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Business network commons and their fragilities: Emerging configurations of local organizational fields

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ABSTRACT

This study introduces the concept of business network commons as valuable, fragile resources that are available for partnering firms' collective use but that also require users' engagement and collaboration to be protected and/or (re)generated. Building on the theory of commons and the literature on self-organizing networks and organizational fields, this study identifies organizational variables that shape the network's local organizational field and play a relevant role in protecting and developing business network commons. These variables are participatory architecture, organizational integration, and the presence of specific mechanisms for opportunism prevention and resolution. The fsQCA analysis suggests that specific combinations of these three organizational variables at network level enable high firm performance through the development and protection of business network commons. The boundary conditions under which different network-level organizational configurations can equifinally lead to high firm-level performance depend on the different possible levels of fragility of the business network commons at stake.

1. Introduction

A dramatic increase in the role of business networking (Clegg, Josserand, Mehra, & Pitsis, 2016) has been witnessed in recent decades. Network forms of organizing (Gulati, Puranam, & Tushman, 2012) can be effective in enabling the collaborative development of resources that are crucial to partnering firms' competitive advantage (Lavie, 2006), operational efficiency (Williamson, 1985), legitimacy (Scott, 1995), power (Pfeffer & Salancik, 2003), and/or resilience (Kayes, 2015).

In many cases, the resources that are or are expected to stem from network-level interactions and relationships are network-level common resources that cannot be (re)generated and protected unless the users (i.e., the partnering firms) behave fairly. For example, a value chain network may develop valuable commercial opportunities that a single partnering organization could not have developed in isolation. However, if the most powerful network partners appropriate most of these opportunities at the expense of the weakest partners, the latter are likely to cease collaborating with the former, causing the network to soon lose its opportunity-generating potential.

The synthetic example above can be conceptualized as a typical tragedy of the commons (Hardin, 1968): the destruction of a common good due to users' opportunistic short-termism. In effect, network organizations tend to enable the development of resources in the form of commons (Dietz, Ostrom, & Stern, 2003; Ostrom, 1990; Plummer &

Armitage, 2007). Therefore, we define business network commons as resources that are available for the partnering firms' collective use but that also require the partnering firms' collective engagement and collaboration to be acknowledged, protected, and/or (re)generated (Cantino, Devalle, Cortese, Ricciardi, & Longo, 2017).

Examples of business network commons include a co-owned department for conducting common research and development (R&D) activities, a shared web-based information repository, or an inter-organizational informal working group serving as a niche for exploring new business opportunities.

If examined through the lens of the literature on the commons, the business network commons, due to their collective nature, are clearly vulnerable to free-riding, lethargy, disorganization, sabotage, and/or ignorance of the wider picture. Therefore, the concept of commons fragility provides sound explanations of many network organizations' failures while encouraging specific studies to understand how these network-level tragedies of the commons could be prevented. Thus, the literature on the commons can be leveraged to elucidate the importance of institutional work, community boundaries, and self-organizing capabilities. This finding could reduce the risks that a community's capability to (re)generate its common resources is irreversibly lost (Dietz et al., 2003; Ostrom, 1990; Plummer & Armitage, 2007).

Thus, network organizations can be viewed as communities that must protect and develop their own critical commons to survive and

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thrive. This view of networks as commons-enabling institutions is emerging as increasingly relevant in organization and management studies (Fjeldstad, Snow, Raymond, & Lettl, 2012). This view also implies an important research question: Which are the organizational solutions and designs that best allow network organizations to protect and develop their network's key common resources, despite these resources' intrinsic fragilities? Thus far, this question has remained under-investigated perhaps because the concept of commons fragility has been developed in other disciplinary contexts (mainly political science and behavioral economics), and the cross-fertilization with organization and management studies in relation to the theory of the commons remains in its infancy (Etzion, Gehman, Ferraro, & Avidan, 2017; Hess, 2008).

Our study contributes to this emerging cross-fertilization by introducing the concept of business network commons and by investigating the network-level organizational configurations that enable firm success through the development and protection of business network commons within the network's local organizational field.

Since the construction of system resilience is strongly based on institutional work, this study uses the network's local organizational field (Owen-Smith & Powell, 2004) as the key level of analysis for investigating how business networking can enhance firm performance through the development and protection of business network commons. A business network, by definition, enacts and is enacted by a specific organizational field including the relations within the business network's boundaries. The rich literature on organizational fields has thus far primarily focused on legitimation and/or power as field dynamics' main outcomes (Wooten & Hoffman, 2008). To the best of the authors' knowledge, this study is the first investigating the link between network-level organizational configuration and firm performance through the network-generated local field's protection and development of business network commons.

Specifically, we leverage the results of the literature on the commons to identify three organizational variables that are expected to influence the network's capability to protect and develop its own business network commons. These organizational variables are: (1) a strongly participatory architecture of the business network's organizational field, enabling field actors' sustained engagement in shared sense-making, arrangement-making, and problem-solving; (2) an effective organizational integration at the network level; and (3) a significant presence of organizational mechanisms for opportunism prevention and resolution at the network level. These three variables result in eight possible combinations (configurations) of the business network's local organizational field. By leveraging the extant findings of the literature, this study argues that four of these eight combinations can lead to high firm performance. Two specific possible fragilities of the network commons at stake provide the boundary conditions that predict which of the four field configurations is necessary and sufficient to enhance firm performance in each specific case; according to this model, the less fragile the network commons at stake, the less complex the field configuration needs to be.

Conducting a fuzzy-set qualitative comparative analysis (fsQCA) on 202 firms engaged in business networking confirmed that organizational fields' architectural configurations, as based on the appropriate combinations of the aforementioned three organizational variables and two commons-related boundary conditions, led to high firm performance.

In addition to contributing to the literature on business networks and inter-organizational relations, this study provides an original contribution to organizational theories by highlighting the explanatory power of the commons approach in the analysis of the relationship between the network's organizational configuration and firm performance. The article's presented model and results open interesting research paths on the configurational analysis of success factors at the level of the local organizational field, not only in business networks but also in hybrid community-organizations, public-private, and profit-

nonprofit networks.

2. Background and theory development

2.1. Organizational field dynamics and business network commons: An emerging link

Building upon Wooten and Hoffman (2008), this study defines an organizational field as a relational space with distinguishable boundaries and whose actors engage in similar or overlapping activity systems, thus positioning actors to influence and/or be influenced by institutions of common interest through social sense-making processes. Social scientists typically utilize the label “institutions” to indicate those socially constructed structures, such as values, norms, sanctions, roles, hierarchies, procedures, expectations, or beliefs, providing social behavior with stability and collective meaning (DiMaggio & Powell, 1991; Scott, 1995).

The organizational field plays a pivotal role in the intersection of micro (individual) and macro (regional or global) institutional dynamic levels (Borum, 2004; Corbo, Corrado, & Ferriani, 2015; Wooten & Hoffman, 2008). Therefore, the organizational field concept provides a powerful lens for understanding network organizations, including business networks. In fact, a business network enacts (and is enacted by) a local organizational field where actors interact (also) to create, maintain, undermine, change, and/or comply with the common institutions perceived by the actors as relevant to their activities. Field-level institutional dynamics result in changing (or inertia in) endogenous institutions (such as network agreements) and/or exogenous institutions (such as national standards, e.g., through lobbying activities). Therefore, this study focuses on business networks' organizational fields as the key locales where institutions coevolve with the actors' relationships, capabilities, technologies, and business models. For example, a business network's partners could sign a network agreement stating the network's common purposes, conflict resolution structures, and membership requirements. Network members are then able to build upon this agreement to construct a shared identity and collectively make sense of, and react to, emerging problems, threats, and/or opportunities.

Commons studies, which are mainly rooted in politics and ecosystem disciplines, identify system-level institutions as key factors for achieving social-ecological system resilience (Dietz et al., 2003; Kayes, 2015; Plummer & Armitage, 2007). Adaptive institutional solutions and arrangements can lead the community to sustainable prosperity, while poor institutional work that fails to develop and protect the commons will likely lead the system to decline or collapse.

This commons-centered approach to complex systems' resilience is consistent with certain recent important organization literature developments. Dougherty and Dunne (2011) view network organizations as the best possible answer to growing needs to develop social ecosystems that enable and support complex innovation processes. The authors propose that (a) local actor-to-actor collaboration for orchestrating knowledge and (b) developing ambiguity-embracing policies are the key factors for building successful ecologies with continually emerging opportunities and innovations.

Fjeldstad et al. (2012) analyzed the emergent, network-based organizational designs that appear particularly successful in addressing the difficult challenges of today's complex, fast-paced business scenarios. The researchers found that successful network organizations tend to be based on three main elements: (a) competent actors with the capabilities and values to self-organize; (b) protocols, processes, and infrastructures enabling multi-actor collaboration; and (c) commons (here understood as “common social and/or technological environments”) where actors accumulate and share common resources.

Lusch and Nambisan (2015) developed a similar model explaining successful service innovation. In their article, the researchers claimed that successful inter-organizational service systems are based on (a)

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