



Analyzing relational sources of power at the interorganizational communication system



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ABSTRACT

Based on the critical theory of communication, managing stakeholder relations is significant to achieve more democratic decisions that reconcile diverse interests of various stakeholders. However, power inequalities among stakeholders might inhibit to achieve finely balanced decisions. More interestingly, these inequalities might emerge from the nature of communication among organizations. Conceptualizing interorganizational relations (IORs) as the relations of an organization with its stakeholders, the current study attempts to analyze the relational sources of power. Following a graph theoretical methodology, the frequency of interaction and trust were analyzed as the relational sources of power on a sample of 76 logistics firms. The findings of the study reveal that an organization's frequency of interaction and level of trustworthiness affect its power over other organizations.

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Introduction

Organizations are the key elements of our modern societies through functioning in various fields of human life. Perrow indicated (1991) that the organizations as we know today have appeared since the beginning of the 20th century and become the main phenomenon of our age. According to the author, now in today's world where the organizations are principal actors, the politics, social class, finance, technology, religion, family, and even the social psychology become the dependent variables. From this sociological perspective, an organization can be defined as a social system, which focuses for the purpose of reaching a relatively specific goal that contributes to a principal function of an extensive system – usually society (Parsons, 1956, p. 63).

Based on the question of whether the organizational theory should focus on inner dynamics of an organization or its interactions with the environment, Jaffee (2001) distinguishes two level of analysis. The first one, intraorganizational level, includes all factors concerning with the internal environment of an organization. At this level, organization is conceptualized as a closed system. However, today most managers recognize that an organization can make sense and function for a long time, as far as it maintains its relations with its external environment – which is the second level of analysis, the interorganizational level (Jaffee, 2001). An organization is an 'incomplete social system dependent on interchanges with its environment' and must simply obtain all inputs from outside while providing all outputs again to outside (Aldrich & Marsden, 1988).

The interest of scholars to interorganizational level can be traced back to the 1960s. In their early study, Litwak and Hylton (1962) clearly distinguish the intraorganization and interorganizational levels and develop an approach concerning the conditions on which the interorganizational coordination depends. Henceforth, organizations tend to be conceptualized as entities that should align their goals consistent with environmental changes so as to interrelate with their environment on a desired level (Thompson & McEwen, 1958, p. 23). This view of organizations has been commonly accepted since the 1960s; while the importance of other organizations in the external environment become more apparent (Hall, Clark, Giordano, Johnson, & Rockel, 1977, p. 457; Laumann, Galaskiewicz, & Marsden, 1978), organizations are usually conceptualized as 'open' systems (Katz & Kahn, 1966; Thompson, 1967).

The interaction of organizations with other organizations has been frequently studied since the 1970s. Today, interorganizational relations (IORs) become one of the significant fields of organizational theory and contribute a lot to our current understanding on organizations. However, depending on the difficulties of collecting data at this level, theoretical approaches in this field of study are not sufficiently backed up with empirical research and there is an increasing need for new studies to provide managerial insights on IORs. The purpose of current study is to analyze interorganizational communication in terms of power inequalities among various stakeholders. The study attempts to investigate the relational sources of power in the nexus of an actor's overall frequency of interaction and trustworthiness within an organization set with considering the power inequalities among stakeholders as an obstacle to achieve Deetz's "fully developed stakeholder model". In order to analyze the propositions of study, data was collected

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on a sample of 76 companies, which are operating in logistics sector in Turkey. The collected data was analyzed with using a framework drawing from graph theory and centralities of each organizational stakeholder was used to capture how organizations relate with each other in the organization set.

Interorganizational relations in the organization set

According to Zeitz (1980), if possible, organizations do not prefer to interact with other organizations since these relations might restrict their operations in the future. However, organizations need to contact with each other in order to decrease the level of uncertainty and minimize the impact of threats in their external environment. From a network perspective on business strategy, the context of an organization includes continuous interaction with other parties and 'endows the organization with a meaning and a role' (Hakansson & Snehota, 1989, p. 267). Therefore, IORs can be critical to survive in a strictly competitive environment.

According to Bachmann and Van Witteloostuijn (2006, p. 4), IORs are "formal arrangements that bring together assets (of whatever kind, tangible and intangible) of two or more legally independent organizations with the aim to produce joint value added (of whatever kind, tangible or intangible)". However, this definition narrows down the concept of IORs and assumes that it consists of only the collaborative relationships. An IOR can be also defined as "the relatively enduring transactions, flows, and linkages that occur among or between an organization and one or more organizations in its environment" (Oliver, 1990, p. 241). In order to analyze this wide range of relations, IORs can be classified into four groups as dyadic connections between two organizations, organization sets, action sets, and networks (Whetten, 1981). Following the study of Evan (1966), the second type of IORs, organization sets, can be defined as a set that includes all the interorganizational connections of a focal organization in its environment (Whetten, 1981). Drawing from the Merton's concept of role-set, this unit of analysis allows explaining various issues in the organizational context, such as identifying the internal environment of an organization, analyzing how an organization coordinates and competes with others in the external environment (Evan, 1965, p. 220) or defining 'the salient context at work for a given organization' (Scott, 2004, p. 8) etc.

The concept of organization set is closely overlapping with Rowley's (1997) stakeholder set, which tries to capture all interactions of a focal organization with its stakeholders. In a stakeholder set, a focal organization can be "more than simply the central point of its own stakeholders: it is also a stakeholder of many other focal points in its relevant social system" (Rowley, 1997, p. 892). Considering the complexity of stakeholder management problems in modern organizations, the current study follows this useful conceptualization of Rowley (1997) and assumes that all stakeholders in an organization set are the focal organization of their own sets, but eventually, they are embedded into an upper social system. This twofold perspective, which takes into account the centrality of each stakeholder in their own set and treat them as part of a supra-system, can help to figure out the complexity of interorganizational communication system.

Analyzing interorganizational relations as a communication system

As a rational and goal-directed human behavior, communication can be defined as "the process by which information is exchanged and understood by two or more people" (Daft, 2003, p. 581). In a broader sense, the term means "the relational process of creating and interpreting messages that elicit a response" (Griffin, 2009, p.6). At the interorganizational level, the concept is

treated as 'variable' that affects the nature of relationship (Czepiel, 1975) and coordination among parties (Williamson, 1976) or helps to understand each actor's considerations (Van de Ven & Walker, 1984). Interorganizational communication is a process through which an organization sends a message across a channel to another organization in a network (Kapucu, 2006, p.209). It usually covers "the formal as well as informal sharing of meaningful and timely information" (Anderson & Narus, 1984, p. 55, 1990, p. 44) and might help organizations to learn and adopt strategic advantages in their operations (Paulraj, Lado, & Chen, 2008).

Despite the increasing importance of communication among organizations, communication theories mainly focus on the concept at the interpersonal level (Griffin, 2009). The approaches, which analyze communication at the organizational level [such as cultural approach (Pacanowsky & O'Donnell-Trujillo, 1982; Pacanowsky & O'Donnell-Trujillo, 1983), information systems approach (Bantza, 1989; Weick, 1989), or the approaches derived from socio-psychological tradition (Hitt, Miller, & Collela, 2009; Robbins, Judge, & Campbell, 2010)], are usually interested in the inner dynamics of organizational life, rather than interorganizational context. Despite all these useful attempts to understand the various dimensions of organizational communication; most communication theories and approaches short fall when articulating the interaction among organizations – with one exception. Deetz's critical theory of communication in organizations partly fills this void by analyzing organizational communication with considering the interaction of an organization with its stakeholders.

According to Deetz (1992, 1995a), due to their increasing power, the management and decision making processes in business organizations should be carefully examined.¹ Comparing his communication approach with information approach (Griffin, 2009). Deetz (1995b) proposes four ways of decision making in organizations – strategy, consent, involvement, and participation. Among these four ways, the author suggests the strength of 'meaningful democratic participation' to transform business organizations and their communication. Participation can allow all stakeholders to represent and negotiate their conflicting interests in the corporate decision making process (Deetz, 1995b). Therefore, "in a fully developed stakeholder model, management's function would need to become the coordination of the conflicting interests of stakeholders rather than the managing or controlling of them" (Deetz, 2006, p. 273).

Despite its obvious benefits, "stakeholder collaboration remains fairly underdeveloped and often ineffective" in the real world (Deetz, 2006, p. 267) due to the limited stakeholder inclusion by management team and the lack of serious attention to models of communication in decision making (Deetz, 2006). However, the problem might be more complex than it seems. Although Deetz' perspective shows the importance of democratic participation, fairness, equality, diversity, and cooperation with "reserving a seat at the decision-making table for every class of stakeholder", his approach neglects "the problematic nature of stakeholder negotiations...and incredible difficulty of getting all parties to sit at the table as equals" (Griffin, 2009, p.273). In fact, while emphasizing 'stakeholder collaboration' as a significant alternative to involve social values into the organizational decision making process, the

¹ In parallel to the increasing power of business community during the last decades, Deetz (1992, p. 17) criticize how business organizations have become "the primary institution in modern society, overshadowing the state in controlling and directing of individual lives and influencing collective social development" and call this process as colonizing activity – based on Habermas's (1987) 'colonization of the life-world'. According to the author, "both economic and political changes necessitate rethinking the practices of management and decision making in major corporations" (Deetz, 1995a, p. 278). The author has tried to figure out how 'linguistic turn' is important to understand the organizations (Deetz, 1996) and explained his ontological stands with presenting a communication approach that mainly views language as the medium in the construction of social reality (Deetz, 1992, p. 129).

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