

Chapter 10

Behavioral Decision-Making and Network Dynamics: A Political Perspective

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Abstract The blurring of organizational boundaries and the adoption of networks as a prominent form of *governance* have largely contributed to reinforcing interdependence between internal and external organizational networks as well as between formal and informal ties. This chapter tries to broaden existing theoretical models in order to explain the behavioral decision-making process of the firm and how it is shaped by the complex and interactive dynamics of these networks. The theoretical perspective employed in the chapter suggests that a firm's behavior is influenced by organizational politics. Although this actually does not constitute a fresh perspective within organizational and management studies, in this chapter it is revamped and widened in light of the mentioned changes within and across firms' organizational boundaries. The starting point of our discussion is March's seminal work (March in *Journal of Politics* 24(4):662–678, 1962) and his model of “the business firm as a political coalition”. Subsequently, drawing also on later *organizational politics* literature we show the limits and opportunities of adopting such an imagery not only for the traditional business firm but also for the contemporary network organization: through it we can improve our understanding of how organizational boundaries are defined today, why company leaders choose the

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strategies they choose, and how and why those strategies are (or are not) implemented. In order to explain patterns of organizational behavior in a world of blurred-but existent firm boundaries we finally draw on a more recent sociological literature on social movements that also highlights for “patterns of mobilization distinct from both lines of formal authority and the personal ties of informal organization” (Clemens, *Where Do We Stand? Common Mechanisms in Organizations and Social Movements Research*, in Davis G, McAdam D, Scott WR, Zald M (eds) *Social movements and organization theory*. Cambridge University Press, Cambridge, p. 356, 2005). Indeed, such a literature recognized the central role of networks, their evolutionary dynamics, and interactions between the internal and the external and between the formal and the informal.

1 Firm Boundaries, Networks, and Politics

Over the past few decades firm boundaries have rapidly and significantly changed, actually becoming more and more blurred. Indeed, identifying their exact contours has increasingly revealed itself as a challenging task for firms in a number of industries, such as automotive (Dyer 1996; Helper et al. 2000), pharmaceutical (Powell 1998), biotechnology (Powell 1996, 1998), electronics, (Sturgeon 2002), mechanical (Herringel 2004; Whitford 2005), and software (Lerner and Tirole 2002).

Within the realm of economic globalization, we assisted toward a number of paradigmatic shifts: the emergence of new Japanese-based models of industrial organization, the growing importance attached to services and knowledge (Gadrey and Gallouj 2002), high efficient markets of technology (Arora et al. 2001), a marked trend toward specialized technological knowledge (Langlois 2003). There is no question that all these changes have deeply affected firm strategies and the overall architecture of industrial organization: vertical disintegration, outsourcing, and collaboration-based modes of organizing emerged as the dominant strategic options to compete and survive in turbulent environments and uncertain markets. In most cases, the choice made by firms to externalize production or peripheral activities has its roots in their will to maintain a competitive position through lower prices and shorter *lead-time*, greater strategic and operational flexibility, higher quality of products and services, as well as the access to new sources of knowledge and specialized competencies. As a consequence, firms deliberately started to build vertical networks of production and innovation. At the same time, new and complex relationships with external actors, especially suppliers, gradually developed from those initially established as purely formal structures.

Outsourcing has not limited its effect to a change to the internal organization of the firm. In fact, by choosing to outsource some of their activities, firms have also contributed—often unconsciously—to modify the organizational structure of external organizations, which have gradually achieved a prominent role in

production and innovation processes. Consequently, what had been conceived by the management as a simple outsourcing strategy has turned, over the years, into a mutual-dependent collaboration or an ambiguous bilateral relationship (Helper et al. 2000) where organizational boundaries have actually become *blurred-but-existent*.

Jointly with dramatic changes in organizational boundaries and the rapid diffusion of new collaborative arrangements that are dissimilar both to markets and hierarchies, the organizational and managerial literature has gradually recognized the network as a “distinctive form of coordinating the economic activity” (Powell 1990, p. 301). In this regard, an extensive research tradition based in sociological, organizational, and strategic domains has notably discussed the several advantages deriving from this form of *governance*, and tried—simultaneously—to shed light on its specific characteristics and underlying mechanisms.

With regard to the first theme, many studies have hitherto shown the multiple advantages inherent in various forms of *networking*. In this respect, it is worth highlighting that, by relying on networked arrangements, firms could draw on financial, market, and knowledge resources, conduct joint *problem-solving* activities, and sustain learning and innovation processes (Gulati and Gargiulo 1999; Lorenzoni and Lipparini 1999; Dyer and Nobeoka 2000; Powell et al. 1996). In addition, many authors (Carruthers and Uzzi 2000; DiMaggio 2001; Podolny and Page 1998) have highlighted how in facing uncertain markets and technologies that network forms of governance tend to appeal to actors when “both markets and environments change frequently and there is a premium on adaptability” (Smith-Doerr and Powell 2005, p. 380).

As for the functioning of network organizational forms, remarkable efforts have been done in this direction to identify the contours of a distinctive “embedded” logic of exchange (Helper et al. 2000; Jones et al. 1997; Podolny and Page 1998), at the intersection between transactional and relational modes. Indeed, although the choice to adopt the network as a form of governance is mainly based on the evaluation of related business opportunities, its emergence and consolidation tend to be highly influenced by pre-existent social relationships and by their evolution over time (Azoulay 2003; Helper et al. 2000; Podolny and Page 1998).

Although the notion of *network governance* acknowledges—next to the legal—the social nature of firms’ relationships (Jones et al. 1997), studies on inter-organizational networks (i.e., subfurniture, strategic alliances, research consortia, joint ventures) tend to mainly focus on firms or well-defined organizational units as well as on formal ties (Hagedoorn and Duysters 2002; Smith-Doerr and Powell 2005). On the contrary, within intra-organizational studies, the *network form* is mostly viewed as a kind of organizational structure next to the multidimensional and functional one (Bartlett and Ghoshal 1993; Hedlund 1994; Miles and Snow 1995; Nohria and Eccles 1992), whereas the focus is primarily on informal ties (Cross et al. 2002; Hansen et al. 2001; Nahapiet and Ghoshal 1998; Podolny and Baron 1997). Finally, it is worth highlighting that there are only few studies on *network governance* where the analytical focus is on the interdependencies

between formal and informal networks or alternatively between external and internal linkages. Falling within this tradition we find some studies that seriously investigate how the internal organization of potential collaborators fundamentally affects their ability to build alliances with external actors (Azoulay 2003; Helper, et al. 2000; Kristensen and Zeitlin 2005; Lorenzoni and Lipparini 1999). And, at least to our knowledge, no attention has been paid to effects that run in the other direction, that is, to the implications that patterns of external relations have for the internal organization of potential collaborators and the interactive dynamics developing at the boundaries of the firm (for an exception see Parmigiani and Mitchell 2009). Nevertheless, the importance of taking into direct consideration the above mechanisms appears evident in light of recent economic and organizational changes that have affected firms and their boundaries. Indeed, although the two cited literature traditions have ostensibly found a peaceable division of labor, they have in fact deprived themselves of a dialog that is necessary if they are to passably theorize processes of organizational change and adaptation in a world transformed by radical outsourcing. This is obviously a problem given that adaptation processes are key concerns for both the evolutionary theory (Nelson and Winter 1982) and the behavioral theory of the firm (Cyert and March 1963), and therefore also for the massive literatures built upon those theories (see Gavetti and Levinthal 2004).

Furthermore, the literature on network organizational forms shows a serious methodological drawback (Smith-Doerr and Powell 2005), that is to say the predominance of statistical analyses, mainly focusing on the structural elements of relationships and often relying on sophisticated analysis techniques and graphic visualization tools. As a matter of fact, such an analysis does not allow to understand important aspects related to organizational networks, such as the antecedents for their creation, their evolution over time, as well as the consequences of such evolutionary dynamics on firms' strategies and adaptation capabilities.

The blurring of organizational boundaries and the adoption of networks as a prominent form of *governance* have largely contributed to reinforcing interdependence between internal and external organizational networks as well as between formal and informal ties. The outlined gaps highlight the chance to broaden existing theoretical models in order to explain the behavioral decision-making process of the firm (that is its strategic decisions and the consequences deriving from these decisions for the organization) and how it is shaped by the complex and interactive dynamics of these networks.

The theoretical perspective suggested here that firm's behavior is influenced by organizational politics. Although this actually does not constitute a fresh perspective within organizational and management studies, in this chapter it is revamped and widened in light of the mentioned changes within and across firms' organizational boundaries. The starting point of our discussion is March's seminal work (1962) and his model of "the business firm as a political coalition". Subsequently, drawing also on later *organizational politics* literature we show the limits and opportunities of adopting such an imagery not only for the traditional business firm but also for the contemporary network organization: through it we

can improve our understanding of how organizational boundaries are defined today, why company leaders choose the strategies they choose, and how and why those strategies are (or are not) implemented. In order to explain patterns of organizational behavior in a world of blurred but existent firm boundaries we finally draw on a more recent sociological literature on social movements that also highlights for “patterns of mobilization distinct from both lines of formal authority and the personal ties of informal organization” (Clemens 2005, p. 356). Indeed, such a literature recognized the central role of networks, their evolutionary dynamics, and interactions between the internal and the external and between the formal and the informal.

2 Conflict, Coalitions, and Power Within the Organization and the Network

In line with previous studies in organizational theory (March and Simon 1958; Thompson 1961), James March’s seminal (1962) analysis, *The business firm as a political coalition*, depicts the business organizations understood by the Carnegie school as a conflicting socio-political system. The underlying attributes of a *conflict system* are: (1) the existence of basic units with consistent preference orderings; (2) their mutual inconsistency relative to the resources of the system that is “the most preferred states of all elementary units cannot be simultaneously realized” (March 1962, p. 663). The author speculates on their theoretical assumptions arguing that “the preference ordering of the subsystem (which constitutes the elementary unit) is casually antecedent, and independent of, the decisions of the larger system” or, alternatively, that “variation in system behavior due to conflict within the subsystem is trivial because of scale differences between the conflict within the subsystem on the one hand and conflict among subsystems on the other” (March 1962, p. 664).

Extant classical theories presume to resolve conflict by “simple payments and agreement on a superordinate goal” (March 1962, p. 674). Long-run profit maximization or leveraging incentives (i.e., employment contracts or payments) are a case in point. However, March considers this theory wrong, as it overlooks the complexity of an organization as well as the plurality of individuals and interests involved. Accordingly, he models the business firm as a conflict system where decisions on the allocation of resources are made by coalitions of interest groups having a certain potential control over the system. In such a system, demands will be made on executives by participants to coalitions whose cooperation or concession affects the firm’s competitive position. In fact, March claims that the executive of the firm can be seen as a “political broker”, that “the composition of the firm is not given but negotiated and its goals are not given but bargained” (March 1962, p. 672) so that a number of coalitions will be possible at any given point in time.

All these concepts are taken for granted today in studies on organizational politics which by drawing on and extending March's innovative claims, have gradually developed a rich corpus of theories on organizational and inter-organizational decision-making processes. And, in fact, concepts such as politics, influence and power are highly recurrent in this well-established research tradition (Bower and Doz 1979; Elg and Johansson 1997; Pettigrew 1977; Pfeffer and Salancik 1978; Pfeffer 1981).

In Pettigrew (1977), for example, a political perspective is introduced to conceptualize the strategy of the firm as a process of conflict resolution between the contrasting requests exposed by different individuals or groups. Beyond studies on single organizations (Bower 1970; Burgelman 1983; Pettigrew 1977; Pfeffer 1981), in other contributions (Elg and Johansson 1997; Leblebici and Salancik 1982; Pfeffer and Salancik 1978; Salancik 1986) it is widely acknowledged that business networks, similarly to single firms, are systems of conflicting interests in which power structure and political action within and between member firms remarkably influence their respective decision-making processes.

Although the existence of political coalitions and of interest-based behavior are key assumptions in Cyert and March's work (1963) theoretical speculation actually remained limited to conflict resolution mechanisms, while scarce attention is attached to the equally important processes that lead to their formation (Pettigrew 1973).

Primary aiming to fill this gap, the literature on strategy-making processes (Bower 1970; Burgelman 1994; Pettigrew 1973) has elaborated political models where individuals/groups' interests and incentive mechanisms essentially guide the mobilization of "power resources" and the control of informational flows, ultimately influencing the internal dynamics of the strategy-making process. Concepts such as resources, power, and structure are all central to those research streams that adopt a political lens to explore and explain organizational and inter-organizational decision-making processes (Krackhardt 1990; Pfeffer and Salancik 1978; Pfeffer 1981). In these contributions the structural position of the actors—individuals, groups, or firms—largely influences their capacity for exerting and affecting the mobilization of resources within and outside the organization in order to control its decision-making processes.

3 The Business Firm as a Political Coalition: Limits and Opportunities of a Consolidated Framework

The dramatic changes that happened in organizational models, increasingly based on outsourcing and networked innovation, along with more permeable and fluid organizational boundaries, set the stage to review the seminal work on March. Indeed, we retain many of the key concepts strongly anchored to the classical view of the firm as a political coalition. However, by explicitly addressing the firm's

evolution toward new governance modes, we also show the limits that—in this respect—such contribution shares with most traditional studies on organizational politics. Our final goal is to revamp March’s seminal contribution through framing the image of what we called “the network as a political coalition”. Definitively, we want to keep faithful to a “behavioural” tradition (Cyert and March 1963) through looking at what “actually” happens in organizations rather than what is ideally expected to happen (Pettigrew 1973). To this end, we need to explicitly consider the *blurred-but-existent* nature of firm’s boundaries when we try to understand the role played by politics in shaping a firm’s behavior and its network dynamics.

We take our theoretical starting point from March’s analysis (1962) since many of the ideas presented in that article and partially resumed in Cyert and March (1963) have come essentially to define what it means to understand an organization in political terms. Specifically, we retain March’s expectation that demands will be made on executives by participants to coalitions whose cooperation or concession affects the firm’s competitive position, that a number of coalitions will be possible at any given point in time and, as March, we reject the assumption that conflict problems can easily be solved by “simple payments and agreement on a super-ordinate goal”. Accordingly, we assume that, at any given point in time, a number of political coalitions could exist, each with its own interests, demands, and influence on the political broker (i.e., the executive of the firm) and that cooperation or concession by participants to coalition finally affect the firm’s competitive position. As in his seminal work, we recognize that the sorts of “elementary units” likely to be of interest which would include not only individuals, but also work groups, departments, functional areas, and other such things that are themselves conflict systems.

At this stage our analysis departs from March’s analysis, since we consider poorly realistic the assumption that, in analyzing the demands that the elementary units, i.e., the subsystems, place on the system are either independent of the decisions of the larger system, or that “variation in system behavior due to conflict within the subsystem is trivial because of scale differences between the conflict within the subsystem on the one hand and conflict among subsystems on the other” (March 1962, p. 664). Indeed, according to this view, such elementary units can always be univocally determined so that they do not significantly affect the system’s behavior.

This proposition largely remained unchanged in subsequent work, largely influenced by March’s argument. As a matter of fact, later organizational studies recognized the central role played by politics, in terms of power and influence, in shaping interorganizational dynamics as well as the importance of existing inter-firm organizational coalitions. In their analysis, however, authors retain the simplifying assumption made by March (1962) in order to show that organizations depend on the environment for their survival and that those dependencies typically take the form of relationships between organizations understood as essentially bounded but interacting units with a clear set of preferences and interests (Elg and Johansson 1997; Leblebici and Salancik 1982; Salancik 1986).

However, in light of the well-documented changes in the organization of production, relying on the assumption that outcomes of interest are relatively unaffected by a blurring of boundaries between desired units of analysis seems quite unrealistic since it badly reflects the new organizational and competitive scenario. Although not obviating the relevance of a coalitional imaginary in the analysis of organizational behavior, we have to articulate such a frame through considering the quantitative intensity, complexity, and frequency of individual-to-individual ties at multiple levels, within and across the formal boundaries of the organization. In fact, the blurring-but-existence of organizational boundaries means that it is increasingly difficult to identify unambiguously functions, roles, routines as well as their attribution to well-established formal units, while incentive mechanisms are not always directly controlled by formal roles within the organization. Not only cannot units such as groups, functional units, communities of practice, etc. be assumed as “elementary” in nature, but also the existence of *one-to-one* relations and a shared set of preferences within each unit have to be seriously questioned.

In our argument, coalitions are understood as Cyert and March (1963, p. 39) and the ensuing literature did, i.e., as temporary alliance among some subset of the involved parties. Simultaneously, we expect that those coalitions constrain executives and their choices. However, we need space for the possibility that those coalitions will cut across organizational boundaries in an interactive way. Specifically, we have to consider how the recourse to the network as a form of governance and the blurring-but-existent nature of organizational boundaries shape conflict dynamics within the subunits themselves, the formation of cross-firm political coalitions as well as the increasing interdependence between the demands expressed by individuals and subgroups (not always belonging to the firm) and the strategic decisions taken at executive level. In this respect, the ability of particular actors (or groups of actors) in one organization to achieve their goals will often depend considerably not just on actors in their own organizations but also on actors (or groups of actors) in other organizations. And we should therefore expect that demands placed by suppliers on the executive will be far less and less independent of decisions made by that executive than they were when much of the contemporary groundwork in the literature on organizational politics was laid. In other words, in order to understand how power dynamics helps to explain organizational behavior we need to acknowledge and analyze the *many-to-many* relationships among units and the social interactions among individuals or subsets within units.

With these remarks, we can move toward a model of firm behavior where the political dimension serves the function to explain what happen within and across organizational boundaries. In order to articulate the new imaginary of the “network as a political coalition”, it is needed to explain why actors (or groups of actors) with conflicting interests ultimately enrol in a given coalition rather than in another, and how their enrolment in that coalition impacts the demands they place on the center as well as that the center (and periphery) place on them. For this purpose, the role of *cross-firm* formal and informal networks has to explicitly be addressed. An important step in this direction is the abandonment of a static view

of the network, focused on resources, structures, and power (Leblebici and Salancik 1982; Salancik 1986). In this respect, we draw on a more recent research stream in this tradition (Elg and Johansson 1997; Hardy 1996; Hardy et al. 2003; McLoughlin et al. 2001) that, on the contrary, criticizes an excessive emphasis on the “dependence on resources” as well as on the role that power distribution plays in ensuing control over resources. According to these studies, an exclusive analytical and static focus on resource dependence is likely to put in the background the role played by dynamic interactions among actors in affecting the formation of coalitions (internally and externally the firm) as well as the capacity of some actors to exploit resources and structures in pursuing their own goals. In attempting to put on the foreground these dynamics and explicitly including the evolutionary dimension in a political network analysis, we will show (in the next paragraphs) how the most recent literature on social movements can fruitfully contribute to enriching traditional organizational studies, not only at the micro and macro levels (as already have been discussed in the relevant literature), but also and especially at the meso-level, where it provides a conceptual apparatus that flows easily across shifting organizational boundaries and as such can be applied to analyze an organizational network from a political perspective.

4 The Contribution of Social Movements Literature

Organizational studies and social movements literature share a number of core concepts and modes of analysis (Campbell 2005; Davis and Zald 2005; McAdam and Scott 2005). However, for many decades, they have been treated as distinct literary traditions and developed according to substantially independent paths. Over the past few years the fruitful opportunities of cross-fertilization between such disciplinary areas have been systematically considered and, in particular, organizational scholars have started to discover the interesting theoretical cues and application potential that social movement literature has to offer to their studies (Davis et al. 2005; Davis and McAdam 2000; Davis and Thompson 1994; Rao et al. 2000). More specifically, looking at mechanisms underlying the development and change of social movements, we are able to understand organizational change as well as adaptation processes to environmental changes (Davis et al. 2005). Indeed, mobilization mechanisms, that are the analytical focus of social movements studies, remain substantially unchanged also in different contexts and times (Campbell 2005). This does mean that they can potentially be applied also to understand organizational phenomena.

As highlighted by McAdam and Scott (2005), the two somewhat divergent approaches mostly adopted in the study on social movements and that we consider particularly relevant in this work are those relying on the key concepts of resource mobilization (Edwards and McCarthy 2004; Gamson 1975; Zald and Berger 1978) and political processes (Tilly 1978). Scholars crafting resource mobilization stress the central role of power and politics, both within the organization and in its

relation to the environment (McAdam and Scott 2005), so emphasizing the key role of organizational structures and processes in recruiting people, acquiring resources, and disseminating information (Campbell 2005). Accordingly, these elements, identifiable with what McAdam et al. (1996) defined “mobilizing structures”, actually represent a key building-block of social movements. When embracing a political process perspective, the analytical focus shifts on “political opportunities” and constraints on social movements and then on those environmental factors that hold down, facilitate, and structure collective action (McAdam et al. 1996).

Next to mobilizing structures and political opportunities, McAdam et al. (1996) identified a third broad factor shaping the emergence and development of social movements: *framing* processes, i.e. “collective processes of interpretation, attribution and social construction that mediate between opportunity and action” (McAdam et al. 1996, p. 2) since they allow to interpret political opportunities and, accordingly, to decide which is the best way to achieve own goals.

The concept of *frame*, originally adopted by Goffman (1974), has been extensively employed in the research on political sociology, particularly for the study on social movements and collective action (Benford and Snow 2000). In this context, the term was used to indicate “metaphors, symbols and cognitive cues that cast issues in a particular light and suggest possible ways to respond to these issues” whereas “framing involves the strategic creation and manipulation of shared understandings and interpretations of the world, its problems, and viable courses of action” (Campbell 2005, p. 49). Therefore, a cognitive *frame* is the lens through which the actors perceive, interpret, and understand reality. The frame “acts as a boundary that keeps some elements in view and other out of view” thus conveying “what is or is not important by grouping certain symbolic elements together and keeping others out” (Williams and Benford 1996, p. 3). As a “meaning constructor”, *framing* can be then viewed as the process through which the interpretive lens of reality is created; it is dynamic in nature, involves meaning construction and interaction mechanisms and focusing on the role of *agency* (Benford and Snow 2000). Framing refers to a signifying work, that is to the “processes associated with assigning meaning to or interpreting relevant events and conditions in ways intended to mobilize potential adherents and constituents, to garner bystander support, and to demobilize antagonists” (Benford 1997, p. 416). According to this perspective, when new political opportunities show up, actors taking part in a social movement—supporters or opponents of well-defined *frames*—carry out *framing* activities to “mobilize” other people toward a given point of view or interpretive lens of reality (i.e., a collective *frame*), thus leading, through their interaction, to the formation of political coalitions (Snow et al. 1986). The so-called *framing practices* can be in the form of discourse, consisting of dialogs, conversations and written communications, or strategic, when the goal is represented by the alignment/realignment of interests and collective frames to those of their supporters (Snow et al. 1986; Benford and Snow 2000). These processes are frequently contested and negotiated, not always under the tight control of an elite and not always yielding the desired results (Benford and Snow 2000).

In these practices the notion of “resonance” (Snow and Benford 1988) assumes a central role. Used to design the efficacy of a given frame during the mobilization process, it is primarily affected by two factors, i.e., the frame reliability and its relevance with regard to a given target (Benford and Snow 2000).

In helping to understand the network firm as a political coalition, the contribution of social movement theory is not confined to the concepts of mobilization processes, political opportunities, or framing practices. Indeed, it is important to highlight that in these studies, a key role in mobilization processes, both at the individual and inter-organizational level is played by the network (Diani 2003). Accordingly, through a careful examination of “how” the network is treated in social movements literature we can gain some important insights to understand the evolutionary dynamics underlying social networks, i.e., how they emerge and develop both formally and informally, both within and across the firm’s boundaries, highly shaped by politics, power, and coalition formation. In studies on social movements, networks play a key role in mobilizing individuals toward collective action both in the early stages, where individual identities are built or consolidated and a potential for participation is created, and in the final phases, where preferences and perceptions are shaped and individuals are engaged in collective action (Passy 2003). In other words, at the individual level, network serves the functions of (Passy 2003):

- *Socialization*: through social interaction, networks convey meanings that build and solidify identities, shape actor’s cognitive frames, enabling them to interpret social reality and define a set of actions, then preparing them for collective participation;
- *Structural connection*: networks play a mediating role by connecting prospective participants to an opportunity for mobilization and enabling them to convert their political consciousness into action;
- *Decision-making processes*: as, through social interaction, individual perceptions and interests and then the decision to join collective action are influenced by the action of other participants.

At the collective and organizational levels, networks serve as mobilizing structures that shape and constrain people’s behavior and opportunities for action (Campbell 2005). Indeed, it is through social relationships that new models, concepts, and practices diffuse and become part of an organization or movement’s repertoire and, therefore, become available for use in framing. Furthermore, they help to identify the sources of collective support for mobilization (Campbell 2005), facilitate the negotiation of shared goals as well as the production and diffusion of information, i.e., all those activities that are essential to any kind of coalition (Diani 2003). Networks are viewed as the channels for carrying out framing activities, thus favoring or impeding the circulation of well-defined meanings and cognitive frames.

Within social movements theory, the observation of *cross-firm* networks allows a clearer understanding of the criteria that guide the mobilization processes at individual, group, organizational, and inter-organizational levels and help to

explain their choices to form or sustain occasional or permanent allies. In this regard, it is worth highlighting that it is just in the attempt to identify the factors at the basis of coalition and alliance formation at inter-organizational level that studies on social movements and organizational sociology have come to share a common goal (e.g., Gulati and Gargiulo 1999; Podoniy and Page 1998).

The emerging organizational literature based on social movement theory was initially focused on a micro level of analysis, and only recently, it has begun to branch out increasingly into macro investigations (Clemens 2005; Davis and Zald 2005). In the first case, the unit of analysis is the single “focal” organization (Davis and McAdam 2000; Davis and Thompson 1994; Rao et al. 2000); in the latter, the study of mobilization processes is conducted at “field-level” (DiMaggio 1991; Fligstein and Maria-Drita 1996), that is to say on that aggregated system of actors, actions and relationships—different from both the single organization/movement and a set of organizations/movements—so that among participants exist tangible reciprocities since they produce similar goods and services, i.e., they carry out interrelated activities (DiMaggio and Powell 1983; McAdam and Scott 2005).

As for studies conducted at the organizational level, the main contributions come from research on strategy making processes (Kaplan 2008; Levina and Orlikowski 2009). Here, the concept of *framing* is adopted to explain the relationship between cognition and the process of coalition formation. In an ethnographic study, through adopting a “practice lens” (Orlikowski 2000), focused on daily practices and routines, Kaplan (2008) examines, for instance, everyday organizational *strategy making* activities so as to identify the micro-mechanisms that interrelate cognitive *frames* and politics. For this purpose, the author widely draws on social movement theory, adopting concepts such as *framing practices*, *realignment processes*, *action mobilization*, *frame resonance* to elaborate a representation of strategy formulation processes where cognitive *frames* do not constitute static constraints (as in the predominant literature on social movements) but, on the contrary, are built up during daily practices through individual and group interaction, thus serving as a resource for collective action and the emergence of conflict. Emphasizing the centrality of “power” relationships within and across organizations, Levina and Orlikowski (2009), develop a model of power dynamics where the recourse to discursive resources (a kind of *framing practice*) coming from different institutional contexts allows to modify these relationships. In order to elaborate their model, the two authors analyze the everyday decisions taken in the field of a joint consultancy project, taking in account especially the conditions leading to discursive ambiguities, the modalities of resolution put in action by subjects through relying on discursive practices, and the consequences that the diversity among specific discursive practices have on power relationships within and across organizations.

To our knowledge, there have not been any efforts to date to understand processes of mobilization across an organizational network (i.e., at the meso level). However, the value of such a kind of contribution to the organizational theory is unquestionable, especially if we consider the renewed interest at this level of analysis in the study of social movements, where the relations between structure

and agency need further investigation (Diani 2003). In this sense, our work does not simply draw on literature on social movements but it also aims at contributing to its theoretical development.

5 *Cross-Firm Mechanisms and Mobilization Processes*

Hitherto, we have recognized the fruitful insights that the study on social movements can provide to the study of organizations at meso-level. More specifically, we have showed how, through looking at the processes of inter- and intra-organizational mobilization in a world of blurred-but-existent organizational boundaries, we could gain a deeper understanding of network dynamics and in particular of the influence that power and politics have on coalition formation and firm's decision-making behavior. In this respect, we need now to analyze two key mechanisms of mobilization—*relational legacies* and *ideologies*—that have featured prominently in studies at the intersection of organization studies and social movements, but that have not specifically been analyzed in the context of a specific organizational network.

As for relational legacies, we refer to those pre-existing patterns of social and business relationships that have been roundly shown in the literature on “embeddedness” to shape actors understandings of what is and is not in their interest by giving them insights into the motives, trustworthiness, and capabilities of others (Granovetter 1985; Uzzi 1996, 1997). As Campbell (2005, p. 61) notes, there is a long tradition in sociology—and especially in studies of social movements—looking at networks as “mobilizing structures.” As a matter of fact, these relationships affect the formation of individual interests since it is just through them that other people's perceptions, reasons, actions, and capabilities are transmitted. Ultimately, these relationships are the key constituent of social networks and serve the function of mobilizing structures. We draw on that tradition, though emphasizing also that the concept should be understood dynamically (what happens today is pre-existing for interactions that occur tomorrow), and that there is no reason to presume that all actors in a particular organizational unit will have the same relational legacies vis-à-vis actors in other organizational units. In this sense, we put particular emphasis on the concept of *path-dependence* and on the influence of the pre-existing relationships on the evolutionary network dynamics. When looking at these relational legacies, we should put apart a simplifying perspective, largely based on the univocal individuation of nodes and ties. Indeed, network relationships must be seen as “many-to-many” in nature, since they often involve multiple organizational units within the same firm and also externally the firm's boundaries, then emerging and developing at different levels and reciprocally interrelated.

In speaking of ideology (i.e., the second mobilization mechanism), the concept was initially adopted in managerial literature (Barley and Kunda 1992; Beyer et al. 1988; McKinley et al. 1998) to put into question the traditional view of theories and models of management. Indeed, contrary to depicting them as scientific,

apolitical, and rational descriptions, authors in this tradition tend to put on the foreground the role played by assumptions and ideological meanings in promoting the mentioned models and theories (Parush 2008). Nevertheless, the concept of ideology adopted in this study serves the function to highlight the pathological relationship existing between managerial models and concepts such as power, authority, and control within organizations. According to this view, power is seen as a static resource, pre-assigned to well-defined individuals or groups.

Our understanding of managerial ideology follows instead a more neutral meaning, namely that suggested by Barley and Kunda (1992, p. 363), who have defined ideology as “a stream of discourse that promulgates, however unwittingly, a set of assumptions about the nature of the objects with which it deals”, including the assumptions about the likely outcomes of actions under conditions of uncertainty. In studying the mobilization processes occurring in the organizational network we assume, as in Beyer et al. (1988, p. 483), that within organizations, ideologies arise not only at individual level (for instance, in the managers’ mind) but, on the contrary, “can crystallize within virtually any long-lasting human group, including national cultures, social classes, professional groups, formal organizations, and organizational subunits”. Accordingly, any actor within the organizational network makes assumptions about the consequences of certain actions under conditions of uncertainty; therefore, a number of coherent and identifiable ideologies can emerge and coexist within the network leading to the formation of political coalitions. In addition, when considering the power dimension, this should be conceived not as a static resource but more similarly to the way it has been promulgated by the latest studies on *management fashion*, where the emphasis is on the political strategies unfolding during daily practices and adopted by relevant actors in order to gain power (Parush 2008).

In accordance with other contributions in organizational studies (e.g., Kaplan 2008), by relying on the concept of ideology we want to overcome an analytical perspective that puts excessive emphasis on *framing* processes, seeing them as merely instrumental. Indeed, in our analysis, ideologies and framing are viewed as complementary rather than opposing concepts. The debate about the relationship between *ideology* and *frame* is alive in social movement studies (Oliver and Johnston 2000; Snow and Benford 2005; Westby 2005) where they are considered both useful to understand mobilization processes (Snow and Benford 2005). On the one hand, *frames* are “individual cognitive structures, located within the black box of mental life that which orient and guide interpretation of individual experience” (Oliver and Johnston 2000, p. 4) whereas *framing* means the use of metaphors, symbols, and cognitive cues that actors use to strategically create and manipulate “shared understandings of the world, its problems, and viable courses of action” (Campbell 2005, p. 49); on the other hand, *ideology* represents “a set of beliefs about the social world and how it operates, containing statements about the rightness of certain social arrangements and what action would be undertaken in the light of those statements. Ideology thus serves both as a clue to understanding and as a guide to action, developing in the mind of its adherents an image of the process by which desired changes can best be achieved” (Wilson 1973, p. 91).

According to Oliver and Johnston (2000), ideology focuses attention on “systems of belief, on the multiple dimensions of these belief systems, and on the ways in which the ideas are related to each other”.

Although applied with regard to social movements, such an understanding of ideology is very close to that adopted by Barley and Kunda (1992), according to which it enables to interpret reality and guide action on the basis of the assumptions made on the possible results of those actions.

In our argument, similar to what has been pointed in the study of social movements, framing is not sufficient to explain the dynamic evolution of the network. This is the reason captured in Oliver and Johnston’s (2000) observation that framing really “points to process, while ideology points to content”. Indeed, we do not aim to simply explain just who wins political struggles, but also how the outcomes of those struggles substantively affect the dynamic evolution of the network. In other words, whereas through the concept of *framing* we can understand why certain cognitive frames “resonate” in a specific context, an understanding of the ideological contents, ideas, opinions, and meanings underlying particular collective action, when combined with attention to the effects on mobilization of relational legacies, can help us to understand the substantive nature and implications of the actual demands those winning factions and coalitions place on the executive.

In this respect, our argument is consistent with the recent strategy process literature (Kaplan 2008, p. 730), where it is argued that an analysis of the “framing contest” shows “how actors attempt to transform their own cognitive frames into the organization’s predominant collective frames through their daily interactions,” and “framing practices define what is at stake and thus are a means of transforming actors’ interests.” However, since we want to depict the network firm as dynamic and to be cognizant of the blurring of organizational boundaries, we believe that an analysis that focuses only on frames, or only on a particular focal organization, is inherently unsatisfactory. In particular, we argued that attention to ideology—understood as system of beliefs discursively maintained—can help us to understand not just how factions and coalitions form, but also the nature of the actual demands those factions and coalitions place on the executive. And we have argued that attention to relationships with parties external to the focal organization can help to understand why “framing contests” play out as they do. What we have termed relational legacies therefore shape intra- and inter-firm patterns of alliance and thus drive differences in the “stream[s] of discourse that promulgate[d], however unwittingly, [sets] of assumptions about the nature of the objects with which [they] dealt” (Barley and Kunda 1992).

6 Conclusions: A Political Perspective in Network Analysis

Organizational change and adaptation are at the core of evolutionary and behavioral theories of the firm (Cyert and March 1963; Nelson and Winter 1982). In uncertain and turbulent environments, identifying mechanisms that shape decision-making

processes as well as the influence that specific action paths can potentially have on change and adaptation becomes crucial not only for theoretical development, but also for the relevant managerial implications that can be derived from such theoretical development. In this respect, the adoption of a political perspective in studying the behavior of a firm—conceived as a system of conflicts (Cyert and March 1963)—has been extensively used in the organizational and managerial literature as an interpretative lens to understand decision-making processes and related strategic and organizational implications.

The chapter has examined some central issues concerning the adoption of a political perspective in the study of network and relational dynamics. Such a perspective offers some interesting cues especially in light of the dramatic changes occurred in organizational models, increasingly based on vertical disintegration, outsourcing, and *networking*. The progressive adoption of new organizational models—documented over the past few decades in several firms and industries—has resulted in profound changes in the organizational boundaries of firm. Indeed, they became more difficult to identify in a clear and univocal manner, due to the complex, frequently ambiguous, and bilateral relationships, that developed as a consequence of remarkable changes in the organization of production and innovation activities, in the criteria of allocating tasks between the focal firm and external actors and in the governance mechanisms adopted to regulate the functioning of the network.

The increasing interdependencies that, as a consequence of these changes, emerged between internal and external, formal and informal networks, as well as the influence of their evolutionary dynamic on firm behavior easily puts on the foreground the need to adopt an interpretative model where these dynamics, the processes through which they affect firm's strategic choices and their consequences for the organization and its network, are explicitly examined through relying on a political lens.

In this chapter, we started from a critical evaluation of March's work (1962) along with the organizational politics literature that is theoretically grounded in this seminal contribution. We drew on it to debate about the relevance of depicting the network firm as a political coalition in a context where the recourse to the network is highly frequent while the organizational boundaries can be described as *blurred-but-existent*. In line with March (1964) and following studies, we recognized the central role of power and politics in shaping not only the business organization, but also and especially the network to which it belongs, as well as the existence, at any given time, of coalitions and conflicting interest systems, within groups, departments, functional units, but also across the organizational boundaries.

If we admit, as March (1962) did, that conflict resolution among cross-firm coalitions cannot be achieved through establishing a superordinate goal or leveraging simple payments and agreements, the assumption that “variation in system behavior due to conflict within the subsystem is trivial because of scale differences between the conflict within the subsystem on the one hand and conflict among subsystems on the other” (March 1962, p. 664) cannot be considered much realistic. Indeed, the growing complexity of pre-existing and emerging relationships,

at different levels, both within and across the formal boundaries of the organization, constrain us to admit, more realistically, that systems of preferences could not be assumed to be well-defined and known a priori.

Drawing on more recent studies on social movements, we tried to put on the foreground the complex network dynamics that emerge and develop within and across blurring-but-existing organizational boundaries and the consequent need to consider the reciprocal influence that exists between politics, firm behavior, and network dynamics. In this attempt, we explicitly wanted to put apart a static image of the network, strongly anchored to concepts such as power, resources, and structure. On the contrary, fresh insights from the social movements literature helped promote a dynamic image of the network and, accordingly, shifted the focus onto the complex processes of coalition formation that happens across-firm as well as the role that social networks, playing as mobilizing structures, have on conflict resolution, specific demands made by coalitions, and final decisions taken by the executive.

In the study on social movements the political dimension plays a key role during the processes of social mobilization thus shaping the formation of alliances and coalitions among individuals and groups. In these processes, social networks act as mobilizing structures, conveying ideologies, opinions, and meanings and fostering or impeding the circulation of perceptions, action, and individual capabilities. These networks, that emerge and develop both within and cross-firm, shape the emergence of individual interests and it is just through networks that framing practices are put into action hence influence collecting action and foster the resonance of specific frames and ideologies among coalitions' members.

Through a critical analysis conducted across studies of organizational politics, organizational sociology, and strategic management, this work aimed at showing the advantage of adopting a political perspective to shed light on the mechanisms underlying the functioning of the network as a form of governance (with an emphasis on the evolution of both formal and informal network relationships). In particular, drawing on the social movement literature, the paper has intended to provide a precise language and a set of theoretical concepts to be used in explaining the network firm as a political coalition.

To date, efforts made in this direction by the organizational and managerial literature are still scant. In this respect, the works of Mackenzie (2008) and Whitford and Zirpoli (2009) can be viewed as an important point of departure to ground up a substantially unexplored but valuable research area within the broader field of network theory.

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