

Impact Of Network Organizations On The Organizational Change

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This study aims to analyze the impact of the structure of an organizational network with organizations sharing same geographical field with diverse sizes and sectors the level of change in terms of adopting various structures, processes and practices. Theoretical framework of the study intends to determine the relationship their location with respect to the center and the level of their organizational and political power and the similarities of the field. As a result of interviews carried out with 39 local company managers, it has been found that organizations with political power within the network and which are relatively more central have been found as more adoptive with respect to innovations.

Keywords: Institutional theory, organizational network, organizational isomorphism and change.

1. Introduction

Institutional approaches regard the regulatory institutions, focus organizations, social pressures, partnership relations and social structure functions within the organizational field (Meyer and Rowan, 1977; Scott, 1995, DiMaggio and Powell, 1991) as the coherence within and out of the organizations and as the pressures resulting out of this coherence. These pressures result in appearance of similar organizational structures (DiMaggio and Powell, 1983) which result in homogenization of the field. Although neo-institutional approaches explain the impact of cognitive, normative and compelling pressures on the organizational structures; and appearance & expansion of new practices (Scott, 1995); they cannot adequately explain the different levels of and changes in the dependence of organizations on their fields (Lounsbury, 2001). Especially, while the classical institutional theory correlates organizational change only with its adaptation to the local environment; neo-institutional theory underlines stability of organizational activities, in addition to adaptation to the environment and isomorphic activities (DiMaggio and Powell, 1991). What can be the contribution of organizational power, prestige, interests, social capital, organizational ties and inter-organizational relations to the organizational change? In trying to provide answers to this question, this study adopts the institutional theory, while also using network theory in measuring the special characteristics of inter-organizational relations. Theoretical bases of this study are network and institutional theory approaches which are considered as a whole in understanding how organizational forms appear, which of them survive and expand, and which factors have impact on these processes (Palmer and Biggart, 2002).

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2. Literature Review

Since the beginning of the 20th century, organizational theory studies generally estimate the features of successful organizations through using certain characteristics of other companies (Weber, 1922), or try to establish a system management model that can increase the wealth of the company through setting up the edges between the companies or nodes (Roethlisberger and Dickson, 1939). Until today, organizational environment and the characteristics of organizations within this environment have been expressed using the concept of “coherence”. Burns and Stalker (1961) and Lawrence and Lorch (1967) interpret this coherence between organizations and environment as unique and abstract subjects. In this respect, the decisive impact of environment on the organization comes into prominence.

When we consider that the word “institution” has the capacity to represent both the concepts of stability and change (Strang and Sine, 2002), we can better understand that the relationship between environment and organization cannot be limited to environmental adaptation.

As a result, it would not be false to argue that relations of organizations at several levels, especially their settled relations will not always result in isomorphic organizational forms. Despite institutionalization is a problem of “degree” (Zucker, 1991), institutional approaches especially emphasize how current organizational form is conserved and maintained, rather than change. There are two reasons of neglecting of institutional change in institutional theory. First, necessary emphasis is not given to the nodes within the organization and it is put forward that change is only a result of external shocks (Hung and Whittington, 1997). Second, the parts of the institutional environment is defined as highly harmonious and depended on each other, which makes change difficult. Lane (1992) argues that a change which is in contrast to the pattern of institutional environment is not sustainable in the long run.

According to the institutional approach, similarities and change in the organizational structure, process and implementations of an organization are results of the edges established with other organizations. In this respect, isomorphism and change in organizational field is a result of social sedentariness. Although it is generally accepted as the basic presumption of institutional theory that the field becomes isomorphic as a result of mutual imitation of nodes, it can be argued that this presumption was previously asserted by network theory (Borgatti and Foster, 2003). Slow development of network theory hindered examination of isomorphism under this theoretical perspective. Nearly all of collective organizational behavior comprises the study field of network. At the center of these studies, there are groups, clubs or trade unions. Network theories which are also defined as relations constructed by independent nodes system (Wellman, 1988) analyzes inter-personal relations, even the characteristics of these relations. Most of the studies on network theory depend on network outputs, thus they are output-oriented studies. In this respect, these studies are insufficient in explaining the differences in organizational field in which the social network is located. According to the network theory, change is not analyzed separately within the same field; rather it is examined as embedded within other field studies (Borgatti and Foster, 2003). While the differences in organizational behavior are explained based on the characteristics of network structure, network theory and institutional approaches are used in conjunction with each other. Because, most of the concepts of the network theory coincides with the dominant

paradigm of institutional theory. (Kraatz and Zajac, 1996; Westphal, Gulati and Shortell, 1997; Rulke and Galaskiewicz, 2000; Lounsbury, 2001).

3. Methodology and Research Design

Giving prominence to the concept of legitimacy rather than economic efficiency, this study tries to explain the institutional theory which argues that organizations become isomorphic in order to survive in the social environment (Meyer and Rowan; 1977, DiMaggio and Powell; 1983), basing its argument on organizational isomorphism. Node edges are taken as the primary factors in the relationship between social factors and institutional change. It is argued that the character of these ties; their relationship to the central positions or their political or organizational sources of power affect organizational field behaviors.

In this research organizations which lay the same community within but from different sectors are investigated with respect to their organizational structure, processes and practices among in interorganizational field. The level of analysis is organizations that are accepted as socio-cultural systems. The quantitative methods selected as an analysis method and organizational change selected as the dependent variable. In understanding the relationship between institutional change and social factors actors were considered to be major factors links. "Organizational Change in the field has been renamed with respect to Westphal, Gulati and Shortell (1997), "customization/conformity" in the moral scale trend and Ozen (2000) Total Quality Method normative / rational manner by adopting a form of monitoring. Practices that are mostly adopted by organizations are regarded as organizational behavior and have been used to measure the change. Investment in information technology, capacity building, professional employment rates and impression techniques data are designated as the organizational behavior dimensions.

In this research organization edges depending on the position of being center or periphery and having organizational or political power are independent variables. While creating models parallel to the research hypotheses, survey data collected in the context of the company and the managers of these companies provide information about the effects of demographic characteristics have also been brought under control. These variables which are expressed as control variables are added to the model as a portion or all to contribute to the meaningfulness of the model. Relations between dependent and independent variables are in this study expressed by the SPSS program, AGNA (Applied Graphics of Network Analysis) is used to determine the network device sub-criteria (network qualities).

This research field of study is the province of manufacturing and service sectors with prominent organizations in local city Cankiri, in Turkey and their relations with Trade and Industry Chamber of Cankiri, Cankiri Mercantile Exchange and is the province of other agencies. Collected data have been obtained as a result of interviews with 39 managers who are often also the owner of the company. An interview form consists of three main parts and 76 questions are designed for interview. Mainly in the form of the interview questions are original questions and they are to understand the structure of the organizations relations with respect to their basic interactions within the other organizations. Organizations as the unit of analysis and their relationships in inter organizational field are expressed. As a method of data collection the

snowball method, more specific population - a large number of small sub-group of actors involved on tracked to the network qualities used to capture, is chosen. Company that is identified as a pilot organization and his relationships has been established in accordance with the network dimensions.

4. Discussion of Findings

This study argues that these advantageous positions generating from the settled inter-organizational relations at the level of social network have an impact on the organizational field. When it comes to heterogeneity and incompatibility in the institutional field, the impact of social activities and actions in explaining of these social changes (Strang and Soule, 1998; Moore, 1999) comes to the forefront, the duty in adoption of this diversity is on the organizations that are seen as powerful in political and organizational sense. In other words, organizations that are seen as powerful in organizational sense legitimize the diversity for other members by leading them. Organizations which have political power on networks and take place in more central position adopt innovations earlier.

5. Conclusion

This study has researched the effect of the network structure among a group of organization, which share the same geographical field though they are different in terms of the size and the sector, on the change in terms of adopting several structures, processes and applications. This study executed at the local base has found the relation among the change in the field with the power of the connections of the organizations which have settled relations within the social network, their central positions and being strong (organizational and political) as meaningful. While the relations among the isomorphism and the change within the organizational field and the social network features, only inter-organizational relations have been assessed. Future studies may be executed in such a manner that they will also include negative relations in the midst of the organizations.

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