Chapter 11

Playing Virtual Power Games: Micro-Political Processes in Inter-Organizational Networks

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ABSTRACT

Although virtual organizations and networks have been studied, there is still need for research regarding their inner dynamics and the mechanisms of leadership and governance. This paper investigates micro-political processes i.e. informal actions of individual actors to gain power and exert influence, which is a well-researched concept in traditional organizations with respect to inter-organizational networks. This study investigates structures and strategies of power within virtual networks. Results show that micro-political tactics known from research in traditional organizations are used in inter-organizational settings. Additional micro-political tactics, specific to virtual networks, are identified. The latter are related to the use of information and communication technology (ICT). A second quantitative study surveyed 359 members of inter-organizational networks on their use of micro-political tactics. Results confirm that micro-political strategies are widely used in virtual networks. The degree of virtuality was associated with the use of certain tactics. Possible implications for the structure and governance of virtual networks and the design of the technology that is used to support virtual cooperation are discussed.

INTRODUCTION

Due to globalization and technological developments, virtual organizations and networks have emerged in the last decade as new organizational structures and continue to gain importance on the market. This is especially true for networks of freelancers and small and medium-sized enterprises. Although virtual networks have been studied for quite some time (Davidow & Malone, 1992; Goldman, Nagel, & Preiss, 1995; Kock, 2000; Travica, 2005), there is still need for research regarding their inner dynamics and the mecha-
nisms of leadership and governance: The vast majority of research has focused predominantly on the level of single network organizations when dealing with aspects of network governance and leadership. The individual-related perspective focusing on the interacting people, however, has played a minor role in the existing literature on governance in collaborative settings (Huxham & Beech, 2008).

In this paper we investigate whether the concept of micro-politics is useful to explain behavior in virtual networks. The term ‘micro-politics’ refers to informal actions of individual stakeholders to gain power and exert influence within an organizational setting. Originating in organizational science and psychology, micro-political behavior within organizations has been extensively researched in the last decades (Ferris, Hochwarter, Douglas, Blass, Kolodinsky, & Treadway, 2002; Vigoda-Gadot, 2003).

The aim of our paper is to transfer the concept of micro-politics from the intra-organizational setting to the inter-organizational level. So far, micro-political behavior of individual network members has hardly been examined (Huxham & Beech, 2008). Nevertheless, focusing on informal influence processes is particularly interesting due to the fact that inter-organizational networks are typically characterized by a lack of formal hierarchies and roles and have no formal structure of leadership (Janneck & Finck, 2006; Rittenbruch, Kahler, & Cremers, 1998; Travica, 2005). Thus, it is sensible to assume that informal actions of individual stakeholders play a crucial role in shaping and governing the network.

To investigate whether micro-political behavior is a feasible perspective on virtual networks, we initially conducted a qualitative interview study with representatives of various networks, questioning them about their perception and use of actions to gain power and influence. Secondly, we conducted a quantitative study to test the generalizability of the qualitative results.

In essence, the contribution of our work is to extend the concept of micro-politics to inter-organizational—or virtual—networks and to provide first empirical insights into structures and tactics of power within such networks.

The paper is structured as follows: First, we discuss and define virtual networks as we understand them in our study. Afterwards, we introduce the concept of micro-politics within organizations and transfer it to inter-organizational relations. The next section presents the methodology and results of the qualitative interview study (study 1). The quantitative study, based on an online survey (study 2), is presented in the subsequent section, and followed by a comprehensive discussion of both studies. We conclude the article by discussing implications for the design of virtual networks and the supporting ICT from a researcher’s as well as a practitioner’s viewpoint and describing prospects for future work.

VIRTUAL NETWORKS

Virtual organizations can take various forms (Travica, 2005). However, most definitions agree that virtual organizations are forms of “inter-organizational, cross-border ICT-enabled collaboration between legally independent entities, usually with a specific economic goal” (Pitt, Kamara, Sergot, & Artikis, 2005, p. 373).

Beyond those basic properties, virtual organizations can vary considerably regarding the stability of membership and participation and also regarding the duration and goals of the cooperation.

In our research, we take a view of virtual organizations as networks of independent enterprises or entrepreneurs. Members (or member organizations, respectively) engage in this form of cooperation because they expect economic advantages, e.g. by sharing resources, forming buying syndicates, organizing vocational training together, attracting new customers and expanding
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