

**Maneuvering for legitimacy –
understanding the behaviors of an actor in entering EU's political
network**

Competitive paper

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Abstract

Within the IMP tradition actors are embedded in different networks of continuous interactions. Through the interactions organizations form expectations of behavior that is influenced by the role/function of the organization in the relationship. As the main responsibility of the political context is to lay down the laws and standards in a society, some of these laws and standards are directly or indirectly influencing the conduct of business activity. To access resources offered by the political arena organizations collaborate and maneuver in the political network. Even though the political embeddedness and the relationship with political actors such as governments has been acknowledged as critical for conducting business the main focus of the IMP research tradition has been on inter-firm relationships.

This paper is a conceptual paper where the purpose is to further our understanding of actors' behaviors in a political network context. In the paper we illustrate our arguments with the case of a Swedish interest organization (LRF) operating within the agricultural industry both in a Swedish and an EU context.

This paper contributes by addressing the interface between embeddedness in different network contexts and legitimacy.

Introduction

The fact that organizations are engaged in constant interactions with other organizations in their environment has been observed for decades now within the Industrial Marketing and Purchasing (IMP) research tradition (cf. Håkansson and Snehota, 1995; Håkansson and Östberg, 1975; Anderson et al, 1994; Halinen and Törnroos, 1998). In order to access and exchange resources and information, business firms/organizations transact with customers, suppliers, regulatory and legal authorities at both national and international level (Pfeffer, 1978/1989). These exchanges are a result of the continuous interaction processes taking place in different yet interconnected networks (Håkansson and Snehota, 1989). Through these interactions and linking of activities between actors, the focal actor's access to resources is dependent on the network context in which the actor is embedded (Granovetter, 1985). An actor can be embedded and act in different types of network contexts e.g. business and political, simultaneously (Halinen and Törnroos, 1998) depending on the specific situation and on which actors, activities or resources are engaged. Even though the political embeddedness and the relationship with political actors such as governments has been acknowledged as critical for conducting business (c.f. Welch and Wilkinson, 2004; Hadjikhani and Ghauri, 2001; Halinen and Törnroos, 1998), the main focus of the IMP research tradition has been on inter-firm relationships. Companies and other actors is with a network view described and understood in terms of network embeddedness where a change in one part of the network can imply affects for all actors in the network The political actors and institutions are still to a high extent considered as an exogenously given market condition (Hadjikhani and Sharma, 1999) and as a source of uncertainty, where the institutional environment is a "broader contextual setting" that externally affects the company (Halinen and Törnroos, 1998). The institutional environment affects the organization's business network by regulating the behaviors, yet research has also shown that organizations do not take the institutional environment as exogenously given but rather the organizations act in the political context to affect their market positions by either strengthening or weakening it (see for example Ring et al, 1990; Boddewyn, 1988).

One example of a change in the institutional environment that had a strong effect on business organizations was the creation of the European Union (EU). This contributed to the transformation of the business environment through some dramatic changes such as political, economic, legal and social. In the emerging EU business environment the national economies are gradually more interconnected and interdependent. The national economic policies are more harmonized and the regulatory regime to which business in general, and an industry in particular, is subjected to is more supranational and European. Therefore it is vital for business activities to along with the national political environment also consider the European political dimension. In other words, many of the laws, rules and policies which govern and shape economic and business activity in the EU are now determined at a European rather than national level. The decisions at the EU level are dealing with laws, rules, standards and policies that directly or indirectly influence an industry in general and the conduct of business activities in particular. Through these laws, rules, regulations and standards the EU wishes at one hand to improve the functioning of the market and on the other hand they wish to sanction and provide protection to those actors who are active or are affected by the market. (Nugent, 1994). The embeddedness of business in politics facilitates actors' desire to lobby and participate in politics where political influence becomes a resource that enhances the competitive advantage of an actor and an industry. At the same time the laws, rules, regulations, and standards can also in a sense force actors to certain behaviors in order to maintain and create competitive market oriented conditions in order to survive. The competition of resources may also create new collaborations in order to strengthen competitive advantages resulting in changed composition of actors within the network. Thus, business and politics are interdependent and interactive implying that beside economic rivalry, firms/organizations also compete for political influence (Jansson et al, 1995).

Considering the above it is therefore important that we not only focus on the interactions between business actors but that we also develop the research on the networking in the political context in order to better understand and explain the firms/organizations behavior and activities in the business network.

The business network approach would predict that actor' possibilities to access resources offered in the political context are affected by the resources, roles and position held in the business network. However, the political context also evaluates an organization's behavior based on a more complex judgment of the actor, including expectations and generalized perceptions of what constitute a "good citizen" i.e. to be accepted. In other words, to access resources offered within the political context or to participate in the policy making process, could be understood as activities to maneuver for legitimacy in order to understand and influence the institutionalized expectations. By being perceived as legitimate in the eyes of, for example, the governmental authorities facilitates the access to the political network and to the resources in that context as the firm/organization then is seen as a good citizen. As defined by Suchman (1995) within the institutional theory, "legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." (1995:574)

In this article we explicitly deal with the concept of legitimacy seen as a variable explaining the activities undertaken by an organization within an international political context. In the paper a case of an interest organization's activities in order to maneuver for legitimacy, i.e. how the organization acts to establish legitimacy in a politically embedded business network is presented. The case is illustrated by a Swedish interest organization within the agricultural industry representing the farmers, i.e. the firms, is affected as its network context changes when Sweden enters the EU. This article contributes to the IMP research by addressing the activities of firms organized through an interest organization in the political context.

Literature review

The network concept within the IMP research tradition – received theory

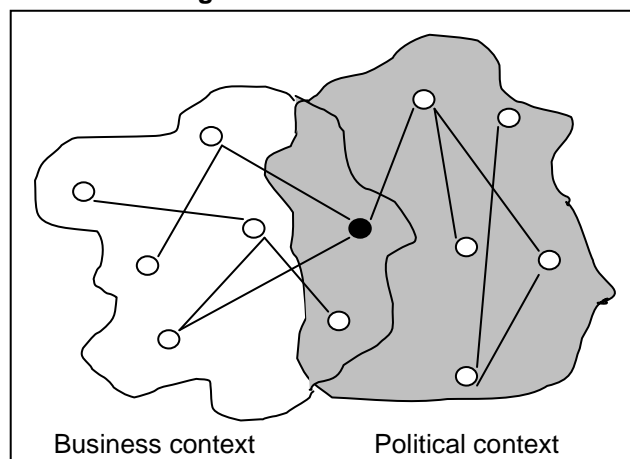
When organizations are seen as open systems the dependence on and the continuous interactions with other organizations in the environment becomes crucial. Each and every actor controls resources that might be vital for the survival of an organization. In other words, an organization often simultaneously interacts i.e. with customers and suppliers, with industry associations, with regulatory and legal authorities; at both national and international level for accessing and exchanging resources and information (c.f. Pfeffer 1978/1989). These exchanges are continuous interaction processes where the actors are connected to and interdependent on each other through relationships, forming a web/network of actors and relationships (Anderson et al, 1994; Håkansson and Snehota, 1989; Snehota, 1990). Thus, networks are viewed as consisting of nodes connected by relationships or linkages (Jansson et al, 1995). The actors perform activities and exchange resources with other actors and are thereby directly and/or indirectly connected. The portion of the network seen from a single actor's point of view is what constitutes the actor's *network context*. As pointed out by researchers in the business network approach (cf. Anderson et al, 1994; Håkansson and Snehota, 1989) a network context is a socially constructed reality of a firm in which it exist, and does so by "framing"¹ it (Håkansson and Snehota, 1989). This network context is the focal actor's perceived portion of the network structure containing the relevant organizations for the activities and situations that the actor confronts. The network context is specific for each actor and depends on the actor's cognitions that are translated into behaviors. (Snehota, 1990) As a consequence of the interactions, the network context is continuously emerging, evolving and dissolving over time and are thus both seen as structures and processes (Anderson et al, 1998; Anderson et al, 1994; Snehota, 1990). The actors beyond the boundaries of the network context consist of those actors that a firm cannot or has not yet identified, i.e. constituting the environment. These actors can only be described in terms of properties and attributes. (Snehota, 1990)

Given this general description of the network concept however, the network explained within the IMP research tradition refers to business network as consisting of continuous exchange relationships among business actors, like firms; leaving relations with other types of actors mostly unattended. In other words, within the IMP research tradition actors' embeddedness is mainly focusing on the business network. Yet, if we consider that several networks can simultaneously exist, then different networks are

¹ Framing in the network approach can be resembled to enactment (Scott, 2003).

in some way related to one another and as suggested by Halinen and Törnroos (1998) “should be analyzed with this in mind” (1998:189).

Fig. 1 Embeddedness



As proposed by Halinen and Törnroos (1998) embeddedness (Granovetter, 1985) can take variety of forms including temporal, spatial, social, political, market and technological, referring to the focal actor's relations with and dependence on various types of networks. In line with this argument an actor is thus embedded in and acts in different types of simultaneously existing networks depending on which actors, activities or resources are engaged. The different network structures are interconnected and influencing each other; i.e. what is happening in one context affects connected contexts. By being embedded in relationships, the embeddedness enables the actors to adjust and adapt their production and other activities to the actors within the different

network contexts (Uzzi, 1997). Embeddedness, defined by Scott (2003) as a bridging tactic, facilitates the actor's access to information otherwise not possible because actors involved in long-term relationship commitments are more willing to share information than if the exchange was only short-term.

Political embeddedness

According to Halinen and Törnroos (1998), business is embedded in a “politico-social context” and the relative power position of actors and networks are defined with respect to other actors. As suggested by Welch and Wilkinson (2004) the political embeddedness of a business network can be conceptualized along four dimensions: 1. the political institutions, 2. the political actors, 3. the political activities of business actors and 4. the political resources. These dimensions represent the broader contextual setting of the business network, i.e. the institutional setting.

The first dimension in the Welch and Wilkinson (2004) framework is the *political institutions*. One arena where the institutionalization of actors' behaviors (DiMaggio and Powell, 1983/1991) takes place is within the political arena. The states and governmental authorities provide the framework of “rules of the game” that conditions business activities and also influences the behaviors of firms (Salmi, 1995) within a certain context. However, these “rules of the game” are not uncontested, in other words business actors are able to influence and change these through interactions. Within the IMP research tradition political institutions were for example discussed in terms of the consequences of political turbulence (Hadjikhani and Johanson, 1996) and macro-political changes in terms of transition to a market economy in Eastern Europe (Ghauri and Henriksen, 1994). However, changes in political institutions can also occur due to influences from actors within the environment for example through lobbying, creation of public opinion or debates in the media, resulting in new political and social values, norms and perceptions. These become institutionalized through the interactions that can result in changing rules and regulations for the industry (see for example Håkansson and Waluszewski, 1997, Hadjikhani and Ghauri, 2001).

The *political actors* are the second dimension of the Welch and Wilkinson (2004) framework, including members of parliament, bureaucrats, ministers, government officials, opposition parties, the media and interest groups (for example see Hadjikhani and Håkansson, 1996). These actors influence the business network even though the actors are not directly involved in sale or purchase activities, but due to the rule-setting power they regulate the behaviors and activities performed (Håkansson and Waluszewski, 2002; Souder and Chakrabati, 1978).

The third dimension addressed in the Welch and Wilkinson (2004) framework is the *political activities* of business actors, focusing on the influencing role of businesses by lobbying governments and influencing

public opinion. By being “involved with the political system” (Halinen and Törnroos, 1998), an actor from the business network becomes in a way a political actor, engaging in the legislative process through influencing the policy formulation stage and the implementation phase of a final regulation (Jansson et al, 1995). As found by Hadjikhani and Ghauri (2001), the lobbying efforts of Swedish firms in the EU were most influential in the early stages of the policy process done by firms with established Brussels offices having high levels of political knowledge.

The last dimension in the Welch and Wilkinson (2004) framework considers the *political resources* that business actors could access by being engaged in political activities and interacting with governmental authorities. These resources include for example receiving market-specific information prior to competitors, obtaining a license to operate on a foreign market (Gebert Persson, 2006), influencing for favorable rules in terms of industry policies and regulations, contracts, and so on. Business actors also engage in politics in order to gain legitimacy. At one hand, a business actor needs to acquire acceptance for its business performance in terms of economic measures, i.e. business legitimacy, which is the evaluation criteria within the business context (see for example Jansson et al, 1995). On the other hand, as pointed out earlier in the introduction, a business actor also needs to justify its existence in terms of acting in accordance with the institutionalized values, norms, rules in the society (Zimmerman and Zeitz, 2002) – i.e. institutional legitimacy, which includes more than being evaluated based on economic measures.

The conclusion offered from the above with respect to the different network embeddedness is that an actor takes part in different network contexts simultaneously, depending on the purpose of actor’s activities. The business network approach suggests that the organizations within the network have both their own interests in mind and are part of a larger collective with a right to carry out tasks on behalf of the whole network (Jansson et al, 1995). Thus, organizations both influence and are influenced by different network contexts, which also has been pointed out by Scott (1983). Although describing relationships, the network approach does not explicitly take the institutional factors affecting the network context into consideration. As there are different network embeddedness each and everyone with its own institutionalized “rule of the game” an actor’s acceptance in another network context is dependent on the organization’s cap(ability) to maneuver for legitimacy. A research tradition explicitly dealing with the concept of legitimacy is the institutional theory, which in the early IMP research tradition, but later on no longer considered, also was one of the points of departure. Focusing on how actors can maneuver for legitimacy we are in this article focusing on two of Welch and Wilkinson’s (2004) dimensions – *political activities* of business actors in order to gain *political resources*. We will therefore now go further into different strategies for gaining legitimacy.

Maneuvering for legitimacy

Legitimacy within the institutional theory as defined by Suchman (1995) “is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” (1995:574). For organizations acting in a political context the power to act and to be accepted as an actor in that context is vital for the purpose of influencing and to take part in the forming of decisions. Macchiavelli pointed out that “[...] power depends on legitimacy and social influence.” (Macchiavelli referred to in Jost and Major, 2001:4). Interacting in a political context thus means that an actor needs to be perceived as legitimate in that context or otherwise they will not be able to participate and to influence the decision making in that context. To be able to influence is as pointed out above also important in order to gain access to political resources and influence the political activities.

Legitimacy is rendered by different constituents but is also something that an actor can influence through different strategies (Suchman 1995). The access to resources is highly dependent on how the actor is perceived by others:

”[...] the motivating factor for external actors to give [...] resources is their belief or feeling that the venture is indeed competent, efficient, effective, worthy, appropriate, and/or needed.” (Zimmerman and Zeitz, 2002:416)

The belief or feeling that an organisation is competent and worthy of trust, is an aspect that other firms and organizations evaluate and take into consideration before interactions that involve risks take place such as complex or sensitive information, can affect the power balance etc. An organization that is entering into a new political context will by definition lack familiarity and credibility, which are necessary fundamentals for interaction to occur. This process will be dependent on the level of legitimacy that the actor has.. If the organization is new it can also encounter higher expectations on behaviour and legitimacy standards (Kostova and Zaheer, 1999). Gaining and maintaining legitimacy is a process that evolves, where the organization is dependent on the success of building up a perception of being reliable, trustworthy, gaining a good reputation and, finally institutional legitimacy.

Suchman (1995) separates three types of legitimacy strategies; conforming to environments, selecting among environments, and manipulating the environments. *Conforming to environments* is when the organization perceives that the easiest way to gain or maintain legitimacy is to position the organization within already existing institutional domains. The conformity strategy signals that the organization is faithful to the cultural order and follows the established institutional logic. The organization can approach this strategy by asking itself what factors would make the organization look legitimate. As the perceptions differ between different groups of actors in the network, the organization might either try to appeal to their needs, which can be achieved by marketing. The organization can also invite the established actors to have access to decision making. The problem of gaining or maintaining legitimacy might in many cases be overcome if the organization emphasizes its reputation from related activities or the reputations of key people within the organization. Legitimacy can thus be gained/maintained if the organization adapts to established models or standards, called mimetic isomorphism. An example of this is when a new organization formalizes informal procedures in order to facilitate official controls. Linking activities within professions to external definitions of authority or competence can attain this.

Select among environments. This is a more pro-active strategy than the first one. Here the organization tries to connect to those actors that are most in line with the organization’s own values and norms. Attempting to gain/maintain legitimacy by selecting is a matter of market planning and in selecting actors that value the type of exchange that the organization is offering. In environments that are highly institutionalised or tightly structured networks formal gatekeepers exist that restrain access to privileged categories. For the organization to overcome this, it needs to position itself by becoming associated with different institutions and thereby reach some kind of explicit certificate. The organization’s aim is to operate in environments that are in line with each other, but this is seldom the case. In order to avoid conflicts, the organization can try to manage the situation by aiming to segregate the environments and appeal to both by communicating different messages that appeal to both contexts (Brunsson, 2003).

Manipulating the environment. Suchman (1995) has described this as a situation which is typical for innovators that strongly deviate from previously established praxis. This strategy focuses on establishing a base to support the innovators that is designed for their needs. For gaining legitimacy the best strategy is for several organizations to come together and point to the successes of the innovation, and that their way of operating is closely related to honour and respect, thereby setting the moral standard over time. Key words are also popularizing and standardizing.

Table 1. Examples of legitimating strategies

Strategies	Examples of Legitimation strategies
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Conform	<p>Appeal to different audiences by emphasizing reputation from related actors or key persons within the organization.</p> <p>Adapting to principal ideals by embedding itself into established institutions.</p> <p>Adapting to established models or standards, e.g. formalize informal procedures to facilitate official controls.</p>
Select among environments	<p>Choose actors, through market research, that values the outcomes of the organization</p> <p>Communicate moral criteria such as efficiency, accountability, confidentiality, reliability or responsiveness.</p> <p>Segregate different environments and appeal to them in different ways</p>
Manipulate environment	<p>Establish a base to support innovators. Assemble many firms and point to success of innovation. Popularise and standardise.</p>

Source: Suchman (1995)

LRF – a case of moving from a Swedish to an EU network context

The Swedish agricultural industry consists of farmers organized in different production interest organizations depending on what farmers produce (for example meat and milk among others). These interest organizations are also member of the farmer-owned Swedish interest and industry organization called the Federation of Swedish Farmers (LRF). LRF is one of the key actors in the Swedish agriculture industry. The organization represents the different farmers’ interest and the general aim is to create the conditions for efficient, market oriented and competitive companies. One important area in LRF’s work is participating in the forming of the agricultural policy aiming at developing international, national and regional conditions concerning agriculture affecting the farmers. The Swedish entry into the EU in 1995 changed the institutional context and thereby the rule setting and policy formulation processes of the Swedish political arena. This means that parts of the formal rule setting moved from the Swedish national level to an EU setting characterized by internationality and supranationality.

Before the integration the Swedish agricultural industry worked in a closed system with border protection and relatively higher prices compared to the other EU nations. The origin of the modern agricultural policy in Sweden goes back to the 1930s when regulations on production and food processing were imposed. The agricultural policy in Sweden was mainly based on three goals: a production goal, an income goal and an efficiency goal (Lindberg, 2007). The measures in place to achieve these goals were mainly through tariffs that aimed at protecting the Swedish farmers from outside competition and price controls that aimed at keeping the farmers income high and stable (Lindberg, 2007). The price support and the domestic prices of agricultural commodities were determined by annual price reviews. These price reviews were based on formal negotiations between LRF and the Consumer Delegation under the supervision of the Swedish Board of Agriculture (Jordbruksverket), a state authority, (c.f Rabinowicz, 2004; Andersson, 2005). The internal price levels were than protected through import restrictions and export subsidies (Andersson, 2005).

The Swedish agricultural policy has been revised repeatedly since the Second World War at different occasions - in 1967, 1977 and 1985 (OECD, 1995). Each revision of the agricultural policy brought

some new policy objectives; some examples, the achievement of an economic and social standard of farmers equivalent to other groups such as industrial workers, emphasis on food security, consumer issues in terms of supplying good quality food at reasonable prices, and environmental issues in terms of sustainable exploitation of scarce natural resources (OECD, 1995). However, the 1990 reform could be considered as the most radical as its purpose was to introduce an internal deregulation of the Swedish agriculture, taking a more market-oriented direction (Rabinowicz, 2004). The domestic market regulation was abolished but import protection was maintained (Daugbjerg, 1997). In essence, this meant that within the framework of unchanged level of border protection all internal market regulations were lifted, i.e. export subsidies were to be eliminated after a transition period and price reviews were terminated (Rabinowicz, 2004). The driving force behind the reform as argued by Rabinowicz (2004) could be assigned to a number of factors where one was an intense agricultural policy debate in Sweden as a book on political economy of the food sector was published in 1984 (Bolin et al, 1984). The book challenged the consensus for protection and argued for liberalization of agricultural trade. The values concerning for example the environment changed and a policy focusing on farm incomes received less priority in the public opinion. The legitimacy of the agricultural policy and the pricing system in the agricultural sector with the consensus between organizations and government were highly questioned. The book resulted in a numerous of debate articles in the media where new stakeholders beside the academia started to participate in the debate such as daily newspapers, and governmental bodies outside the agricultural sector. (Rabinowicz, 2004) The debate was dominated by, on one side, LRF and likeminded interest organizations, and on the other side, economists; and when the debate became intense LRF was forced back into a defensive position (Lindberg, 2007). Welfare losses and inefficient markets were brought forward as arguments against the consensus pricing system. The implication of the debate was that the producers' power over agenda setting in agricultural policy matters was broken (Lindberg, 2007; Rabinowicz, 2004). The debate resulted in a reform initiated by the Swedish Government as an *ad hoc* group was appointed in 1988 to draft an outline of the upcoming reform and to propose the measures needed for its implementation later on. Compared to previous praxis the involvement of farmer representatives (LRF) and other interests groups like consumers were limited and they did not have a formal role in the deliberations of the group. However, they were invited to a few meetings and only when it was believed to be necessary. (OECD, 1995; Rabinowicz, E., 2004)

Traditionally LRF tended to reject any ideas about agricultural policy reforms and wanted to maintain the existing system (Daugbjerg, 1997). As the reform process was realized to be unstoppable in 1988 the organization put forward a strategy document which supported a more market-oriented agriculture (Rabinowicz, 2004). "The behavior of LRF could be described as a "conversion under threat". LRF realised that some kind of agricultural policy reform was unavoidable and that farmers' interests would be served better by participating in the process of change than by opposing it." (Rabinowicz, 2004:7). As a result of the debate it was also believed that the Swedish consumers were willing to pay for Swedish agricultural products that were marketed as delivering higher quality, environmental friendliness and food safety qualities; thereby surviving in a more competitive environment (Rabinowicz, 2004). LRF declared a gradual change in the existing policy (Daugbjerg, 1997).

The implementation of the reform started in July 1991 with the objective to achieve a complete internal deregulation and was to be fully implemented by 1995 (OECD, 1995; Rabinowicz, 2004). An interesting issue is that the Swedish government applied for the EU membership shortly after the implementation period started in 1991. It was recognized at the time of application that the level of agricultural support in Sweden was higher than in the EU and adjustments were needed. However any adjustments to prepare for EU membership had to be managed within the framework created by the 1990 reform. (OECD, 1995) LRF expressed its positive attitude towards a Swedish EU membership in June 1990 as a reaction against the decision of the Swedish Government made one week earlier concerning the 1990 reform (Rydén, 2003). The organization anticipated that a membership in the EU would be more favorable for the Swedish farmers with the subsidies that existed within the EU rather than the Swedish reform policy that was to be implemented (Rydén, 2003). For the years following, LRF was frequently trying to influence the new Swedish Government entering office in autumn 1991 to abandon the reform, interrupt the deregulation, and instead harmonize the agricultural policy with the Common Agriculture

Policy (CAP) as quickly as possible (OECD, 1995; Rydén, 2003). It also participated in the public debate about the consequences of accession to the EU and argued for example that the Swedish cereal farmers were receiving prices lower than EU producers, insisting on adjustment to assist the transition (OECD, 1995). During the 1991-1994, LRF's views gained sympathy in the Swedish Government and on the LRF demand the Swedish agricultural minister appointed a Commission to investigate and propose adjustment measures at the prospect of the Swedish EU membership (Rydén, 2003). As the 1990 reform was not adjusted to the regulated CAP of the EU, much of the 1990 reform had to be reversed if Sweden joined the EU. By joining the EU in 1995, the reform was interrupted and not fully implemented, thus controls were partly recreated in new forms (Lindberg, 2007). Sweden had to adopt the CAP, applied within the EU, where prices and support policies are determined jointly by the Member States. The agricultural trade within the EU is free between the member states; yet tariffs and quotas are put in place to protect the European agricultural industry against outside competition. From a Swedish point of view, entering the EU implied a re-bureaucratization since the aims of the CAP were based on similar goals as Sweden had before the reform, i.e. income, production and productivity goals (Lindberg, 2007). However, Sweden has sustained a critical view on agricultural protectionism (Rabinowicz, 2004).

The fact that the political power became more concentrated to the EU level had an impact on the structure of LRF's network context. These changes enhanced LRF's need to be present in the EU and put a pressure on LRF to (re)act in order to cope with these changes and to defend its relative resource importance and to influence the position and roles played in the future. The intentions of LRF's presence in Brussels was to be able to participate within the EU bureaucracy, represent the interest of the Swedish farmers at the EU level by putting forward the national interests and to report back to Swedish farmers on the issues discussed in Europe.

A vast number of experts are involved in drafting and implementing the common agricultural policy in the EU. The Commission consults the European Parliament and the Economic and Social Committee (ESC). The Commission also cooperates closely with farmers' professional bodies to ensure that allowance is made for their interests in the drafting of the common policy and the management of the common market organization. This is one explanation why a large number of professional farming bodies operate at European level.

In order to understand the political context in the EU, to be informed about the organization of the EU and the process of European agricultural policy formulation, to understand the roles other organizations have in the system and last but not least to establish relationships with other interest organizations at the European level, LRF established a representation office in Brussels. By this act LRF started its process of trying to establish itself as an actor within the European political context. As described during one interview, presence in Brussels was vital for LRF's learning about the "rules of the game" and how to act in the new setting in order to be perceived as a trustworthy and expert organization. In the beginning, it was of crucial importance for LRF Brussels office to establish long-term relationships with the European farmer umbrella organization COPA-COGECA. Even though LRF and other similar organizations from other countries are members of COPA-COGECA, the content of the relationship is important since participating in the policy formulation process is resource consuming. The European organization has long tradition of working within the EU political arena by participating in the formulation of the agricultural policy. The organization has two different bodies COPA is an umbrella body for farmers and COGECA represents farm cooperatives. The organization COPA-COGECA represents both the general and specific interests of farmers and farmer's cooperatives in the EU and is recognized by the Community authorities as the spokesman for the agricultural sector, closely cooperating with the EU Commission, where it represents the interests of the agricultural sector as a whole. COPA-COGECA was thus identified and perceived by LRF as an important actor to have a deeper relationship with. The relationship with COPA-COGECA, contributed to LRF's learning and better insight into how the EU institutions function, what issues are important to consider as well as what is seen as accepted behavior within this context. Even though LRF's aim was to establish long-term relationships within the EU, i.e. long-term commitment of resources, this implies that besides LRF's commitment intentions the

counterparts also have to interpret these as long-term intentions. In a business context, LRF could prove its intentions through the exchanges of goods for money whereby the parties incrementally adapt to each other, developing trust and commitment, and the intentions become confirmed. However, in a political context the intentions cannot be proved through the exchanges of goods for money, thus in the political context of the EU, the actors' intentions must be confirmed based on the interpretations made by the counterparts.

Analyzing the network context focusing on political embeddedness and legitimacy

Before 1990 there had existed a consensus pricing system in Sweden where LRF negotiated with the Consumer delegation about the annual prices, which were supervised by the Swedish Board of Agriculture. In this system the farmers through LRF together with the Consumer Delegation had a strong position to bargain the price and set the conditions in the market. LRF was here a part of setting the rules of the game, i.e. the political institutions. Through their legitimacy in the pricing system they also had the power to influence so that they could gain access to political resources. Considering this we can understand the position of farmers in the network as having a strong position through the interest organization LRF. The farmers' pricing system was sanctioned by the governmental authorities and was a result of negotiations with the Consumer Delegation. The legitimacy of LRF in the Swedish context was prior to 1984 high where their existence as well as their performance was accepted and seen as justified.

As the book political economy of the food sector was published in 1984 the system started to be questioned and so also the legitimacy of the consensus pricing policy. The book arouses a debate where the political institution for farmers as such was being questioned. In this process it became vital for LRF to start defending their legitimacy in order to maintain it. Turning to the three strategies of legitimating behaviors we can identify that as LRF formulated a strategic document arguing for a market pricing system instead of a consensus system, implies that LRF was conforming to the reform strategy by the government officials. The strategy to conform was a coercive force where LRF did not have that much possibility to maneuver as the legitimacy was questioned and the political actors were already limiting the maneuvering space for LRF through their ad hoc group. As the involvement of LRF was low in the formulating of the reform the power to affect the political institutions was diminished. With this LRF's position in the network context was changed.

With the negotiations of an EU membership commencing in 1991 LRF had the choice to stick to the strategy document formulated in 1988 arguing for market-oriented prices or choose to argue for an EU membership that would imply a possibility to once again have higher trade barriers and subsidies. In this we can thus see that LRF could choose which political institutions to direct their activities towards. By arguing for an EU membership LRF also selected environment: In the case we can also find that LRF argued that with an EU membership the reform could not be implemented as this would render a negative competition for the Swedish farmers. Looking at the legitimating strategies this is in line with the selection strategy and to argue for the moral criteria that should be followed if a membership was attained, i.e. to stop the reform.

Establishing the representation office in Brussels can also be seen as a way for LRF to substantiate its trustworthiness in the eyes of EU and COPA-COGECA, expressing its long-term commitment intentions, i.e. LRF's credibility. This activity can also be understood as one of setting up a representation office in order to conform to the environment by adaptation to the institutional structure - *conforming strategy*. Another way to make LRF's intentions credible was to point to its position and roles within the Swedish agricultural industry as one of the key actors. Furthermore, LRF also put forward its embeddedness within the Swedish political context, underlining its long tradition of regular interactions with Swedish governmental actors representing the interest of the agricultural industry. The corporatist political environment in Sweden where interest organizations are invited to comment on a regulation proposal facilitates interest organizations' participation in the policy formulation process. Through these governmental relationships LRF participates and influences the content of proposals concerning the

national agricultural industry. By selecting among environments to act within and selecting actors to interact with is part of the *selecting strategy*, i.e. LRF selected to engage in political relationships and selected COPA-COGECA as an important actor LRF pinpointed it's own accountability, reliability and efficiency in the Swedish political context to the umbrella organization at the EU level..

The above were LRF's own ways of showing its intentions and attempts to establish trustworthiness and credibility for its actions and activities. Another channel that also confirmed its credibility were the Swedish governmental actors, who are represented within the EU bureaucracy at different EU institutions (the Commission, the Parliament and the Council). These governmental actors involved in agricultural policy matters spread information about the Swedish agricultural industry and the actors involved at a national level. This eventually reached COPA-COGECA as a reputation thereby, through another channel, confirming the position and roles played by LRF within the Swedish agricultural industry. Hence, the legitimacy of LRF could be confirmed through such an important actor as the Swedish governmental authorities.

Credibility and trustworthiness are two concepts that partly describe LRF's legitimacy building behavior. By trying to "prove" trustworthiness, LRF can become credible; however these are the intentions as presented by LRF. In pointing to its relative importance and the roles it plays within the existing network, the counterparts' interpretations of the actor as desirable or not, are also affected.

Through LRF's membership and the relationship with COPA-COGECA resulted in one of LRF's representative elected as vice president for the umbrella organization COPA-COGECA (Nilsson, 1996), where LRF together with other interest organizations acts in the best interest of the European agricultural industry. Together they develop the common agricultural policy creating possibilities for the common European agriculture. At the same time, LRF is monitoring the agricultural development in Sweden and EU by watching and analyzing the developments of international issues. The monitoring role of LRF is important as the international developments set the agenda for further developments of the agriculture in Sweden. LRF thus also acts with the Swedish farmers' interest in mind. By being present and establishing contacts with other interest organizations also facilitated the establishments of direct contacts with the EU institutions. By this act, it becomes easier to gain access to "political resources" offered by the EU, (like different funds, information and knowledge); resources that could promote the Swedish agriculture industry.

The dependence of LRF on the EU institutions is not one sided but rather interdependent. The EU Commission is responsible for proposing laws, to watch over their implementation, to promote the collective European interest and to act as guardian of the treaties. To accomplish these tasks, the Commission has a network organization and is largely dependent on other public and private organizations. It uses different strategies to engage national actors in the policy making process in order to ensure that the Commission has access to those actors who are affected by EU regulation. As a result, numerous consultative committees and advisory bodies have grown up around the Commission directorates (see for example Laffan et al., 1999). Thus, the EU institutions often lack important knowledge (like technical and regional specific knowledge), which is required for rule setting and policy formulation in a certain area, e.g. in this case the agricultural area. Recognizing that both business and political actors need to acquire knowledge or information from actors outside their own network context implies interdependencies.

Conclusions

In order to gain/maintain legitimacy and participate within the political context, LRF invested in political relationships by conforming to the expectation, selecting the key actors to interact with, setting up a “political unit” in Brussels in order to show its intentions and to monitor and gather information about the new context, the political agenda and the processes going on. Sustaining the Swedish political relationships alongside with the newly developed European relationships, LRF now became able to influence and participate on a wider front; national, alliances with other interest organizations as well as direct relationships with different EU institutions. In order to preserve its legitimacy and social support, institutional theory would suggest that LRF adapts its behavior to the external pressures from the new EU environment. However, applying our way of arguing, an organization is not only exposed to external pressures, but rather through its existing relationships and by establishing new relationships, it is also able to participate in the forming of the expectations, perceptions or assumptions on expected behavior. We can also explain that legitimacy varies depending on LRF’s intentions within the different contexts. The importance to implement the concept of legitimacy into the network approach enables us to explain LRF’s behavior and possibility to act. In other words, considering and understanding how LRF is perceived illustrates a new dimension within the network approach in that besides the resources the organization has, others perceptions of legitimate behaviors is a condition explaining LRF’s possibilities to act and its strategic behavior.

A change in the network context as in the example above, where Sweden’s entry into the EU involved changes in the rule setting and policy formulation for the Swedish farmers, affects the organization’s possibilities to act. These changes can be both slow and fast, affecting the relationships in that some of the relationships will dissolve while others evolve as a result. When institutions transform they are channeled through and within the network thereby affecting the actor’s roles and positions.

The existing perceptions of what are legitimate behaviors are something that the organization needs to learn and to understand the expectations on the roles the organization intends to play. This is only possible through interactions as some of the regulations that are in written form, may be invalid within the network context due to norms or values, which have been developed over time and are more important to understand if the organization wants to be perceived as legitimate. This might be understood as an external pressure; however, at the same time as the organization interacts and learns about the perceptions of accepted behavior, it will also influence the prevailing perceptions. Thus, the legitimating process should be defined as an interactive process where different actors; firms as well as political actors take part.

This paper contributes by addressing, the importance of legitimacy within the network approach. We conclude that understanding the constituents of legitimacy within a specific network context and being perceived, as a legitimate actor is vital for the organization’s survival and access to resources. This implies that legitimacy is a crucial resource for being able to attain resources, establish relationships, and defend a position in the network. In order to understand organizations’ behavior in a network we also need to include the effect of actors’ maneuvering for legitimacy.

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