

## Chapter 2

# Organizational Ecosystems: Innovation and Social Capital Dimensions

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### **ABSTRACT**

*The aim of this chapter is to compile an up-to-date and academically grounded study into organizational ecosystems in terms of innovation and social capital dimensions. The authors are concerned with the dimensions of innovation involving traditionally measured forms of innovation, hidden innovation and social innovation, and social capital including collaboration, cooperation, as well as bridging and bonding social capital and network ties. The methodology used involved systems model formulation following the stages of the identification of the main structures, relationships and components, model building, development of an evolved organizational ecosystem model, and analysis of the model. The research question addressed the question, What are the main components of organizational ecosystems in terms of innovation and social capital dimensions? The contribution of the chapter is to bring together findings on the characteristics of organizational ecosystems in terms of the dimensions of innovation, and social capital including trust, collaboration, cooperation, and social network ties.*

### **INTRODUCTION**

Organizational ecosystems are characterised by various structures, relationships, variables and levels. With regard to levels Parsons (1960) enunciates a useful framework with three levels in the hierarchical structure of complex organizations which are technical, organizational and institutional or community levels. The

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technical level involves an organization's performance concerning many activities utilising knowledge, such as research and development (Parsons, 1960). Within complex organizations technical tasks are undertaken by professionals, experts, skilled and unskilled workers (Kast & Rosenzweig, 1972). Secondly, the organizational level integrates and co-ordinates the technical system (Parsons, 1960). Thirdly, the institutional level links activities of the organization to its environment with supporting inputs from society to undertake transformation activities (Parsons, 1960). Thompson (1967) stipulates that "under norms of rationality, organizations seek to seal off their core technologies from environmental influences. Since complete closure is impossible, they seek to buffer environmental influences by surrounding their technical cores with input and output components" (Thompson, 1967, p.24). At institutional level an organization faces a large degree of uncertainty concerning inputs from its environment with no or little control (Kast and Rosenzweig, 1972). For the three levels the activities, interactions and relationships involve technical core activities, intra-organizational interactions and inter-institutional relationships (Kast and Roenzweig, 1972). The levels apparent in organizational ecosystems involve the dimensions of innovation and social capital. As well as traditionally measured forms of innovation there is also hidden innovation and social innovation. Social capital concerns generic social capital, bonding and bridging social capital, and other forms of social capital. There is also the linkage between social capital and innovation.

The overall objectives and mission of the chapter are to compile an up-to-date and academically grounded study into organizational ecosystems in terms of innovation and social capital dimensions. Here we are concerned with the dimensions of innovation involving traditionally measured forms of innovation, hidden innovation and social innovation, and social capital including collaboration, cooperation, as well as bridging and bonding social capital and network ties.

Due to changes in the way organizations function in contemporary society, through the use of new ideas, techniques and modern technology, business scholars are beginning to see organizations as ecosystems instead of discrete units (Boutros, 2014). The concept of the ecosystem not only focuses on how organizations develop or how new ideas, innovation and technology can be adopted for greater efficiency, but moves attention to the ecosystem model where every activity of an organization affects the rest of the system (Boutros, 2014). With the organizational ecosystem we are not only concerned with the ecosystem of individual organizations but the activities of organizations in the organizational environment. Organizational ecosystems comprise many organizations and actors, participating in exchanges and entering into relationships with a wide intentional range (Mars et al., 2014, p.75). Such ecosystems tend not to be concerned with goals that are pre-determined, although individual organizations develop and pursue such goals, and resource and

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