariate analysis employed in themselves acquire their own conditions; 4) the problems of measurement of the “organisational structure” construct, and the consideration of only two criteria and four types of innovation; and, 5) the conceptual model only considers the organisational

structure variable as a determinant of the types of innovation in Social Economy companies, when the determinants of the result of the innovation are really multiple.

The obtained results suggest proposing the following three groups: the Directors of the Social Economy companies which innovate, the Directors of the Social Economy companies that do not innovate, and the public administration.

From our understanding, the Directors of the Social Economy companies which innovate should consider the following suggestions: emphasise innovation more; understand that there is not one sole organisational structure to obtain different types of innovation; to the extent possible, incorporate resources, positions and bodies that stimulate innovation in the organisational structures; understand that companies can be innovating with any structure, and can cease to be so with any structure; modify the centralisation levels, for the sake of obtaining more organic organisational structures; work to create suitable tools to innovate; construct a common language of innovation and ensure that human resources policies are aligned with innovation; become aware that time is crucial to assess how the structure influences the innovation and financial results.

On the other hand, the Directors of Social Economy companies that do not innovate must be sensitive to the need to have suitable structures that facilitate the development and the performance of the capacities of product innovation, and to reduce formalisation levels.

Finally, the public administration must develop public policies that promote all types of innovation in the Social Economy companies, and not solely the radical innovations.

**KEYWORDS:** Structural Archetypes, Strategic Innovation, Cooperatives, Cluster Analyses, Groups.