The construction of network identity: a central process in business networking

Andreina Mandelli
SDA Bocconi Milan Italy, andreina.mandelli@sdabocconi.it

Antonella La Rocca
University of Lugano, Lugano Switzerland, antonella.la.rocca@lu.unisi.ch

Laura Illia

University of Lugano, Lugano Switzerland, Laura.illia@lu.unisi.ch

Introduction

This paper proposes a new approach to the study of networks in business markets. The central idea is that network structuring is a matter of social sensemaking, and that a central process for social sensemaking in business networks is the social negotiation of network identity. As Putnam and Cooren (2004) write: "… language, regardless of the discursive form, is critical to the very nature of an organization. … discourse is more than an artifact or a reflection of an organization; rather it forms the foundation for organizing and for developing the notion of organization as an entity."

Our interest in this issue is rooted in recent empirical results of studies on business networks (Faria and Wensley, 2002; Mandelli and La Rocca, 2005) who highlighted the role of negotiated network identities in the structuration of networks. Network members are influenced by and influence the cultural project of the network to which they participate, so that the organizing of the networks emerge in a explainable but not predeterminable way by means of a system of interactions and interpretations.

In this paper we explore the hypothesis that the concept of organizational identity is viable and useful not only for studying firms but also for understanding market networks, starting from the idea that markets are networks and networks are organizations and institutions (Hakansson et al., 2004), within the framework of both the IMP and the neo-institutionalism research tradition (Powell and Di Maggio, 1991), but also a novel understanding on networks produced by the theorizing on network social-sensemaking (Mandelli and Snehota, 2006).

<u>From markets to networks: markets as organizations</u>

"The boom in network research is part of a general shift, beginning in the second half of the 20th century, away from individualist, essentialist and atomistic explanations toward more relational, contextual and systemic understandings." (Borgatti and Foster, 2003, p. 991) This new approach is driven by empirical observations that show how the economic exchanges depart from the pure-market model (Hakansoon et al., 2004).

Networks of connected firms are rapidly replacing traditional markets and vertically integrated companies. As several authors (Powell, 1990; Jarillo, 1993; Sampler and Short, 1998; Achrol and Kotler, 1999, Halinen and Törnroos, 2005) explained, the increased importance of knowledge and information technology has an important role in the network change of organizations.

But how are networks constituted and where do networks come from? According to Kogut, "Networks are rarely formed by design" (2000, p. 413). The reason networks form is "resource dependence" and the need to cooperate for combining resources with business partners (Pfeffer and Salancik, 1978). In Kogut's perspective, networks "… emerge initially in response to the institutional and technological opportunities of an industry or field." (2000, p. 413) Firms start to cooperate, without a central decision to do so, searching for and exploring resource combinations that enable them to address competitive challenges. Next, they evolve and create structure, through the transformation of shared information into common languages. As Kogut explains: "During this process of formation, relationships develop *informational* properties that drive a matching process among firms. However, over time, knowledge that is initially information gradually becomes encoded in persisting structures that influence

subsequent behavior in two distinct ways: as a conduit of information and as the basis of *coordinated actio*n." (Kogut, 2000, p. 413) This perspective assigns a strategic performative role to encoded knowledge and therefore to linguistic domains.

A firm's network can be thought of as the source of non-substitutable value, and as an inimitable resource by itself (Gulati, 1998). Network capabilities, in this view, are the source of strategic heterogeneity and competitive advantage for the individual companies and the network itself. In the socio-economic tradition these capabilities come from network relationships (Granovetter, 1985).

Also the IMP research on networks (Hakansson and Johanson, 1992; Håkansson, and Snehota, 1995; Hakansson and Ford, 2002) assigns a strategic role to network relationships, but it adds a unique flavour to network studies. Networks are seen as structures that "emerge" from the evolution of business relationships (Håkansson, and Snehota, 1995). Economic actors do not "add" networks to "markets". There are no markets without networks. Markets ARE networks.

The IMP (Industrial Marketing and Purchasing) approach has its roots in research (Hakansson, 1982) carried out in the early 1970s at Uppsala University, Department of Business Studies, but today is embraced by scholars across Europe, as well as in other parts of the world. In the IMP approach, networks do not become simply a "third form" of coordination, an alternative to market and hierarchy, as in Ring and Van de Ven (1992). In Hakansson and Johanson (1992) and Håkansson and Snehota (1995) and Snehota (2004), both markets and firms are considered networks of relationships; in these authors' perspectives much of what was traditionally thought to be within the boundaries of the firm is now built in the "between". In Håkansson and Snehota, (1995, p. 17):

Three major economic forces drive the formation of networks. First, the networks make it possible to reach scale effects in a flexible structure. Second, network relationships can foster innovation. Third, network relationships can be used to influence others (Hakansson and Prenker, 2004). Central to this approach to networked markets is also the idea that networks are based on mutual orientation and commitment, since the mutual interdependences of outcomes cannot be controlled unilaterally. This is why the unit of analysis in network research are network relationships and their dynamics.

According to this view, networks evolve through the evolution of their relationships, driven by the interplay of the three relational dimensions. Only a rich historical account of this interplay can explain the heterogeneity of network formation and evolution. The IMP approach also suggests the exploration of the complex dynamics of networks' formation and evolution, considering the subjective dimension of business relationships. Economic actors "see" (construct) market opportunities through the eyes of their relationships, in other words, their networks (Snehota, 2004).

This problem has been discussed in particular within the discussion about the "boundary" of the network: "such boundaries are essentially artificial, so that if we looked at the network from the perspective of a company on that boundary, we would see that it would be well within a different network with different boundaries and so on" (Ford et Al., 2003). To explain this perspective the authors have proposed the concept of "network pictures" that refers to the views of the network held by participants in that network. The concept of the network pictures poses a problem; the network pictures are individual and subjective: "There is no single, objective network and different companies

and the individuals within them each have a different picture of the extent, content and characteristics of the network…" (Ford et al., 2003, p. 175)

If the issue of network formation can be addressed by studying the need for accessing, exploiting, combining and co-creating resources, it seems that the issue of network heterogeneity can be also addressed by studying the network socio-cognitive structuring, that is the idea that networks form out of different views of reality and the social negotiation of these visions.

Håkansson and Snehota (1995) — citing Weick (1969) — highlight that "activity structures emerge spontaneously, in the sense that various actors develop their own activities in reaction to how counterparts are performing theirs. Activity structures thus emerge over time as one's activities become modified, adapted and related to those of others. The emergent pattern is then somehow rationalized; given a meaning that keeps the activity structure together." (Håkansson and Snehota, 1995, p. 53) This introduces the need to deal with the socio-cognitive nature of network structuring and the constitutive role of social sense-making.

Recent observations support this socio-cognitive approach to market networks. Faria and Wensley (2002), studying the international auto industry "discovered the central importance of power, politics, and negotiations in the disputes not only of real but also of symbolic resources at the interfirm level" (p. 603). Studying supply networks in heritage tourism Mandelli and La Rocca (2005) found that a central process in the formation and differentiation of specific and competitive networks was the cultural project that informed each network; this project, originally built around the value priorities and major goals of the network leaders, emerged in a never-ending social construction of the identity of the different networks that emerged from the interaction among network members. The authors arrived to the conclusion that a research agenda on network "structuring" should include the discoursive construction of network identity as a central process in network formation and evolution. In another study.

Network culture and linguistic domains

The role of culture and cognitive representations in network organization is recognized as critical in the European business marketing tradition (Håkansson and Snehota, 1995; Cova et al., 1996; Skaates, 2000) but these socio-cognitive variables and processes have been under-researched (Skaates, 2000). To deal with these variables, researchers usually refer to (see Skaates, 2000 for a complete review) the notion of "field" developed by Pierre Bourdieu (1983) in sociology, and the new institutionalism (e.g. DiMaggio and Powell, 1983; Scott, 1995), but also to the concept of "milieau" (Cova et al., 1996).

A common meaning system and a group of actors who interact frequently and fatefully with one another characterize the "field". It is supported by a set of social institutions, individuals, and discourses of interpretation (Skaates, 2000). So the field is the symbolic "territory" within which the network can be formed. It also evolves along with the network and the complex dialectics of the different actors, since "… on a more long-term perspective, actors struggle to change the consensus about what is viewed as desirable, i.e. the rules of the "playground or social setting" to their own advantage" (Skaates, 2000).

Cova, Mazet and Salle (1996) have developed a similar concept: the milieau. They define the milieau as a "socio-spatial configuration that can be characterized by four elements":

- a territory;
- a network of heterogeneous actors related to each other within this territory;
- a representation constructed and shared by these actors;
- a set of rules and norms ("the law of the milieau") regulating the interactions between these actors.

Both the field and the milieau concepts define the socio-cognitive structuring mechanisms of the networks. The difference between the two concepts is mainly related to the fact that the milieau assumes "a collective linkage to a (local or regional) territory as well as less focus upon long-term struggles to change actors' consensus about the desirable representation".

The cultural perspective has become increasingly important also in the study of industrial districts, considering that research has shown that the networks' identity is crucial to understanding the local networks' formation and evolution (Rullani, 1997; Samarra and Biggiero, 2001). "Every local system is unique" writes Rullani. But all local systems have "…a common 'multiplying engine' which explains their economic vitality and enables many individual or entrepreneurial localisations to exist as a system which owns a differential identity. … this 'engine' is the cognitive system expressed and organised by the territory or, rather, by the local economy and society. Space, economy and society are closely wedded, thanks to the many links, flows, and interdependencies created and required to organize the circuit of knowledge" (Rullani, 2002).

What is clear, from this research perspective, is that market networks are embedded in a system of meaning, that they contribute to create, but that at the same time affects network formation and evolution. What is not clear is the role that the identitification processes have in this evolution. We try to find help in the literature on organizational identity, developed within the organization and the corporate communication disciplines.

The role and formation of organizational identity

Reviewing the literature on organisational identity it is possible to identify three different approaches (Seidl, 2005). One approach questions the way the organization presents itself as a distinctive system to its different audiences, the second addresses the issue of the unity, uniqueness and distinctiveness of the organisation and the third approach focuses on how the organization perceives its unity and uniqueness. These three approaches correspond respectively to three different concept of identity: "corporate identity", "substantive identity" and "reflective identity".

The corporate identity concept refers generally to the presentation of the organization to its different audiences. All the aspects of the organisation visible from outside play an important role, because positive ways of presenting the organisation to its audiences achieve a consistent and enduring image of the organisation over time. The substantive identity is related, instead, to the issue of the unity of the organization that means both questioning about how actions are related to each other, coordinated and integrated in a organisation, and how one organisation differentiates from another. Seidl (2005) reminds us that the dominant concept of organizational identity is related to that of organisational culture, and refer to shared rules, views of the world and values, which are the deep structure of the

organisation. In the English-speaking scientific community the concept or organisational identity are not dressed with this terminology, but ideas are substantially the same. “Collectives cognitive maps”, “hypermaps”, “organisations as shared meanings”, “dominant logics”, “negotiated belief structures”, “core beliefs”, “deep structure”, “organisational minds”, “collective mind” or “organisational archetypes” are all concepts assuming a sharing of rules, values and views by the members of an organisation; this sharing makes the organisation unique and distinctive.

Albert and Whetten (1985) were among the first to propose the concept of reflective identity. They state that organizational identity correspond to the collected institutionalized claims of what is there most central, distinctive and enduring in organizations. This definition bases on the argument that the organizational identity emerges from a socialization process in which organization acquire or loose identity roles. In this process the identity emerges according to the degree of identity discrepancy perceived over time in relationships established with external constituencies: “organizational identity is formed by a process of ordered inter-organizational comparison and reflections upon them over time” (Albert and Whetten 1985:273). This definition of organizational identity is based on the assumption that the nature of organizational identity emerges from the looking-glass construction process of identity formation as enunciated by Cooley (1902). This statement is supported by many authors such as Hatch and Schultz (2000), who discuss that organizational identity is experienced in organizations from a mirroring process of the external image and who focus on understanding how to fill the gap between what organizations and external images are. Organizations compare themselves with others whose feedback is integrated to decrease the discrepancy perceived between what the organization is and how it is perceived externally.

This looking-glass process described by Whetten and Albert derives from the application of the Social Identity Theory (SIT, see for example Tajfel and Turner 1979) to organizations. The SIT, a theory that originally is enounced to explain individual’s identity in to a group, analyzes how it depends by the social image. The basic assumption of Tajfel and Turner (1979) idea is that the social identity differs from the relational and personal identities of individuals. Indeed, there are three types of identity of individuals (Brewer,2003): the personal identity that includes physical traits (e.g. color of eyes); the relational identity that includes the role of the individual in the social context (son in the family context, manager in the work context); and finally the social identity that includes the membership in a social context (member of and organization or association). When individuals judge their relational identity they refer to the relational comparison, whereas when they judge their social identity, they refer to the inter-group comparison. This inter-group comparison and its difference with the relational comparison is clearly explained by Tajfel and Turner (1979) who show how individuals judge their own social identity in line from inter-groups comparison, which differs from the interpersonal comparison.

Applying the Social Identity Theory to organizations, two main issues are debated: how identity of the members is related to the one of the organization and how identity of the organization is interrelated to the one of other organizations.

This principle of the social identity theory has been considered to study individuals’ embeddings in the organization by Ashforth & Mael (1996). As they underline the learning and the evolution of member’s identity is liked to the values, beliefs and knowledge of the organizational context where they interact

(Ashforth & Mael 1996). The organization therefore represents a context that assures the situated identity of individuals and the individual defines him/herself in terms of the organization and perceives that he/she shares a common destiny with the organization. Interpreting Ashforth and Mael's review of organizational identification literature (1989), it is possible to draw the conclusion that these authors study identification in terms of how the looking-glass process at the organizational level impacts on how members define their own identity. To understand that, it is necessary to briefly present Ashforth and Mael's (1989) explanation of the existence of two main approaches to organizational identification. One approach conceptualizes identification as the internalization of values and therefore is a synonym of commitment. The other defines identification as the process helping the organization member to classify himself within the organization. The former view considers that identification creates the "I believe", since it directly impacts on members' motivation, whereas the latter considers that identification creates the "I am", since it creates the acceptance of social categories by employees, which only indirectly impacts on their motivation. Interpreting Ashforth and Mael's review, it is possible to understand that this second approach to organizational identification bases its studies on the relational nature of identity. In fact, this view underlines that organization members find commitment and motivation because they know what their place is within the organization and this is what allows them to acquire self-esteem (Jacques 1955). Authors such as Mahel & Ashforth (1992); Dutton, Dukerich & Harquail (1994); Van Riel, Smidts and Pruyn (2001) specifically aim to give evidence of what makes organizational identification high or low, and also discuss identity discrepancy with external constituencies' perceptions as a key element of the looking-glass process. Organization members perceive the prestige of the organization as it is externally conceived. Organization members create the "I am" according to a social categorization that includes comparison at the organizational level. When the comparison with external constituencies creates a high identity discrepancy, identification is highly impacted.

The principles explained before on the SIT for individuals are applied to the embedding of organizational identity in the inter-organisational context. As individuals organizations have identities according to a process of classification that differentiates them from similar organizations and that defines the traits that they have in common with other organizations. This is how organizations have an identity that is social, both in collective terms and relational terms (Whetten & Makey 2002). In collective terms organizations are part of a sector and have a form that is by nature similar to other organizations: "We can say that whereas the identity of individuals is socially constructed, organizations themselves are social constructions. One implication of this observation is that organizational identity is appropriately conceived of as a set of categorical identity claims […] in reference to a specified set of institutionally standardized social categories" (Whetten & Makey 2002: 397)

Dutton & Dukerich (1991) have developed an empirical study on organizational identity and organizational image which gives evidence of the importance of identity discrepancy in relationships with external constituencies as a dynamic of identity formation. This study shows that organizations integrate external issues relevant from the constituencies' point of view because they are willing to

correct the discrepancy. The self-representation of an organization is the result of a formulation of the self through interactions inside and outside the organization.

Conceptual models which underline the multilevel features of organizational identity stressing its relational nature have been developed by, for example, Albert and Whetten (1985) and Pratt & Foremann (2000). Relationships established by the organization with others create multiple classifications of organizational identity according to different constituencies, which is what creates as many levels of identity as there are relationships. Like individuals, organizations classify themselves according to the situation of discrepancy perceived within the relationship. Also Child and Rodriguez (1991) and Gioia & Shultz & Corley (2000) underline that organizations define the boundaries of their identity according to the parties involved in social relations. Kennedy (1977); Dowling (1986); Fombrun 1996; Balmer 1998; Stuart (1999); Fombrun & Rindova (1999), and Rindova (1997) discuss the centrality of relationships with external constituencies as well.

This is consistent with a recent "cultural turn" in organization studies, that has been sponsored in the organization literature (Weeks and Galunic, 2003; Koza and Thoening, 2003). According to Koza and Thoening, 2003) "Utility maximization is only one function that business firms do, in fact, achieve. Additional functions include individuals' identification and integration into the local community and the wider world, and the maintenance and, at times, reconstruction of the social fabric. A view of firms which acknowledges the importance of instrumental, expressive and institutional aspects usefully expands contemporary debates about business to include issues of organizational purpose, identification (Kogut and Zander 1996), ideology, and normative order." (Koza and Thoening, 2003)

This new turn in studies on firms and organizations opens an important window on the strategic cultural variables in the process of organizing, but it requires we address the productive and reproductive mechanisms of this cultural dimension of organizing, in a dialectics between the so-called internal and the external parts of the organization.

With this respect, we can be particularly interested in a recent stream of works on reflective identity, based on the cultural view of organizations and a narrative approach. "firms are more than structures of authority, they are institutions that also provide a sense of identity for members." In this view identity and identification are not equivalent. An identity is both input and output of discursive acts; it is a source from which individuals construct expressions of self based on general categories and social frames, that constitute properties of social structures. Identification, instead is a *discursive process* which shapes and transforms these identity structures. Identification occurs during co-ordinated organizational action. Identification generates both individual identities and new social identity structures on which individual identities are built. With this respect, identities "are both sources of, and targets for, identifications. ... [and] from this duality perspective, organizational identification should not be seen as simply a top-down shaping of the individual; it is also a process of shaping the very organizational identity structures to which members attach" (Kuhn and Nelson, 2002, p. 7). According to the social sensemaking approach to organizational identity individuals refer to multiple identity structures during activity coordination (Weick, 1995). This is why we need to expand our understanding of "(a) how people negotiate the multiple identification demands in their organizational

lives, and (b) how identification unfolds over time." (Kuhn and Nelson, 2002, p. 8) This also includes understanding how individual identities participate to this social identification processes.

In Weeks and Galunic (2003) social identity is built through "culture (the shared coding schemes, language, beliefs, values and patterned behavior that make it possible to create, identify, value, transfer and exploit knowledge)". Firms are conceived as cultures, and j- ust as cultures - they evolve over time, "they are forever changing gradually in path-dependent directions punctuated, possibly, by periods of large scale rapid transformation" (Weeks and Galunic, 2003).

This evolutionary approach to organizational culture departs from a functionalist and instrumental view of it. Culture is an emergent social phenomenon, which is shaped by agency and power, but cannot be created just by command. This is why organizations should be considered as emergent and constinuously changing cultural structures, not consciously designed tools of originally autonomous individuals.

This is consistent with how 'Institutional theory (Powell and DiMaggio, 1991, p. 27–28) describes this environment as "a system of 'cultural elements, that is, taken-for-granted beliefs and widely promulgated rules that serve as templates for organizing". In other words, firms as cultures can be conceived as as a system of memes (Weeks and Galunic, 2003). The memetic view is consistent with the central assumption of institutional theory, which states that choices and preferences can be understood only within the cultural and historical frameworks in which they are set. "Our perspective, our identity, is a cumulative construction of the memes we carry ... We are a product of our memes. In much the same way that Mintzberg (1994) describes firm strategies as retrospective rationalizations of behavior, our biography is a story we tell ourselves to make sense of the behaviors and opinions we see ourselves express — 'How can I know what I think before I see what I say?' Weick (1979: 133) asks, summarizing well this process whereby we come to discover the memes that are us" (Weeks and Galunic, 2003). Memes are used as units of cultural information and their ecology explains the evolution of the organization:

> "Memes spread from mind to mind as they are enacted and the resulting cultural patterns are observed and interpreted by others. The uncertainties of interpretation and the possibilities of reinterpretation and recontextualization create variation in the memes as they spread. Over time, firms evolve as a process of the selection, variation, and retention of memes.
>
> ... The result is a theory of the firm that captures certain insights of the transaction cost and knowledge-based views, while avoiding their most egregious assumption: functionalism. ... Firms are produced as the result of intentional human action, but they are not the intended product of that action.
>
> The meme's-eye view respects the importance of human agency while also reflecting the importance of unconscious processes and unintended consequences. It forces us to

> consider that we have the firms we do because these memes have been able to replicate over time and others have not." (Weeks and Galunic, 2003, p. 54)

According to Weeks and Galunic (2003) organizations (cultures) form out of meme selection and retention, which stabilize variety, and that is generated through meme *migration* (new memes enter the organization from outside), and ,meme *mutation*, in which new memes are created through "copying errors in replication". Organizational longevity is created through reproduction. In this perspective organizations are not a bundle of symmetrical cultural influences. In contrast with a unitarian view, this approach builds on the idea that there is an asymmetry of cultural influence in organizations: some people have more influence than others, and there is an important role of the so-called "cultural apparatus". Cultural influence depends not only on authority, but also on network positioning, rhetorical skills and so on.

We find this idea of organizational identity as distributed, negotiated and power-influenced, also in the more recent literature in organizational communication. "In the abstract, an organization's ideal state might seem to be a symmetry of (1) belief, (2) intention, and (3) understanding about the relationships among its members. In fact, *asymmetry* of belief, intention, and relationship is the normal state of an organization. Organization is the struggle to attain co-orientation, not merely a by-product of it." (Taylor and Robichaud, 2004, p. 403) In Eisenberg (2001), who cites Varela et al. (1991), "it is relationships that matter, because the history of joint action of organisms and environments over time is what creates the world ... This does not mean that life is meaningless or unbounded, only that the boundaries are not reified". Put in another way (Varela et al. 1991, p. 214): "We are always constrained by the path we have laid down, but there is no ultimate ground to prescribe the steps that we take".

Czarniawska (1998) gives a narrative-based explanation of this evolutionary development of organizational identity, in interaction with the cultural framework in which it is built. Studying the formation and evolution of two universities, one in Italy and one in Germany, in two different organizational fields, she concluded that the Italian successful project "constructed an identity that was in harmony with the institutional background within which it operated-locally and translocally. The university survived, although it defied its original purpose-that of reforming its institutional background. The German NGU built an identity faithful to the reasons of its emergence, but by the same token strange to its field, which proceeded to eliminate the stranger". The legitimation of the new organizations within a field is constructed through a negotiation of meanings, a narratively-based identity building process. This is why she writes: "identity construction in terms of positioning never ends".

The identity issue is a matter of relationship between knowledge and sensemaking, but also a matter of understanding how the process of knowledge building is related to identity construction. Communication scholars contend that these two terms cannot be separated (Taylor, 1999). "Organizations … need to know that they are organizations - that they form a community of people united by a common fate. Otherwise, if the community itself has no identity to the people who make it up, it will eventually fall apart. Thus, this means that what the community knows, as a community, must somehow be given a voice so that it can, in Weick's (1979) words, 'know what it knows because

it sees what it says.' And that means voicing the network's practical knowledge discursively, to make it intelligible to the community as a whole. " (Taylor, 1999) It is through narratives and narrativity that we come to know and make sense of our social world, and it is through narratives that we constitute our social identity (Somers, 1994).

As we can see from this review, the literature on organizational identity arrives to two different conclusions about the relationship between organizational identity and organizational "unity". In fact the idea of the organization as a community built around "common values" constrasts with a "multiple identity" (or multi-voice) perspective. This issue is for us and our research question very relevant, since our major problem is to understand:

1) if we can use the organizationl identity concept, speaking about networks (which are not made by homogeneous and tightly coordinated actors),
2) the role of identity in the formation of these networks.

The conceptual proposals that come from two streams of thought (organizational social sensemaking and autopoietic organizational systems), that we introduce in the following paragraphs, helps reconcile these two apparently alternative views.

Organizing as social sense-making

In Weick (1995) sense making is the idea that reality is an "ongoing accomplishment that takes form when people make retrospective sense of the situations in which they find themselves and their creations" (p.15) consistently with Czarniawska-Joerges (1992) organizations are not texts, because texts are common forms of interpretations that we deal with, they imply that meaning already exists and is waiting to be interpreted. Sense making is a process that "is:

1) grounded in identity construction;
2) retrospective;
3) enactive of a sensible environments;
4) social;
5) ongoing;
6) focused on and by extracted cues;
7) driven by plausibility rather than accuracy" (Weick, 1995, p.17).

Sense making is grounded in identity construction because sense making begins with a sensemaker but this sensemaker is social. Identities are constructed through interactions. As well as individuals are "typified discoursive constructions" identities are "… constituted out from the process of interaction. To shift among interactions is to shift among definitions of self. Thus the sensemaker is himself or herself an ongoing puzzle undergoing continual redefinition, coincident with presenting some self to others and trying to which self is appropriate" (Weick, 1995, p. 20).

There are three levels of sense making above the individual level:

1) the intersubjective;
2) the generic subjective;
3) the extra subjective.

“Intersubjective meaning becomes distinctive from intrasubjective meaning when individual thoughts, feelings, and intentions are merged or synthesized in to conversations during which the self get transformed from ‘I’ into ‘we’ .... this transformation is not simply interaction in which norms are shared, which would be a connection through social structures rather than interactions” (Weick, 1995, p. 71) Generic subjectivity is the level of social structure. Social structure implies a generic self, as “filler of roles and follower of rules”. It takes many forms, including scripts and standard plots. Generic intersubjectivity replaces intersubjectivity during stable times but returns to be important when uncertainty makes old scripts and generic subjectivity no longer work. Intersubjectivity is critical also for sense making when different views of the meaning of the change requires a new synthesis. Extrasubjectivity is culture, pure meanings instead of generic selves that occupy roles. This is a level of symbolic reality and institutional realm, conceptualized as abstract ideals derived from prior interactions. The generic subjective scripts (routines) link the institutional realm to actions.

Generic subjectivity can be considered evidence of organizational culture, institutional control or the exercise of power and politics. In this view, “organizing lies atop that movement between the intersubjective and the generically subjective. ... organizing is a mixture of vivid, unique intersubjective understandings and understandings that can be picked up, perpetuated, and enlarged by people who did not participate in the original intersubjective construction (Weick, 1995, p. 72).

In Weick (1995) intersubjectivity is associated to “innovation”; generic subjectivity to “control”. This leaves room for a dialectic of the two dimensions that are consistent with the need to study the contradictory realm of organizations. Communication makes it possible.

The movement between intersubjectivity and generic subjectivity follows two directions:

1) from generic subjectivity to intersubjectivity, when “imagined social conduct is converted into face-to-face interaction in real time”;
2) the other way around, “when one of the participants in the interaction is replaced and the interaction continues somewhat as it did before”.

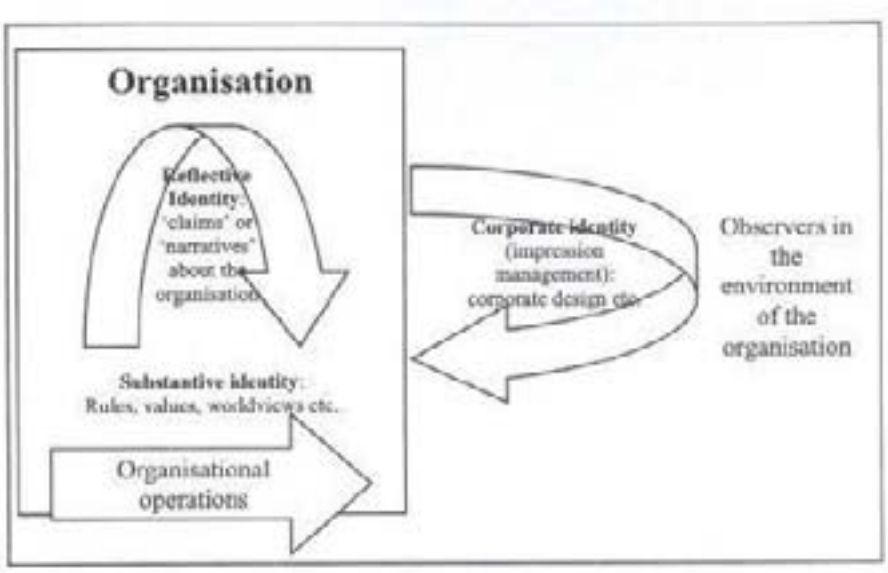
The function of organizing is to manage these transitions, to bridge these two forms of subjectivity, and this is why organizing can be considered as a communication process. “If the communication activity stops, the organization disappears. If the communication activity becomes confused, the organization begins to malfunction. These outcomes are unsurprising because the communication activity is the organization” (Weick, 1995, p. 75)

The reason why organizing is communication is that organizing requires coordination of multiple socio-cognitive systems. Communicative organizing bridges the local to another local, it allows that the intersubjective understandings “can be picked up and enlarged by people who did not participate in the original construction” (p. 75). The function of organizational forms is to manage this picking up and enlargement, so the loss of understanding is minimized and renegotiated, and the tension between innovation and control is reconciled. The social forms of organization, interlocking routines and habituated action patterns, “consist of patterned activity developed and maintained through continuos communication activity, during which participants evolve equivalent understandings around issues of common interest” (Weick, 1995, p. 75).

We conclude this review of the organizational sensemaking literature highlighting that Weick's perspective allows to resolve the apparent contradiction of the unitary vs the multiple-voice view of organizational identity, just through the idea that organizing is just based on the dialectics between action (intersubjectivity) and the above-the-interaction (generic subjectivity and extra-subjectivity) level of social sensemaking. The next approach, based on the idea of organization as a social autopietic system, follows the same conceptual direction, but finds the way to also address the problem of how individuals can interact with the network level of organizing, in a organization considered as both unitarian and fragmented identities..

Identity as discoursive self-transformation: a sensemaking based approach to organizational identity

Seidl (2005) considers the three approaches to organizational identity circularly related, since they describe different facets of the same process. Substantive identity, made by shared rules and values, is realized in the organizational structures and influences the organizational operations. Reflective identity, made by claims and narratives about the organization are at an higher level. It can become substantive identity if takes the form of shared values. Corporate identity autonomous from organizational operation can itself influence as a result substantive identity. Of course corporate identity presupposes a narrative on organization, a sense of self, a reflective identity.



Source: Seidl, 2005, p. 74

Seidl (2005) addresses two issues relevant for a social sensemaking understanding of organizational identity, in the framework of organizations as autopoietic system. Citing Luhmann (1995) he explains that the unity of organizations can only be conceived as "operative closure", closure in a cognitive domain. Organizations are system of decision-oriented communication that reproduce each other recursively. These interactions are held together by the recursivity of their production, that is autopoiesis. In this approach it does not make sense to speak about more or less unity or unified or fragmented organizations. The organization is an ongoing metaconversation, "one single reproduction

process" over the time, (Taylor, 2001) that generates its feature by means of interaction. Structures constantly change; organization can not (Luhamnn, 1995). Organization is a unity by definition (Seidl, 2005, p.77). Structures, conceptualized as meaning structures and selection, change. Organizations (metaconversation in Taylor) can not. This autopoietic view also clearly addresses the issue of organization uniqueness. The boundaries of an organization are defined by its operational closure, by its linguistic domain (Maturana and Varela, 1992), that define what can be selected. "The concrete realization of the autopoietic reproduction is unique in every organization ... the reproduction of the system at any moment depends on the particular development of the system in the past (history)... in order for two organizations to be identical they have to share the same history. ... past operations of an organization affect future operations by functioning as decision premises for them" (Seidl, 2005, 76-77). One can try to define the concrete individuality of a concrete organization, describing the multiple decision premises at one concrete moment in time, or one can describe few very important decision premises (structures) that are particularly stable in different decision situations.

Reflective identity in organization can be conceptualized as organizational self description (the simplest form of which is the name of organization). These texts (semantics) can be considered the reflective identity of the organization (Seidl, 2005). Like everything that takes part in the autopoiesis of organizations, reflective identity must be understood as a product of organizational operations (its interactions). Self descriptions serve a main function: integration. They provide the organization with a sense of unity. As Luhmann states "organizations have not body, but they have a text" (Luhmann, 2000, p. 422, cited in Seidl 2005). While organization is one reflective identities, conceived as self descriptions, can be multiple, in different moment in time or even co-existence. Multiple self descriptions (reflective identities) can be substitutable, complementary or conflicting (Albert and Whetten, 1985).

In certain cases the organization can construct a meta-semantics to which the other self descriptions have to refer (Pratt and Foreman, 2000). But this does not accommodate the case with conflicting reflective identities, which can be resolved through metasemantics that justify the tension or attribute different legitimations or synthesize existing self descriptions (Pratt and Foreman, 2000). Identity change - in this conceptual framework - is considered a change in the self description.

Is network identity a viable and useful concept?

If markets are organizations, and organizations are social systems that emerge through the structuring effect of sensemaking process (Mandelli and Snehota, 2006), in studying the structuring and evolution of markets, conceived as networks, we need a concept of organizational identity which:

1) does not consider identity as just "shared values" and "common beliefs", but rather offers an approach to organizational identity as "multiple voices", better suited to explain the complex and only loosely-coupled reality of networks;
2) does not consider identity as a static representation of the core values of a fixed organization (that can be changed only changing radically the organization itself), but rather an ongoing process of production and re-production of negotiated narratives;

3) does not consider organizational identity as a frictionless and symmetric process of interaction between individual selves and the collective self, but a power-driven (leadership-driven) process.

Two approaches to organizing (organization as social sensemaking, and organization as autopoietic system), and the idea of organizational identity as emergent from the discourse-based evolution of organization structures, support such a view.

We can initially conclude that a sensemaking approach to organizational identity is consistent with the idea that this organizational concept can be viable and useful also applied to market networks. Markets in this approach can be considered as identification processes, because identification is considered the basis for social sensemaking (Weick, 1995).

If we accept this approach, it is necessary that we explore the important implications at both the theoretical and methodological level, Here wew questions for a future research agenda:

1) If identification processes are emergent from and constitutive of networks themselves, and their intersubjective and generically subjective structuring, how each network member should relate to this extra-individual layer of market structuring?
2) if market networks are self-organized systems of sensemaking, built around identification processes, should we set the agenda of how to manage these systems or should we consider it as a non issue?;
3) How this new idea of organizations and markets, and their identification processes, can change the theoretical framework within which we address the issue of the separation between markets and firms based on coordination.

We believe these three questions are intertwined, and can be addressed only within an inter-disciplinary approach to markets as networks, and a renovated effort to put the communication-centered principles of organizing at the center of our understanding of the economies. This also requires a renovated effort in trying to develop new methods for the study of this discourse-based markets, knowing that we can borrow conceptual tools and methodological instruments from the field of organizational communication, but also well aware that the transfer of this experience to the open territory of markets could also be problematic.

References

Albert, S. & Whetten, D. (1985). Organizational identity". In Cumming L.L. & Staw, B.M. (Ed.) Research in organizational behaviour. Vol 7. Greenwhich: JAI Press. pp.1-52.

Alversson M. (1990). Organization: From Substance to Image?. Organization Studies. 11(3). pp. 373-394.

Ashforth B.E. & Mael F. (1989). Social Identity Theory and the Organization". Academy of Management Review. 14(1). pp. 20-39.

Balmer J.M.T., (1998). Corporate Identity and the Advent of Corporate Marketing. Journal of Marketing Management. 14. pp. 963-996.

Blumer, H. (1969). Symbolic interactionism: Perspective and method. Englewood Cliffs, NJ: Prentice Hall.

Bourdieu, P. (1983). "The Forms of Capital", in Richardson, John G., Ed. (1986): Handbook of Theory and Research for the Sociology of Education. New York: Greenwood Press, pp. 241-258.

Brewer , M.B. (2003). "Optimal Distinctiveness , Social Identity, and the self". In Leary, M.R. & Tangney , J.P. (eds.) Handbook of Self and Identity . New York: The Guilford Press.

Kogut, B. (2000). The network as knowledge: generative rules and the emergence of structure, Strategic Management Journal, 21, 405–425.

Kogut, B., Zander, U. (1996) What firms do? Coordination, identity, and learning. Organization Science, 7, 502 -518.

Koza M. P. and Thoenig J.-C. (2003). Rethinking the firm: organizational approaches, Organization Studies**.**

Bruner, J. (1990). Acts of Meaning. Cambridge, MA: Harvard University Press,

Child and Rodriguez (1991)

Cooley, C.H. (1902). Human Nature and the Social Order. New York: Schriben

Cooren, F. (2000). The Organizing Property of Communication. Amsterdam/ Philadelphia: John Benjamins.

Cooren, F. and Fairhurst, G. T. (in press) 'Dislocation and Stabilization: How to Scale up from Interactions to Organization', in L. L. Putnam and A. M. Nicotera (eds) The Communicative Constitution of Organization: Centering Organizational Communication. Mahwah, NJ: Lawrence Erlbaum.

Cova, B., Mazet, F., and Salle, R. (1996). Milieau as the Pertinent Unit of Analysis in Project Marketing, International Business Review, Vol. 5 No. 6, pp. 647-664.

Czarniawska-Joerges, B. (1992) Exploring Complex orgaizations: A Cultural perspective. Thousand oaks: Sage.

Czarniawska, B.; Wolff, R. (1988). Constructing new identities in established organization fields International Studies of Management & Organization; Fall 1998; 28, 3.

Czarniawska, B. (1997). Narrating the Organization: Dramas of Institutional Identity. Chicago: University of Chicago Press.

Dukerich, J.M., Golden, B.R., & Shortell, S.M. (2002). Beauty is in the eye of the beholder: The impact of organizational identification, identity, and image on the cooperative behaviors of physicians. Administrative Science Quarterly. 47: 507-533.

Dutton, J.E., and Dukerich J.M. (1991). Keeping an Eye on the Mirror: Image and Identity in Organizational Adaptation. Academy of Management Journal, 34, 3, 517-554.

Dutton J.E., Dukerich J.M., Harquail C.V., (1994). Organizational images and member identification. Administrative Science Quartelry. 39(2). pp. 239-263.

Dutton J.E. & Dukerich, J.M. (1991). Keeping an eye on the mirror: image and identity in organizational adaptation. Academy of Management Journal, 34.3, pp.517-554.

Dowling, G. (1986). Managing your corporate images. Industrial Marketing Management, 15. pp. 109-15.

Faria, A.; Wensley, R. 2003 In search of 'interfirm management' in supply chains: recognizing contradictions of language and power by listening. Journal of Business Research 55 (2002) 603– 610

Fombrun, C.J. (1996). Reputation. Realizing Value from the Corporate Image. Boston: Harvard Business School Press.

Fombrun & Rindova (1999)

Gioia D. A. and Chittipeddi K., (1991). Sensemaking and sensegiving in strategic change initiation. Strategic management Journal, 12, 6, 433-440.

Gioia, D.A., & Schultz, M. & Corley K.G. (2000). Organizational identity, image and adaptive instability". Academy of Management Review, 25.1, pp.63-81.

Goffman, E. (1959). The Presentation of Self in Everyday Life. New York: Doubleday.

Gulati, R., & Westphal, J.D. (1999). Cooperative or controlling? The effects of CEO-board relations and the content of interlocks on the formation of joint ventures. Administrative Sciences Quarterly, 44: 473-506.

Håkansson, H. and Snehota I. (1995). Developing Relationships in Business Networks. London: Routledge.

Hakansson, Harrison and Waluszewski (2004) (eds.) Rithinking marketing. Wiley and Sons: Deatrium.

Hatch M.J. & Schultz M. (2002). The dynamics of organizational identity, Human Relations, 55 (8): 1004.

Jaques, E. (1995). Social systems as a defence against persecutory and depressive anxiety. In Klein. M. et al (ed) New directions in psychoanalysis. London: Tavistock.pp.478-498.

Kennedy, S.H. (1977). Nurturing Corporate images, Total communication or Ego Trip. European Journal of Marketing.11. pp. 120-164.

Knorr-Cetina, K. D. (1981). The microsociological challenge of macrosociology; toward a reconstruction of social theory and methodology. In Knorr-Cetina & A. V. Cicourel (eds.) Advances in Social Theory and Methodology. (pp. 1-47). Boston. Routledge & Kegan Paul.

Kogut, B. & Zander, U. (1996). What firms do? Coordination, identity, and learning. Organization Science, 7: 502–518.

Kuhn, T. Nelson, N.Reengineering Identity**.** A Case Study of Multiplicity and Duality in Organizational Identification Management Communication Quarterly, Vol. 16, No. 1, August 2002 5-38

Lane, D. A.; Maxfield, R. R. (2005). Ontological uncertainty and innovation. Journal of Evolutionary Economics.

Loasby, B. J. (2000). Market Institutions and Economic Evolution. Journal of Evolutionary Economics, 10(3): 297-309.

Luhmann, N. (1992). What is communication? Communication Theory, 2, 251–258.

Luhmann, N. (1995) Social Systems Stanford University Press.

Mandelli, A.; La Rocca, A. (2005) Distributed Supply Chains in Heritage Tourims. The case of Albergo Diffuso in Italy. Presented to IMP annual conference 2005.

Mandelli, A.; Snehota, I. 2006 Intersecting rationalities in markets as social sensemaking networks. Working paper.

Maturana, H. and Varala, F. (1992). The three of knowledge: the biological Roots of understanding. Boston: Shambhala.

Monge, P., & Contractor, N.S. (1997). Emergence of communication networks. In F.M. Jablin & L.L.

Monge, P. R.; Contractor, N. S (2003). Theories of Communication Networks. Oxford: Oxford University press.

Phillips, N. and Hardy, C. (1997). Managing Multiple Identities: Discourse Legitimacy and Resources in the UK Refugee System, Organization 4: 159-85.

Porac, Joseph F, Thomas, Howard, Wilson, Fiona, Paton, Douglas, Kanfer, Alaina. 1995 Rivalry and the industry model of Scottish knitwear producers Administrative Science Quarterly. Vol.40, Iss. 2; pg. 203, 25Porac, Joseph F., Howard Thomas, and Charles Baden-Fuller 1989 Competitive groups as cognitive communities: The case of Scottish knitwear manufacturers. Journal of Management Studies, 26: 397-416.Powell, W.W.; Di Maggio, 2001 The New Institutionalism in Organizational Analysis. The University of Chicago Press. Chicago.

Pratt, G.M. & Foreman P.O., (2000). Classifying Managerial Responses to Multiple organizational identities". Academy of Management Review. 25(1). pp. 18-42.

Putnam, L. L., & Cooren, F. (2004). Alternative Approaches to the Role of Discourse, Text, and Agency in Organizations. Organization, 11 (3) 323-333.

Rindova V.P. (1997). The Image cascade and the formation of corporate reputations. Part VII: Managing Reputation: Pursuing Everyday Excellence. Corporate Reputation Review. 1(2).

Rullani E. (1997). L'evoluzione dei distretti industriali: un percorso di decostruzione e internazionalizzazione in: Varaldo R., Ferrucci L. (a cura di), Il distretto industriale tra logiche di impresa e logiche di sistema, Angeli, Milano

Seidl, D. (2005). Orgaizational identity and self-transformation. Burlington: Ashgate.

Scott, W. R. (1987). Organizations: rational, natural, and open systems 82nd ed.). Englewood Cliffs, NJ: Prentice Hall

Scott, W. Richard (1995). Institutions and Organizations. Thousand Oaks CA USA: Sage.

Skaates, M. A. (2000). Actor Bonds in Situations of Discontinuous Business Activities. Paper presented at the 16th Annual IMP Conference, 7th – 9th September, Bath, U.K.

Snehota I. (2004). Perspectives and thories of market in Hakansson, Harrison and Waluszewski (eds.) Rithinking marketing. Wiley and Sons: Deatrium.

Stuart, H., (1999). Towards a definitive model of the corporate identity management process. Corporate Communications: An international Journal. 4(4). pp. 200-207.

Swann, W.B., Jr. (1987). Identity negotiation: Where two roads meet. Journal of Personality and Social Psychology, 53: 1038-1051.

Tajfel, H. and Turner, J. C. (1986). The social identity theory of inter-group behavior. In S. Worchel and L. W. Austin (eds.), Psychology of Intergroup Relations. Chigago: Nelson-Hall

Taylor J. R. (2001). The "Rational" Organization Reconsidered: An Exploration of Some of the Organizational Implications of Self-Organizing, Communication theory, 11, 2, 137–177.

Taylor; Robichaud, D. (2004). Finding the Organization in the Communication: Discourse as Action and Sensemaking Organization; May 2004; 11, 3;

Van Riel, C.B.M., Smidts, A., & Pruyn, A., (2001). The impact of Employee Communication and Perceived External Prestige on Organizational Identification. Academy of management Journal. Vol 49. No 5. pp.1051-1062.

Weeks, J. and Galunic, C. (2003). A theory of the cultural evolution of the firm: The intra-organizational ecology of memes, Organization Studies, 24, 8, 1309

Weick, K. E. (1969). The social psychology of organizing. Reading, MA: Addison-Wesley.

Weick, K.E. (1988). Enacted Sensemaking in Crisis Situations. Journal of Management Studies, 25, 4, 305-17.

Weick, K. (1995). Sensemaking in Organizations. Sage.

Whetten, D.A., & Makey, A., (2002). A Social Actor Conception of Organizational Identity and Its Implications for the Study of Organizational Reputation. Business & Society. 41(4). pp. 393-414.