José Camilo Dávila, Carlos Dávila, Lina Grisales and David Schnarch, *Business Goals and Social Commitment: Shaping Organizational Capabilities – Colombia's Fundación Social, 1984-2011*, Bogotá, Ediciones Uniandes, 2014, 208 pp.

For us, history is a dynamic reference point that turns the past into a source of light on the present, in turn providing critical guidance for the future

Fundación Social, *Documento Axiológico*, 1989:7

In 1911 José María Campoamor, a Galician Jesuit just landed in Colombia, initiated the St Francis Xavier Workers' Circle and Savings Fund with a group of workers in Bogotá, the country's administrative hub. Father Campoamor had known about workers' circles back in Spain, where the first one had been founded by another Jesuit in 1864; the model having been successfully escalated in France from 1871 onwards. The idea was to finance educational and community programs through membership fees from associated workers and donations from high-status benefactors; to foster mutual aid and saving schemes for workers modeled after the benefits enjoyed by their employers; and to disseminate Catholic social teaching. Nowadays the Circle's heir, Fundación Social (FS), consists of six financial companies – lead by Banco Caja Social – and ranks among the thirteen largest business groups in Colombia, with $5,330 million in assets and 5.1 million customers.

In the meantime, the country evolved from a distinctly rural society through industrial and financial growth, and widespread reforms unleashing market forces. In parallel, business activities launched by the Circle grew in size and complexity. In 1965 it was re-chartered as a foundation that retained ownership of the Fund's net worth and focused on the social works, while the Savings Fund was granted greater autonomy. Under the leadership of Father Londoño, the influential and independent Circle's director since 1972, profit-making firms financed social work undertaken by social enterprises. The underlying assumption was that business expansion in itself would produce positive social outcomes, the model thus resulting in accelerated growth. In 1980 the Circle's assets – the "sea of companies" – were transferred to Fundación Grupo Social (FGS, a short-lived prelude to FS), an independent holding and charitable foundation that became head of a legally chartered group; and the Jesuit Order regained power. From 1986 onwards FS asserted its ownership and developed a new governance structure, transitioning from a position of moral leadership to that of real control over firms in the group. The dual model of prior years, where both business firms and social enterprises were operated, was substituted by the parent foundation pursuing social objectives with the support of businesses. In 2002 the Jesuit Order withdrew from FS after lengthy consideration of environmental complexities in Colombia and its own reputational risk. Surprisingly enough, the overall mission of FS has remained basically the same for more than a century: (to contribute to) overcoming the structural causes of poverty in Colombia and to foster a fairer, more humane and prosperous society.

Thus, in short, this fascinating case of the unstable but enduring balance between social and economic rationales within a Catholic-inspired business group is precisely the object of analysis of this book. Specifically, its focus is on the development of the culture, organizational capabilities and social intervention strategies that allowed FS to survive, to grow and to change during the 27-year period between 1984 and 2011. This occurred despite both external shocks (including financial speculation and economic crisis) and internal upheaval (with a turning point in the Jesuit Order's withdrawal). The study aims to explain the reasoning process behind organizational change; the evolution of the governance structure of FS; and its activities in the realms of business, social intervention, and societal influence, the latter pursued through the generation and dissemination of ideas on the type of society sought and the development model needed to create it.

This work undoubtedly makes a key contribution to the study of both hybrid organizations and business groups from a governance perspective. It throws light upon critical events such as (de)centralization of control to the parent organization, secularization, demutualization, professionalization and (de)coupling of social and financial activities. In an era when buzzwords such as corporate social responsibility, shared value, social entrepreneurship, social innovation, socially inclusive and bottom-of-the-pyramid businesses populate the writings of management academics lacking historical perspective, this book shows that organizations that blend economic and social goals, frequently in the context of business groups, are neither outliers nor new kids on the block. The jargon may be new; the phenomenon is not.

This in-depth case study also demonstrates that dynamic analysis is the key to understanding hybrid organizations. History is the only way to disentangle two related dynamics. First, the tensions and distensions and the coupling and decoupling between the opposing logics of managerialism and altruism, market and solidarity, individual profit and the common good. Secondly, the feedback loop of social and economic effects of organizational endeavors and management decisions under the influence of environmental shifts. However, it also reminds readers of the challenges and limitations of this type of research, which requires both interdisciplinary approaches and access to extensive corporate documentation, while frequently relying on corporate sources and sponsorship. This work is solidly grounded on organizational theory (specifically complex thinking and organizational capabilities) and historical analysis of hundreds of documents and 70 interviews performed over the course of six years. Furthermore, it taps into insiders' insights, such as those coming from Álvaro Dávila, FS president from 1984 to 2013, undoubtedly a pivotal figure for the period of analysis who sat for some 30 interviews.

The research succeeds in explaining the extraordinary resilience of FS as a business group, due to the development of unique organizational capabilities through two different but complementary mechanisms. Firstly, continuous adaptation towards a finely-tuned, dual-governance structure where two bodies, the Social Council and the Management Council, exercise different types of power, but with the former granted primacy over the latter; a structure clearly echoing Platonic philosophy. The Social Council is the highest social, moral and pastoral authority; while the Management Council is the highest administrative, economic and financial authority. However, policies of the latter are developed according to Social Council guidelines, where principles and final decisions rest. The second mechanism consists of the distinctive practice of intense reflection by top management, supporting organizational learning and change. The foundational Ignatian spirituality is frequently put into writing and in 1988 formalized into an axiological document that provides the organization with a missionary sense of purpose (thought for action). In 2006 the Legacy of FS is articulated in order to formalize the essentials of Jesuit heritage to guide future operations. It should be noted that the withdrawal of the Jesuit Order does not imply the end of its influence, as most members of ruling organs, including the FS president, have studied and/or worked at one of the country's leading Jesuit schools.

Essential beliefs distilled from the FS model are that a fundamental means for attaining social aims consists of owning profitable firms, as business activity lies at the very essence of its social intervention strategy; and that common good is the true purpose of business. In this sense, FS provides a counterpoint to the mainstream business and non-profit logics. Its competitive advantage over the long term apparently derives from being guided by principles and values that are markedly different from those of competitors. Ethical reflection occupies the core of board meeting agendas in the FS and the axiological document provides an enduring point of reference for clarification of its nature and principles. This feature abruptly contrasts with ordinary strategic planning, where the concepts of values and mission have mostly turned into another empty ritual of verification.

The dynamics between axiology, social intervention strategy, top management structure – through the interplay between the Social Council and the Management Council – and governance capabilities are masterfully depicted in the book. The discourse is built upon a continuous back and forth between the largely stable set of principles inspiring FS action, on the one hand, and a succession of governance and management structures and social intervention models on the other. At some point, however, one wonders whether a more linear, chronological narrative would be more appropriate for understanding the importance of path dependency for the endeavors of this long-lived experiment of hybridity, while simultaneously avoiding a certain degree of reiteration. Also, a more fine-grained analysis of the impact of Colombia's institutional specificities – most notably warfare fed by guerrilla and paramilitary groups – and of the resolution of conflicts and setbacks underlying the coherence of FS' discourse over time would be useful.

The study also throws light on some outstanding achievements by FS on the social side, particularly the development of a social intervention model based on integrated local development. However, it leaves the reader hungry for more detailed analysis on this issue, particularly on the trade-offs and trade-ups between business goals and social commitment, and on the ultimate degree of accomplishment of FS' mission. Although the study is framed within literature on corporate social responsibility – which is arguable as FS' model extends both conceptually and in practice far beyond CSR – the research approach is mainly based on the perspective of top management, rather than being multi-stakeholder. As a result, the economic and social effects of the model downstream remain unclear. Beyond jobs created and products offered for the bottom of the pyramid, what has been the impact of FS on its clients and beneficiaries? In terms of impact on poverty, how does direct social intervention fully led by FS compare with business-led social programs, or with the initial model of pursuing a social mission through business growth coupled with social enterprises? What is more efficient and effective, a business-driven social intervention strategy where direct social impact of business activity is key, or a civil society actor with the added advantage of market presence? How has FS influenced the business model of other Colombian firms? The issue of measurement, causality and attribution of social impact understood as reversal of the structural causes of poverty remains the elephant in the room throughout the study. Although impact evaluation is clearly not the goal of this excellent piece of research, it is obviously the only way to check whether FS has perfected its *ultima ratio* over its first century of existence.

To summarize, this is a singular, valuable and thought-provoking work portraying the recent endeavors of an organization that is unique for its historical perspective, its sense of transcendent purpose, and a governance structure where the social overrules business and reflection overrules action. As a groundbreaking piece of research, its ultimate contribution lies in making explicit both the need and the potential of this type of analysis, bridging the gap between organizational studies and business history, in order to address hybrid organizations, which despite notorious relevance in our economies and societies have not been the subject of a corresponding number of independent, rigorous studies. This field includes business groups like FS, headed by social economy or third sector entities, such as savings banks, cooperatives, mutuals, social enterprises, foundations controlling businesses (also called industrial or shareholder foundations), and business controlled foundations (also called corporate or company sponsored foundations). Hopefully this study opens a window of opportunity for long-term perspectives on hybrid organizations.

Marta Rey-García
Universidade da Coruña