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## **HYBRID ORGANIZATIONS. THE CAUSES OF ORGANIZATIONAL HYBRIDIZATION**

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**Summary:** In this paper the reasons for hybrid approach in organizational structures projecting are described. There are some examples of hybrid structures in Polish enterprises and local governments. It seems that hybrid approaches are the examples of positive reaction of organizations towards the change in their inner reality and their environment. Dynamic evolution of hybrid structures in Polish companies is an example of a response that organizations and managers produce to the processes of change and renewal, occurring in the crucial moments of organizational life. This phenomenon occurs both in the growth phase and in the late phase of the organization. Observations show that traditional types of structures described in the literature are not the only ones in present organizations. At present, many organizations use hybrid structures.

**Keywords:** hybrid organizations, causes of organizational hybridization, hybrid structures.

### **1. The genesis of hybrid solutions**

The purpose of this article is to define the structure of the modern hybrid, the cause of its use and to identify the potential use of hybrid structures in contemporary business organizations. The growing complexity and variability of the tasks carried out by organizational systems stems mainly from changes in business environment. This situation forces the management theorists, and management practitioners to seek more and more structural solutions. In the literature on the subject, researchers write frequently about the four typologies of organizational structures. These are the divisions with respect to the degree of accumulation and range of targeting, a major organizational ties and the criteria for grouping organizational units. The fourth group comprises the structures of modern organizational arrangements. It seems that none of these options in business practice is a perfect economic solution. A number of their advantages and disadvantages can be found in the literature. However, in practice, management organization managers are forced to use more and more dynamic and compromise solutions. The corresponding management tool that is applied in such situations can be contemporary hybrid structure.

Hybrid is an example of a mixed solution that is a combination of a few positive features of the various organizational solutions. Increasingly, you can meet in practice

the term of the temporary, transitional or mixed structure. Such a situation may arise from the fact that in the organization and its environment, incentives are so strong and substantial, that they are in fact set in motion. Managing an organization on the move requires a number of specific tools and actions, one of them certainly is the structure of hybrid.

When examining the achievement of modern business, modern science and R&D, we can notice a rebirth of hybrid solutions. The great work of biotechnologists and geneticist based *inter alia* on hybrid solutions for example, hybrid method for the identification and diagnosis of cancer cells or hybrid diagnosis of diseases in humans with genetic. In turn, the U.S. creates more and more a hybrid solar-wind power farms. In turn, also the electronic production of high-performance processor and matrix memory is based on hybrid solutions. Hybrid solution can also be found in the IT sector (hybrid matrices of memory), construction (building drainage), agriculture (GMOs), environment (hybrid sewage treatment plants), automotive (Toyota Prius) and training (blended learning). A common feature of such a hybrid occurrence is their flexibility and reactivity, which is capable of dynamic response to changes in the present environment. Nature and the value of the force changes and its direction can determine the organizational model adopted by a management unit. The inspiration for this theme is the author's personal experience of co-operation with business and local government units in the case of a number of consulting and advisory services.

## 2. The definition of the hybrid structure

In the literature on organization and management theory, there is not much space devoted to the analysis of hybrid structures; however, a few authors attempted to define this type of structure. According to Wudarzewski [after Przybyła and Krupski 1996] the design of the hybrid structure is the combined (replacement) use of object-oriented and regional criteria, not only at the highest, but also at lower levels of management. Hybrid structures combine the advantages of all the structures into one. In turn, according to Nalepka [2001], hybrid structure, in the broad sense, is in a single structure the characteristics of the various typical structural solutions, for example, functioning of teams in addition to the stable functional structure or equipment matrix structure organization in an independent vertical.

Łobos [2003] by the hybrid structures understands the organizational forms in which the second-level management lacks a single criterion of the division of labor or in which form of organizational units placed at this level is different. In another work, Wudarzewski [after Przybyła and Krupski 1996] defines a hybrid solution as a combination and replacement use of the criteria for functional, object-oriented and regional, which leads to the emergence of so-called hybrid structures, and these combine the advantages of these solutions and are most relevant to the conditions of operation of large enterprises.

In turn, Stabryła [2001] believes that the hybrid structure is formed on the basis of the criterion function, object and the territorial (or another, for example, by type of customers). The author believes that this is typical for large companies, such as conglomerates or holding companies.

The author of the article believes that the hybrid structure is a kind of organizational solutions which is characterized by at least two different and key (essential) criteria to extract organizational units at different levels of the structure. The key (essential) criteria are indicated by the decision makers of organizations such as the Executive Board, the Supervisory Board, owners or other managers within the organization. Hybrid structure, in such cases, may take the form of a solution of one-dimensional or multi-dimensional type and can occur in small, medium, and large enterprises.

The analysis of the definition of the Polish authors mentioned in the article shows that they all have common parts – consistent, as well as fundamentally different in understanding the structure of the hybrid. These authors conclude that the hybrid structure is such a solution in which there are at least two criteria to extract organizational units. The noticeable differences are in interpretation, from which level of the hierarchy we should identify the various criteria to extract the units. Some authors believe that this is a second level [Łobos 2003]. In turn, Wudarzewski [after Przybyła and Krupski 1996] and Nalepka [2001] indicate an increased flexibility for the use of hybrids at any level of the hierarchy. Analyzing further, there are also differences in the size of the companies in which there are hybrids. Wudarzewski [after Przybyła and Krupski 1996] and Stabryła [2001] clearly show the use of hybrid solution only in large enterprises, Krzos [2006], in turn, believes that there are organizational hybrids appearing in enterprises of different sizes, and more SMEs and large. The other authors did not comment on this problem. Differences in the phrasing of the definition appear in the specification of criteria to extract organizational units. Wudarzewski [after Przybyła and Krupski 1996] and Stabryła [2001] believe that this situation applies only to the three criteria (functional, object-oriented and regional). Another view is Krzos [2006], who indicates that the three already mentioned may include other criteria such as design, process or matrix. Łobos [2003] shows that in addition to the aforementioned criteria, at the second level there may occur other forms of organizational units, but he does not mention it.

The problem of defining the structure of the hybrid in this case is complicated by economic groupings (such as concern or holding), whose scale and complexity of the organization is far greater than in the cases of one member structures, which are simple. The literature on the subject does not include the topic of hybrid structures in economic groupings. Despite this situation, the question arises about whether the hybrid structures appear in economic groupings. According to the author of the present article, hybrid, as a mixed type of structure, occurs in both the one-member and many-member organizations. The theory is built on the basis of a deduction, since the hybrid solutions are in short one-member structures, and thus this should occur in the more developed forms of organization, consisting of the one-member

components. Such an inference is of course simplified, but worth pursuing in future studies proving or denying this hypothesis.

The timeliness of a hybrid approach to the issue of enterprise organizations, universities, research and development, forces the author to bring the next question – what is the cause of the emergence of mixed (hybrid) in contemporary organizations? The sample responses presented later in the article.

### **3. Causes of organizational hybridization**

The author tried to identify the reasons for the application of hybrid organizations. Ongoing analysis of literature theme, specific case and the results of participatory observation, identified several major causes of organizational hybridization. The aim of the author was to identify the causes, rather than measuring the impact of the various causes of the phenomenon of hybridization. The following list comprises selected and one of the most important – according to the authors of article – reasons for the use of hybrid solutions.

#### **3.1. Dynamic change in the size of the organization**

The analysis noted that one of the reasons for the application of a mixed approach, was the dynamic expansion of the organization, which entails, for example, an increase in the size of the company. The increase in volume was associated with an increase in the number of employees, more and more diversity of products and geographical reach of business. The changes caused by a dynamic cycle of development from small to large, in some moments of this process requires the use of hybrid solutions. It could be a transition or short-term solution, which sustainability is far greater. The most dynamic changes in the organizational structure of enterprises can be noted in the early stage of development (small company becomes a multi-company) and in the process of diversification and decentralization. Another example of the dynamic changes is the processes of restructuring and reorganization. Many experienced managers know that in the life cycle of these companies there are moments that can be considered to be difficult because of the need for radical changes in its operation. These changes may be staff – lay off their employees, in kind – of the sale of assets, financial – problems with the financing of activities or technological – the implementation of radically different technology. So the question arises about whether in such situations, the solution will enhance the process of organizational restructuring and reorganization of the company. Radical changes require flexibility, so it may be helpful for example to apply a hybrid solution. National experience in the implementation of re-engineering in Polish enterprises shows that it is difficult to move from functional organization to process organization. Much more effective is to check the model of evolutionary change, through the access to the structure of a sequential process using a hybrid solution, for example, the functional one-process structure, then process-functional, until the process. In the literature, these stages are

not typically called hybrid structures, but – in the opinion of the author – in fact, they belong to this group.

### **3.2. The diversification of activities**

One of the manifestations of the organization is to increase the size of the diversification of its activities. The willingness to enter into a new and more growing industry, or a desire to reduce the effect of seasonality of sales, provokes entrepreneurs to use hybrid solutions. Diversification management of the activities is a difficult task, which requires taking into account *inter alia* different phases of business development in the industry, the selection of “trade” resources, as well as knowledge of the very different products and industries. Each of these determinants has an effect on the organizational structure of the company, which is located in “move”. A noticeable way to deal with the management of such enterprises is to use flexible structures, which undoubtedly include hybrid structure. Mixed solution facilitates management of the company at least for a while. The most common example of the process of hybridization in the diversification of activity is the moment in which the basic activities employees are involved in lead to the launch and development of a new “branch” of the company. This moment is related to a change of structure. The current authors’ experience indicates that most of these are hybrid functionality-design. Over time, this newly created (as a result of diversification) business enterprise will have its own resources, but the moment of initiation the second and the next domain is often based on the interim hybrid solution.

### **3.3. The implementation of process innovation and/or product**

Implementation of the innovation process often takes place in two variants. The first one is to create a new company with an innovative idea, patent or license. The second variant, in turn, relies on the implementation process of the innovation process and/or products in an already functioning company. The implementation of one or the other variant is associated with desire to start production or provision of services on the market based on innovation – as soon as possible. The time is in this case a priority. Therefore, in the case of investigational new set of economic activities was noted, for example, companies such as “spin-off”, rising, in Wrocław Technology Park and Wrocław Medical Science –Technology Park – several examples of hybrid organizational arrangements. The founders of these companies are biotechnologist, chemists, computer scientists, geneticists, doctors, so these are people who do not have well-established knowledge of organizational structures. By creating such organizations they often follow their own intuition and experience. Observation of such phenomena, shows that they are predominant in these two criteria to extract the internal units, they are functional and design criteria. There are also cases of product and geographic orientation. Observation of the first stage of the development of such companies is indicative of a large variability in time of structural solutions. It looks

as if the founders were seeking the best organization solution, which is not possible at this time to realize, mainly for two reasons; namely: insufficient financial resources and the lack of professional managerial and operational personnel. The problem is to determine the structure of the time that the shareholders such as employees of science can save on the development of innovative “spin-off”. The availability of accomplices, including the researchers, determines the effectiveness of the business case, so they sometimes form a unique hybrid, rarely found in management literature. Such cases can be classified as incorrect and inappropriate organizational solutions, but these companies operate and implement the key message of the business that is generating a profit and survival over time.

### **3.4. Ownership changes (mergers, takeovers, acquisitions)**

The turn of 20th and 21st centuries can be classified as the period of intensive change in the ownership of many enterprises in many sectors. Making owner changes triggers often change in the organizational structures of entities receiving the bodies, and especially in being. From the perspective of the experience of the article’s author, organizational changes occurring at the time of the equity transaction, have some characteristics of hybrid structures. The moment of adapting the organizational structure of each company to the structure of the company’s interest, is at least two-criterion change at different levels of organizational hierarchy. This type of change is the organization’s approach to the hybrid, whose fundamental feature is the variability of configuration and co-existence in a single structure, the characteristics for the various typical structural solutions.

### **3.5. Dismissing a “strategic” employee, such as a manager**

In the course of analysis and observation, it was noted that in some cases, the genesis of organizational change – especially in small businesses – have been changes in staff. Where these changes have affected any of the most important positions in the company, to the executives they applied periodically, as an organization solution, in order to limit the disruption caused by the departure of one manager and implementation of its responsibilities to the newly employed person. The practice of recruitment processes shows that it is difficult to find an employee with similar characteristics to the person who left the company. In a rapidly changing economic reality of small businesses, owners are forced to take a quick reaction so that the company could continue to function smoothly. Found in practice in some cases – the tool was hybrid structure. Owners of small companies have more limited human resources, financial and in kind, than in large enterprises, so the changes are not always implemented by a formal way, but often under the watchful eye of the owner, and any adjustments are applied on a regular basis. In the process of dynamic adjustment there can be noted some organizational changes – such as a hybrid – next to functional solutions such as setting up task teams. There were in the business practice cases, the newly

employed person has not deal with the tasks, as well as its predecessor, so the project team was established, which help the newly employed. Over time, the effectiveness of that team was so high, that this solution was considered to be relevant and the target. This example of dynamic organizational changes should not be rare in small businesses, and the resulting hybrids can be used as an effective management tool in the hands of owners.

### **3.6. Consulting news (process approach, project approach, balanced outcome card, legonomia)**

The present consulting world with a high frequency “provides” the management of companies with offers-novelties, which in a unique way are meant to heal the economic situation of the company. Some of the news remain in the life of the enterprise for a long time, sometimes even changing its organizational structure. An example can be used to implement a process approach or project management. Both the first and the second method cause the changes in the organizational structure of the company. The process management associated with the process manager as the most important middle-level managers, project management, in turn, is inextricably linked with the vocation of the project manager. The experience of the co-authors of the economic consultancy shows that the implication of the projects in functional organizations, regional or object may be associated with the use of hybrid solutions. These solutions are particularly in the transitional phases, seeking the target model, such as the pure design structure. The survey of organizational structures in 153 organizations implementing projects financed by the European Union carried out by Krzos in 2007, confirmed the presence of 26 hybrid solutions. The research shows a relatively high percentage of organizations that implement the hybrid solution.

### **3.7. The globalization of business**

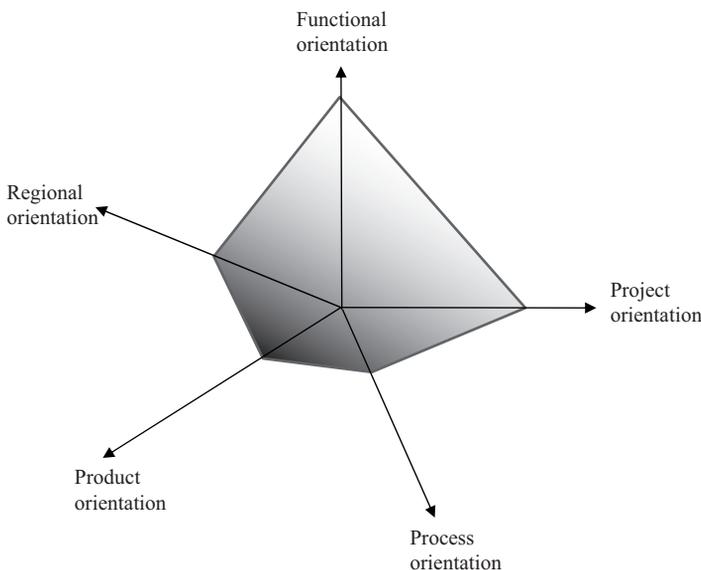
Internationalization of business is now the result of globalization, which is the process in constant progress. Economic organizations increase the scale of economic activities and geographical coverage. Companies’ management takes place in a very diverse, in terms of cultural, religious, economic or social, environment. Therefore, effective management in the international market forces governing the use of those management tools that ensure the effectiveness of the organization on the market. By the observation of selected companies from Wroclaw that export products to different countries and have branches, subsidiaries in different countries, we can notice the trend to use mixed solutions. These companies have different criteria for the creation of organizational units. In the case of the organizational structure of enterprise Sonel S.A. (manufacturer of measuring tools), at the second level of management, applied in developing its regional, functional and design criteria. Identified cause of the use of such a solution is a desire for effective and flexible service of all the customers from dozens of countries in the world.

### 3.8. Changes in customers' needs

This cause is the most frequently cited as the main source of changes in the test enterprises. With the current scale of choice between competing offers, customers demand even individual treatment. For the companies operating with the knowledge shaped for the mass market, it is most difficult to understand that every customer counts. If you lose it today, tomorrow it will be difficult to be recovered. In terms of supply, in the world there operate more manufacturers. In terms of demand, the developed countries do not have any record of the population. In addition, many markets have already entered a phase of maturity. The customer and his needs are, therefore, the most important element. Hybrid structures have a positive feature, the "orientation" on the customer needs. This phenomenon is visible in the area of organizational units within the structure, which guided comprehensive the process of customer service. Actions of other units oriented for example functionally or design, are subordinated to the decisions of these people. This solution creates a hybrid, which can be defined as a process-functionality-projects solution.

### 3.9. The strategy of the company

The variables of the socio-economic environment of business force owners and managers to make changes in the strategy of the organization. This process can occur



**Fig. 1.** Causes of organizational hybridization

Source: Author's own study.

relatively frequently. Analyzing the behavior of enterprises in the rapidly changing market, one may notice some behavior of organization which is repeated. Author's observations indicate that it is a relatively rare practice for the company to "hold on" the only one adopted orientation. In the strategy of some companies there is a need to use several approaches to the development of the organization. Most identified functional, regional, products, processes and projects solutions. This large variety of organizational solutions, led the search for tools to their effective connect. One of these ways seems to be the use of hybrid solutions, illustrated in Figure 1, in which an attempt was made to present the diversity of business.

#### **4. Conclusions**

The reasons for the use of hybrid solutions that we identified and described in the article, show a relatively high popularity of mixed organizational solutions in practice of a Polish enterprises and units of local self-government. It seems that the hybrid structures are useful management tool for present managers, who wish to benefit from flexible forms of the company's organization. An additional finding of the observation may be the fact that they are most often used in the period of dynamic change in the functioning of the company. For example, in the article we described the use of the processes of diversification, globalization, or restructuring. Each is a phenomenon occurring in the life cycle of the organization, which may be accompanied by a dynamic organization, personnel, market and ownership transformation. It seems that the hybrid solution is an example of a positive response from the organization to the changing realities within and the outside of the organization. Observations indicate that the gap in the business practice has disappeared, between, indicated in the literature, uses of individual types of organizational structures. Entrepreneurs benefit from different organizational solutions, with respect to the situation in an enterprise, and its surroundings. This confirms the fact that in the course of its development cycle both "clean" and "mixed" organizational solutions are used. The analysis of the test cases also showed that the actual images (patterns) of organizational structures of companies differ from their formal record in the organizational documents. Entrepreneurs in some cases do not keep pace with the change of the organization, as the pace of activities is so high that organizational changes are made on a regular basis.

In conclusion, the author notices the renewal of hybrid structures in modern organizations. These solutions have been known since the 70s, but the wealth of modern economic life has made them very functional and useful. As a consequence, at this point, it is worth reminding about the existence of hybrid structures.

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## ORGANIZACJE HYBRYDOWE – IDENTYFIKACJA PRZYCZYN HYBRYDYZACJI ORGANIZACJI

**Streszczenie:** Artykuł zawiera wyniki badań dotyczących próby identyfikacji przyczyn zjawiska hybrydyzacji organizacji w aspekcie organizacyjnym. Wyniki badań wskazały na istnienie struktur hybrydowych w przedsiębiorstwach, jak również w jednostkach samorządu terytorialnego. Struktury hybrydowe stanowią odpowiedź, a zarazem narzędzie zarządzania menedżerów reagujących na dynamiczne zmiany zachodzące w otoczeniu i mające wpływ na procesy odnowy organizacji. Wyniki przeprowadzonych obserwacji wskazują, iż najczęściej tego typu struktury można spotkać w dwóch fazach rozwoju życia organizacji: w fazie wzrostu, jak i fazie schyłku. Wydaje się, że rozwiązania organizacyjne o charakterze hybrydowym mogą stanowić narzędzie rozwoju i odnowy organizacji o charakterze gospodarczym, jak i samorządowym.