

While a number of scholars have convincingly challenged the view that these forms are more prevalent now than in history (e.g., Clawson 1980, Granovetter 1995, Laumann 1991), it nonetheless remains true that changes in the US regulatory environment greatly facilitated the ability of US firms

ample, the National Cooperative Research Act enabled coordinated research and development activity across firm boundaries to an extent that had not been

pure markets or pure hierarchies, and because of these efficiency advantages,

tempting to provide a list of formal organizational arrangements that can or cannot be categorized as network forms of organization, any such list would obscure important variance within formal organizational types. For example, consider syndicates—collections of (typically financial) actors that pool assets to support a high-risk endeavor in exchange for profits from that endeavor. Syndicates can differ in the extent to which authority for managing the syndicate is vested in one actor, and they can differ in terms of their time horizon. In fact, an important trend among investment banks in the twentieth century was the increasingly transitory character of syndicates for the underwriting of securities (Carosso 1970, Eccles & Crane 1987). Such decentralization affected the extent to which this particular interorganizational arrangement conformed to the definition of the network form.

More generally, a significant sociological finding is that many of the economic arrangements that are formally labeled markets and hierarchies may conform empirically to the definition of network organization laid out. For example, in his work on transfer pricing within organizations, Eccles (1985) discusses a number of cases in which organizational divisions lack a legitimate authority to set the price for the internal transfer of goods and arrive at prices based on priorititional.288(prTherer)-prichle418(prie418(provide)-318(pra318(prst)-gitizations,

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they constitute a moral community insofar as trustworthy behavior can be expected, normative standards understood, and opportunism foregone. Finally, in a treatise on what he calls small firm networks, Perrow (1993) identifies trust as a critical element of small firm production networks.

Probably the most vivid illustration of trustworthiness and obligation in a network form of organization comes from Uzzi's (1997) examination of subcontracting relationships in the New York garment industry. Uzzi is particularly interested in what he refers to as embedded ties, strong enduring relations between manufacturers and the case of a manufacturer that had decided to move all of its production facilities overseas to Asia. Because of this upcoming move, the manufacturer would no longer be relying on its subcontractors in New York. He writes:

As a result [of this move], this manufacturer had strong incentives not to tell its contractor that it intended to leave. Doing so put it at risk of receiving low-quality goods from contractors who now saw no thenoaccountnoas temporary and had to redirect their efforts to new manufacturers who could replace the lost business. Yet the CEO of this manufacturer personally notified his embedded ties, because his relationships with them obliged him to help them adapt to the closing of his business, and his trust in them led him to believe that they would not shirk on quality. Consistent with his one of his contractors said that the jobber's personal visit to his shop reaffirmed their relationship, which he repaid with quality goods. This same manufacturer, however,

the face of unexpected changes to the opportunities and constraints confronting parties to the provisions only for anticipated changes will generally be less flexible than an exchange for stance the time of a long-term contract may a

through networks is quite consistent with some of the early network research on information transfer. For example, in Granovetter's (1974) seminal research on job search, information on jobs resides at nodes and is transferred through the ties linking nodes.

Alternatively, as Powell & Brantley (1992) contend, network forms of organization may foster learning by encouraging novel syntheses of information that are qualitatively distinct from the information that previously resided within the distinct nodes. That is, rather than simply facilitating the transfer of

qualitatively distinct from the inventions of either partner, then we can more confidently assert that the locus of innovation is in the network itself rather than the nodes of that network. While such research has not yet been conducted, it seems a straightforward extension of the current work using patent citations as proxies for technological distance.

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sometimes contradictory bases on which organizations can lay legitimate claims to resources. Decentralized networks of organizations emerge, and assets and liabilities are reallocated within the network in such a way that the net-

vironmental changes (Powell 1990, Kanter 1991). By fostering greater communication than the market does, network forms of organization facilitate

ganization. For example, to the extent that network form fosters learning, the form should be more prevalent in industries where knowledge is broadly dispersed and knowledge is rapidly updated (Powell & Brantley 1992). Based on this argument, one would expect the form to be more prevalent in the biotechnology industry than in the steel industry, for example.

While not necessarily specific to networks of organization, ecological arguments on inertia (Hannan & Freeman 1989) may not (ethically) provide (some) analytical leverage (in) understanding a firm's history, and

tioning when one party does not act in good faith in the context of the alliance. Powell et al (1996) also develop some similar hypotheses as to how the pre-

network forms of organization: the dysfunctionalities that arise through the operation of the network. One possible reason for the inattention to dysfunctionalities is that network forms of organization may indeed constitute a superior organizational form. A number of scholars (e.g., Kanter 1991, Powell 1990, Perrow 1993) seem at least implicitly to make the claim that alliance

actors often do not publicly announce the termination. As a consequence, re-

example, when discussing the richness of information conveyed through network ties, the comparison is to arms-length contracts. When discussing the autonomy of the network form, the comparison is to hierarchy. However, does the network form provide richer information than hierarchies and more autonomy than the market? Only by considering all three forms simultaneously can

