

Towards a better understanding of working and being in ‘new forms of organizing’: An empirical case of a ‘network organization’

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Abstract

In recent past the concept of the ‘network’ or ‘network organization’ has emerged as one of the most prominent concepts for thinking, understanding and conceptualizing the coordination of ‘productive activities’. In the literature on network organizations, ‘trust’ is commonly understood to be the main control mechanism of this organizational form. While the concept of trust has helped to differentiate network organizations from other organizational forms (such as bureaucracy or market), this concept is less suitable for exploring how everyday activities in network organizations are governed and for understanding what working and being in a network organization means to and for its members. Given the explicit focus of practice-based perspectives on everyday and doings sayings, this study starts from Schatzki’s (e.g. 2008) practice-based theory to better understand how such organizations and their members are produced. The focus lies on the more indirect control that can be traced through the practices

and subject positions in such organizations. An ethnographic participant observation and in-depth semi-structured interviews were conducted in a company which describes itself internally and externally as network organization. The analysis of the case questions the importance of the role of trust as main control mechanism and provides insights into the subject positions available and the structuring of activities in this specific organization. It thus promises insights into the ways in which subjects in such organizations are produced, led and managed through the practices in which they participate.

Introduction

Castells (1996) argues that “Networks are the fundamental stuff of which new organizations are and will be made”. One may or may not agree with the tremendous importance Castells ascribes to networks. However, networks do play a major role in contemporary civil society and the economic system (see also e.g. Powell, 2001; Tilly, 2001; Kornberger and Gudergan, 2006). The body of research on social networks has grown extensively in the last three decades (e.g. Kilduff and Brass 2010; Carpenter et al. 2012). ‘Network’ as a concept is used in many different ways in diverse research contexts and disciplines. In this article the term ‘network’ is used in the context of ‘network organizations’. A ‘network organization’ is understood as a specific form of organization, coordinated in a network-like fashion, rather than in a bureaucratic or market-like form of organizing.

In the literature on network organizations (and organizational networks), networks are usually the explanandum (see also Carpenter et al., 2012) and conceptualized as the answer to certain demands, especially current environmental demands (e.g. Miles and Snow, 1992; Sydow and Windeler, 1998; Starkey et al., 2000; Sydow 2003; see also Dijksterhuis et al., 1999), such as the often mentioned need for greater flexibility. Thus, in contemporary management discourse ‘network organizations’ are often advocated as the most efficient managerial solution for coordinating productive activities (Boltanski & Chiapello 2005).

In this literature ‘trust’ defined as a “type of expectation that alleviates the fear that one’s exchange partner will act opportunistically” (Gambetta, 1988, p. 217 cited in Bradach and Eccles, 1993, p. 282) is seen as coordinating mechanism specific to this type of organization. Contrary to this assertion, this paper argues that the prime focus on trust it is ill-suited for understanding the coordination of everyday activities in ‘network organizations’. This is not only because 1) trust as a concept is too broad and elusive and thus less suitable for empirical

investigations but also because 2) trust has strong positive connotations which prematurely forecloses less favorable features of the coordination of productive activities. Besides these arguments, we lack empirical support on the role trust presumably plays according to the overall tenor in the literature on network organizations. There is little in-depths studies on the coordination of activities in network organizations.

This study is grounded in an empirical case of an organization which describes itself internally and externally as ‘network organization’, but bears little marks of trust as a prime coordinating mechanism. Quite contrary to the idealized organizational setting one expects to find when assuming that action is guided by trust, the empirical case did not predominantly involve actors basing their actions on mutual trust. It rather appears that trust belongs to the ‘grammar’ of the ‘projects-oriented justificatory regime’ (Boltanski and Chiapello, 2005) than being *the* mechanism that governs behavior in network organizations in praxis. Governance in network organizations is more indirect and can be better understood from a practice-based perspective, because such a theoretical perspective does not presuppose how such organizations and their members are or function.

Theoretical background

In the literature on networks, practices are actually touched on quite frequently (e.g. Johnston and Lawrence, 1993; Gombault, 2006), usually only marginally, though. Practices such as for example ‘control and coordination practices’ (Rometsch and Sydow, 2006) are regularly described little more than on the surface level. Merely describing practices on a surface-level, is, as Rasche and Chia (2009) point out, not sufficient when attempting to enhance our understanding of some phenomena from a practice-based perspective.

Rather than being a unified theory, practice-based theories constitute a dynamically evolving field in which various scholars have contributed to an understanding of ‘organization as it happens’. This study mainly draws on Schatzki’s well-developed approach to social practices. In Schatzki’s work on social practices, ‘any practice opens a dense field of coexistence embracing its participants’ (2008, p. 186) and thereby automatically establishes orderings among these participants (ibid, p. 195). Thus, participants in a practice are not equal, but rather ‘separated, hierarchized and distributed (ibid. p. 196). Sociality or the hanging-togetherness (Zusammenhang) of social lives opened in a practice is ‘essentially an interrelating of lives within practices’ (Schatzki, 2008, p. 180), and to a large extent ‘organized around a range of

subject positions' (ibid., p. 198). Actions of practices, i.e. doings and sayings pertaining to specific practices are governed by understandings, rules and teleoaffective structures. The *understanding* of a practice linking its respective actions consists of the ability or know how to carry out, identify and prompt or respond to this specific practice (Schatzki, 2008 p. 91). For example, the understanding of explaining prompts a local to explain (respond) the way to a tourist asking (prompt) for directions to a place particularly difficult to find. The actions he performs while explaining the way to the tourist are identifiable as such by the tourist (ability to identify). While understandings mostly organize 'dispersed practices' (practices widely used across different sectors of social life such as explaining, examining, questioning), rules and teleoaffective structures usually link integrative practices ('the more complex practices found in and constitutive of particular domains of life' (ibid. p. 98)) as for example business practices. *Rules* are explicit formulations such as principles, precepts, or instructions that people refer to when carrying out a practice (ibid. p. 100). While rules governing behavior must be explicit, *teleoaffective* structures do not have to be. Teleoaffective structures refer to teleologies (hierarchized ends, purposes, projects, tasks etc.) and affectivities (emotions, moods) expressed by the actions of a practice. While the teleoaffective structure of some practices is rather concerned with teleology (e.g. the aim of business practices to generate monetary value), other teleoaffective structures are rather geared towards affectivities, e.g. rearing practices (ibid.).

Case and Analysis

The case study was carried out in company X, an organization which describes itself both internally and externally as a network organization. Founded in 1996 as a spin-off of a research institute, the fast-growing German-based consulting company today employs more than 2,500 people and achieved an annual turnover of more than a quarter billion in 2013. It provides consulting services in 11 countries, mainly in the automotive, mobile communications and aviation sectors. Company X is divided in several subsidiaries, either by the country in which the respective subsidiary operates, or by the sector to which it provides its consulting services. Within the company, the respective subsidiaries were often said to be more or less X-like, meaning more or less 'network-like'. By network-like, members of this organization usually meant as little formal rules as possible, as little authoritative behavior and hierarchy as possible and an emphasis on flexibility, and individual 'freedom' and 'responsibility'.

The study is based on a participant observation as part-time employee over a period of seven months in one of the subsidiaries of company X. Subsidiary A, in which the participant

observation was conducted, was not considered to be very ‘network-like’ by the members of company X (though possibly still more ‘network-like’ than other companies). This subsidiary cooperated very closely with subsidiary B which was regularly cited as being very ‘network-like’. The two subsidiaries were in the same building, used the same rooms for breaks and work, had the same customers, cooperated in many projects and one of the directors of subsidiary B was also director of subsidiary A. This setting facilitated a comparison of how working and being in a ‘network’ organization should or should not be according to its members. While B was financially successful and had a good reputation in company X, this was not the case for subsidiary A.

During the participant observation, fieldnotes were taken. Additionally, three semi-structured interviews (one with an employee of subsidiary A, two with members of subsidiary B), each lasting between one and two hours were carried out. The interviews were fully transcribed and coded using the software ATLAS.ti.

Striking but rather unsurprising about the way work was organized in company X was the explicit avoidance of *formal rules and regulations*. In company X, rules were associated with bureaucracy (which was perceived as inefficient, useless and rigid) and thus perceived as inept for a network organization. This finding is in line with the widespread assertion that network organizations differ from more bureaucratic organizations by their little use of formal rules (see e.g. Bradach and Eccles, 1993). However, referring to formal rules drawn from the institutional context (e.g. employment protection legislation) was on some occasions not only seen as inept, but even taken as assault by some of the organizational members. For example, when student assistants working at company X addressed their right to holiday entitlement, some of the organizational members felt that this claim was very “ingrate”, because, from their point of view, student assistants at company X already had so many benefits (e.g. good wages, flexible working hours, social events, etc.). According to one of the interviewees, some Xlers took such claims personal and reacted quite defensive (i.e. asked student assistants to refrain from making such claims or leave the company). Other occurrences at company X also made clear that referring to formal rules and regulations was only acceptable when a third party involved demanded certain formal procedures. Otherwise formal rules could not be referred to – referring to rules was simply not an option for a competent Xler.

In company X it was understood that a competent Xler does not need formal rules (e.g. employment protection legislation) to take care of him-/herself. A competent Xler is self-reliant. A successful, self-employed entrepreneur enthusiastic about working at company X. Becoming

such a successful Xler was the main *telos*, the main aim, of working at company X¹ and largely structured the practices participants' actions. Besides leading to an avoidance of formal rules and regulations, this *telos* structured work activities in various ways: How work was accomplished was irrelevant, what counted were results; Xlers were responsible for their career; A call for leadership/guidance was considered inept. Generally speaking, Xlers were assumed to be responsible for their own (private and professional) fate for they had the privilege to make use of the 'freedom' provided by the 'playground' (*Spielwiese*) that company X offered – provided that they acted 'as if it [company X] was their company'. This emphasis on freedom and self-responsibility exemplifies what Weiskopf and Loacker (2006) termed technology of *responsibilisation*. As one of the technologies of modulation which produce "the flexible and governable subject demanded by the post-disciplinary regime" (ibid., p. 14), *responsibilisation* "creates individual units that are responsible for carrying out a task and reaching predefined goals" (ibid., p.15). While some Xlers did see this freedom to control one's self (in a predefined way) as privilege, most were aware that 'this isn't something for everybody'. Others stated that they felt left alone and would appreciate some guidance or somebody who 'cares'.

However, taking pride in being a self-reliant and successful Xler was the appropriate *affectivity* to be espoused in company X. Thus, Xler were (supposed to be) constantly in a good temper (as they were seen as responsible for their fate, being in a bad temper might signal some kind of personal failure). At the beginning of the participant observation was an instance in which I was asked how I was and answered not so well. The consternated face of my interlocutor made me aware that this had been a faux pas. From then on I paid extra attention to espoused affectivities and it became clear that not being in a good temper was only allowed behind closed doors in the 'backstage' regions (Goffmann, 1959) of company X. Here it was allowed to talk about the problems one faced at company X.

Consequently, it was usually 'behind closed doors' where the negative aspects of the *telos* of self-reliance and self-responsibility were discussed. This *telos* was also manifest in subsidiary B, despite the fact that subsidiary B was considered to be less X-like. Here, the ideal of a competent Xler became most problematic and other *affectivities* governing employees actions came to light. Subsidiary B was considered to be less X-like especially because of the autocratic

¹ It seems that this was the case for all subject positions, including subject positions that were actually quite far from this ideal like the student assistants, the 'girls from the marketing department' and the people working at the 'backoffice'.

and paternalistic leadership style of its team leader (called '*Papa*' by employees of the subsidiary). In this context the discourse of being 'free' and the sole person responsible for one's fate had little room for materialization. Rather, employees often felt suppressed and treated unfair. One of the interviewees stated that what structured her everyday activities in this subsidiary was the constant fear of being fired. This fear was shared by others at the subsidiary and from my experience working at this subsidiary, it seemed justified. The affectivity of fear (of being fired) did indeed structure a great deal of everyday activities. Employees in this subsidiary came to work when they were ill, executed projects in ways the team leader judged right but they strongly perceived as wrong, worked long hours and always worried about how to legitimize their work².

Considering the teleoaffective structure of the dispersed working practices in this company, i.e. the telos of being a competent Xler and the affectivities of being in a good temper and of fear (subsidiary B), it is plausible to question the role of trust as coordinating mechanism in this 'network organization'. Indeed, the team leader mentioned above did actually refer to trust when he *talked* about how company X works. However, as became clear from the experience of working at this company, in numerous conversations with the company members and during the semi-structured interviews, trust rather belonged to the 'grammar' of the 'projects-oriented justificatory regime' (Boltanski and Chiapello, 2005) than being *the* mechanism that governs behavior in network organizations in praxis.

Concluding discussion

This paper argues that studies of network organizations would benefit from rethinking the concept of trust as main control mechanism in network organizations and instead focus on the everyday doings and sayings as they happen in such 'new forms of organizing'. The empirical case of an organization which describes itself internally and externally as 'network organization' questions the role of trust as main control mechanism of this organizational form. It rather appears that trust belongs to the 'grammar' of the 'projects-oriented justificatory regime' (Boltanski and Chiapello, 2005) than being *the* mechanism that governs behavior in

² Complaining about the behavior of another Xler at a higher hierarchical level was, however, impossible. Not because there was no higher hierarchical level (as some might expect in network organizations), but because it was –again– simply not an option a competent X-ler would take.

network organizations in praxis. Governance in network organizations is more indirect and can be better understood from a perspective that does not presuppose how such organizations and their members are or function, e.g. Schatzkis's practice-based theory. However, this does not mean that managerial talk about network organizations is unrelated to praxis. Rather, such discourses inform and affect praxis. In many cases, theory creates rather than describes reality (Osborne and Rose, 1999). Practices such as active impression management do not only cast doubt about the role of trust as coordinative mechanism. They seem to facilitate closing or at least coping with the gap between what happens and is and what is (discursively) strived for, including individual and organizational identities such as the network organization.

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