When in Rome, be(come) a Roman? An actor focus on identities in networks

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A B S T R A C T

Although the actor category in the Actor–Resource–Activity (ARA) model is less developed than its resource and activity dimensions, both activity links and resource ties ultimately depend on this category. The actor dimension is also central for identity research, but the fact that the actor is often conflated with activities may confuse our understanding of business interactions. The present study builds on the 'organizational identities in networks' approach, which offers an explicit actor focus. The study uses a longitudinal narrative case study that focuses on the development of a subsidiary in a multinational corporation to illustrate the complementarities between this approach and the traditional view of identity industrial networks. The paper contributes with a conceptual framework that emphasizes actor feature–activity links and the interplay between a focal firm's identity control and influences from other actors.

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"*Being Norwegian in Chile is an impossible policy; in Chile we must be Chilean*"
  [Salmon Group CEO (Verdensmagasinet X, 2007 www.xmag.no/id/130.0).]

1. Introduction

When St. Augustine arrived in Milan in AD 387, he observed that the Church did not fast on Saturday, as it did in Rome. He consulted St. Ambrose, Bishop of Milan, who replied: "*When I am at Rome, I fast on a Saturday; when I am at Milan, I do not. Follow the custom of the Church where you are.*"[1]

There is a notable similarity between this classical saying and the introductory quote: external factors influence actors, whether the actor is an individual in Milan or a firm in Chile. There is also an interesting difference; whereas the focus of the classical saying is on the *activities* of St Augustine, the CEO's concern relates to the *actor* level. It is a fundamental question of 'being'.

The dimensions of actors and activities are also foundational in the ARA model (Håkansson & Snehota, 1995), together with the emphasis on resources. However, most of the studies in the industrial network tradition have only addressed actors indirectly (Håkansson et al., 2009). Actor bonds are usually portrayed in an overly generic manner (Axelsson, 2011), which makes this dimension less developed than ideas on resources and activities. However, actors are central since, through their subjective sensemaking, they interpret the other two

dimensions (cf. Abrahamsen, Henneberg, & Naudé, 2012). Although it can be challenging to differentiate between an actor and what it does (Håkansson et al., 2009), this is the aim of the present exploratory study. As Ford (2011) suggested, the identity and characteristics of the business actor in an interacted business landscape are important conceptual issues that require further development.

The current study follows the 'organizational identities in networks' approach (Huemer, Håkansson, & Prenkert, 2009),[2] which builds on two basic assumptions. Firstly, an actor can and must have a certain control over its own identity development. The 'organizational identities in networks' approach acknowledges the traditional 'outside–in' view of identity in industrial network reasoning, where influence from the surrounding network is central. However, a focal firm is given more leverage with respect to its own identity development than indicated by the classical industrial network approach. This is in line with the argument that the process of 'inside' (self) identity construction is an element of industrial network structuring that merits greater investigation (Ellis, Rod, Beal, & Lindsay, 2012). Therefore, the first assumption concerns identity processes in terms of a focal firm's identity control vs. external influence from others.

Secondly, an organization's identity development is subject to interplay between the features of a focal actor and the actor features of others. The focus on actor features is central for this study. Contemporary research, both within and beyond the industrial network tradition, has made an insufficient distinction between what organizations do and the theories of 'who we are' (cf. Corley et al., 2006; Albert & Whetten, 1985). Organizational identities are often equated with activities, which downplays the importance of actor features and confuses our

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[2] It is acknowledged within this approach that the actor layer in the ARA model refers to different levels, such as individuals and organizations.

view of stability and change, both within actors and in business relationships. It is questionable whether activities are illustrative proxies of actor features; if asking 'what are we doing?' necessarily provides the same understanding as asking 'who are we?'

The objective of this study is to illustrate how the 'organizational identities in networks' approach differs from and complements the mainstream identity view of industrial network scholars. The research questions in this exploratory study relate to the two assumptions stressed above: (1) How does an explicit distinction between actor features and activities shape our understanding of business interactions? (2) How does such a distinction impact our understanding of identity processes with respect to a focal actor's control ambitions vis-à-vis external influence from other actors?

The empirical setting for the study is formed by narratives related to the development of a subsidiary in a young multinational group. The paper is structured as follows. A review of identity perspectives is followed by a presentation of the research design and methods, and then the case itself. The discussion offers a conceptual framework of the 'organizational identities in networks' approach. This framework includes a distinction between essential and conditional actor features, regards consistencies and inconsistencies between actor features and activities, and illustrates how external influence can reinforce or diminish these identity layers. The Conclusion section outlines the implications of the framework.

2. Perspectives on identity

The notion of 'organizational identities in networks' (Huemer et al., 2009) is a synthesis of the inside–out view, which portrays firms as being in control of their identity development, and the traditional outside–in industrial network explanation, whereby organizational identities are strongly influenced by others. The approach explicitly acknowledges the network paradoxes that Håkansson and Ford (2002) stressed while promoting a balanced view of internal control ambitions and external influence with respect to identity processes. Thus, identity development builds on how a focal actor's features and its successful control interplay with the actor features of others and their successful influence.

Recent work in line with this reasoning has noted that while some managers may express an outside view in their discursive construction of a host of other network actors, they also attempt to control their own identity development (Ellis et al. (2012). Similarly, Öberg et al. (2011) highlighted that identities are shaped in interaction with business partners, and showed how connections with other companies influence the ways in which a company is perceived, both by others and by itself. Ellis and Ybema (2010, p. 279) further pointed out that managers in interorganizational relationships "discursively mark self/other boundaries that varyingly position themselves, and their colleagues, competitors, customers and suppliers." Managers can be seen as 'boundary bricoleurs' who discursively mark different self/other boundaries that varyingly position themselves and others as 'inside' or 'outside' the organization or the relationship. Lowe and Hwang's (2012) interactive narration of identities explored how identities are formed within business networks through narrative episodes in interconnecting relationships over time.

The 'organizational identities in networks' approach differs from a non-interactive viewpoint, in which actors tend to be portrayed as self-contained entities that autonomously act and determine the outcomes of their own actions. From a non-interactive view, the identity of an organization can be controlled, and changed if necessary, from within that entity. In this respect, organizations are in control of what they are.

In the traditional IMP perspective, the starting point is not the actor itself, but those with which the actor interacts. An actor acquires an identity while interacting with others. An interactive view of the actor infers that each actor exists as an entity with a different identity in each specific interaction context. The identity and attributes of an actor are the outcome of the way in which it is viewed by each of its counterparts (Håkansson et al., 2009). Following this reasoning, the expression 'network identity' captures the perceived attractiveness (or repulsiveness) of a firm as an exchange partner, due to its unique set of connected relations with other firms, links to their activities, and ties with their resources (Anderson, Håkansson, & Johanson, 1994, p. 4). Gadde and Håkansson (2001) argued that the identity of a firm is determined by its position in the structure of actors, resources and activities in the network, and it sets the conditions under which actors are perceived as valuable counterparts. Consequently, Gadde, Huemer, and Håkansson (2003) suggested that a network view transforms the definition of an actor from an inside perspective (the actor) to an outside view (the network), with actors being defined in terms of the resources they have been able to mobilize and the activities in which they are involved.

Whereas the 'organizational identities in networks' view acknowledges the network paradoxes of control and influence, it has left the distinction between actor features and activities largely unattended. The following subsection relates these two dimensions to the identity construct.

2.1. Identity as activity

Industrial network researchers share their focus on activities with many other streams of research. For instance, La Rocca (2011) suggested that in order to explain the formation of a business relationship, it is necessary to investigate the interaction processes and, in particular, the interactive behaviors of the actors. Such a focus on behaviors and activities is in line with other streams of research; strategic management scholars have focused on the creation of sustainable competitive advantage by emphasizing activities (e.g., Porter, 1985; Stabell & Fjeldstad, 1998). Likewise, work in strategy as practice is concerned with 'the doing' of strategy; strategizing activities that are linked to wider societal practices (e.g., Jarzabkowski & Spee, 2009).

Consequently, firms have been portrayed as behavioral entities that co-evolve with the environments in which they are embedded (Coriat & Dosi, 1998). The activities of firms are core, even when identity is an explicit theme, as in Kogut and Zander's (1996: p. 516) contribution to the theory of what firms are *in terms of what they do*. This leads to the identity question being reformulated from 'who are we?'(Albert & Whetten, 1985) to 'what are we doing?' (Carlsen, 2006). While the present study does not disregard the importance of activities for the understanding or organizational identities, activities alone only provide a partial understanding.

2.2. Identity as actor features

An analysis of the 'Tit for Tat' strategy, as proposed by Anatol Rapoport and presented in Axelrod (1984), provides for a conceptual illustration of the claim that an explicit actor focus is justified with regard to identity research. Tit for Tat builds on the idea that, in a long-term game situation, we respond in accordance to the other actor's actions. If the other actor cooperates, defects, or returns to a cooperative mood, we change our own behavior accordingly. Based on the assumption that identity is about activities, a transforming and non-stable Tit for Tat identity appears, changing between cooperative and non-cooperative actions (see Fig. 1).

However, this reasoning does not address the *features* of a Tit for Tat actor. It is noteworthy that Axelrod (1984) also claimed that the Tit for Tat actor's 'being' was central to its robust success; namely, being nice, retaliatory, forgiving, and clear.

According to Fig. 1, the central and distinctive – and in this situation also enduring (cf. Albert & Whetten, 1985) – features of the Tit for Tat actor are an interesting combination of *intolerance* (not one single uncooperative action is accepted) with persistent and immediate