Barbarians at the gates?

Organizations protecting and promoting their (non)technical cores through institutional boundary-spanning

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night has fallen and the barbarians haven’t come.

And some of our men just in from the border say

there are no barbarians any longer.

Now what's going to happen to us without barbarians?

Those people were a kind of solution.

C. P. Cavafy

Introduction

One of the main problems in contemporary organizations concerns the heterogeneity of their environments. In a form of various actors and their interests the environmental pressures enable as well as they constrain settings in which the organizations operate (Meyer 1996; Djelic and Sahlin 2006; Fiss 2008). One of the classic and still standing contributions to the organizational research on the way business organizations respond to these environmental pressures is James D. Thompson’s seminal work from 1967. His framework emphasized the role of specialized units designed to protect the technical core of a firm from uncertainties arising from fluctuations and shifts in the resource controlling environment. A basic idea in that monograph is that uncertainty constitutes a fundamental problem for organizations. Therefore, under norms of rationality, organizations are likely to protect the technical core from uncertainties. One way to ensure such protection is to create boundary-spanning units in order to handle the uncertain external relationships. The basic problem for such units is therefore, according to Thompson (1967:67), “not coordination (of variables under control) but adjustment to constraints and contingencies not controlled by the organization – to what the economist calls exogenous variables”.

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In this chapter we re-address the notion of boundary-spanning units and the part they have in responding and influencing an organization's environment (cf. Allen and Cohen 1969; Lewin 1947; Pettigrew 1973). By illustrating the way large business organizations handle and organize their boundary-spanning units such as Corporate Communications and Investor Relations we shift our attention away from the technical core, arguing instead that boundary-spanning units and their buffering function also include protection and promotion of soft corporate values such as legitimacy, brand and reputation (cf. Tengblad 2002; Engwall 2009; Göthberg 2007; Grünberg and Hägg 2007; Pallas 2007). As our interest lies in boundary-spanning activities towards what has become called institutional environments we propose, inspired by Engwall (2009), the concept boundary-roaming for describing the multi-directional and multifaceted work of these units as they try to organize and enact the uncertain environment.

From technical to institutional boundary-spanning

In the work of Lars Engwall the importance of boundary-spanning vis-à-vis the institutional environment has been underscored, although the importance of such corporate activities was noted already by for example Hirst (1972). Engwall has through his research for decades pointed to what happens at the borders of organizations. Already in his study of newspaper organization (Engwall 1985) he was able to show how newspapers had a critical problem balancing between a clear editorial ideological stance (which involves ties to the political community) and successful sales (which involves ties to the markets), which was achieved through stability and continuity in recruiting\(^1\). People who were brought into the organization had already been at the edges of the organization, for example through political or family ties. Although Engwall does not develop the point it seems quite clear that these people were thus expected to be able to balance the clash between political values and market demands in the newspaper's environment.

\(^1\) Although he does acknowledge that not all processes were smooth.
In his studies of banks Engwall (1995) held forward the centrality of understanding the flows of liquidity through banks as the central management problem. Through this conceptualization he was able to point to a number of interfaces that are used to manage the flow. These interfaces are found at the borders of the organization, but also internally. This point is important since it helps us understand that although uncertainty reduction may be done at the borders of organizations (whatever these are) it may also be located in the organization or outside it (cf. Lynn 2005).

Studies of the expansion of management knowledge (Sahlin-Andersson & Engwall 2002) laid the foundation for developing a more integrated view of the institutional environment that is characterized by the constant flow of knowledge and ideas. The actors are seen as carriers that diffuse ideas, but also develop both instrumental practices and more fundamental institutional ideas. Organizations in these environments seem to have their competitive advantages in the way they create and organize their ties to the environments rather than in how they isolate themselves. Thus boundaries between organizations and actors in their environments become blurred.

How such blurring operates at the level of specific boundary-spanning units is illustrated by Engwall (2009) who, based on a study of Swedish universities and their work with the media, argues that organizations in order to promote and protect their core activities have developed strategies to be prepared for handling and influencing the media coverage. The promotion strategies have become standard procedures in building and maintaining a favorable image of the universities, not only towards the media but also in relation to the growing number of their stakeholders like the students, alumni and business. Extensive production of press releases, invitation to specific as well general press conferences, and sometimes also collaboration with different news outlets such as newspapers and TV or radio channels represent such efforts (see also Pallas 2007). In addition to such activities organizations and their specialized units use the web and other technologies as an increasingly important means of promotion. A particularly interesting application is blogs, specialized websites and different social networks (see also Windell and Grafström,
But promotion involves also internal activities, i.e. boosting, whereby the boundary-spanning units work with efforts to create and support the positive picture of own organizations and their activities among internal stakeholders. Examples of such activities include magazines, memos, internal conferences and meetings.

Ruling, training and buffering represent, according to Engwall, the protective focus of the specialized departments and their media activities. By developing information policies and through modern rhetoric, the departments assign and organize information and communication responsibilities within their organization. Such ruling activities are also supported by media training that provides models and underlying assumption for how to handle different aspects of public and media relations. Media training courses have become widely implemented, and it is nowadays almost a rule that new deans directly after their appointment are given such training (Engwall 2009:17). Finally, through buffering the communication departments seek to protect the work of their top executives by redirecting and filtering media questions to those that are internally defined as most relevant or suitable for the questions at hand (see also Grafström & Pallas 2006, Pallas 2007).

From newspapers, banks, consultancies and universities and their work at the organizational boundaries we learn, through Engwall's studies, that boundary-spanning activities may be carried out by recruiting or training. It is also suggested that such work is not necessarily located at the border of the organization but that there are interfaces both within and outside the organization, and that organizations change more fundamental institutions as they are engaged with their environments. The work of Engwall points in the same direction as other contemporary research on boundary-spanning. Common themes are to challenge an instrumental view on the boundary-spanning units and to consider the role of institutional forces in influencing organizations (cf. Djelic & Sahlin, 2006). Whereas the thoughts of Thompson and other early organizational theorists (cf. Lewin 1947, Allen and Cohen 1969) focused on buffering and bridging activities dealing with insecure flow of resources between the organizations and their surroundings, the recent institutional interest for boundary-
spanning activities deals with the normative, regulative and cognitive frames where information, accounts and conceptualizations of the corporation itself are at stake (Engwall, 2009, Byrkjeflot and Angell, 2007). A similar distinction between resource-based and institutional view on boundary-spanning and buffering is also to be found in Lynn (2005). He argued that the institutional perspective on boundary-spanning is preoccupied with buffering of less tangible environmental influences by decoupling managers from the technical core, i.e. it focuses on adapting the managerial level to external normative influences (Lynn, 2005).

Empirical evidence shows that the special units are not only created in order to protect the basic or fundamental tasks of organizations, but also with an ambition to enable top managers to respond to and enact regulations, moral values, practices, and management models, i.e. institutional frames that guide and shape organizational activities. This empirical evidence include studies on investor relations (Rao and Sivakumar 1999, Edenhammar et al. 2001), media and public relations (Engwall 2009, Byrkjeflot and Angell, 2007; Pallas 2007), as well as regulatory bodies (Wedlin 2006), and sustainable development & CSR (Frostenson forthcoming), altogether supporting the notion of a shift in the focus of boundary-spanning units towards a work with legitimizing activities. Moreover, these studies suggest that boundary-spanning units exist both in business organizations and in other types of organizations such as ministries, government agencies, and political parties as well as among institutional owners, and civil society organizations, and social movements. Thereby the results obtained from these studies additionally support the notion of boundary-spanning units not only as protecting and buffering own organizations vis-à-vis specific segments of their environments, but more importantly as being active in organizing and structuring of the institutional settings in general.

It becomes clear that the uncertainties in the symbolic and ideational realm contain challenges that are perhaps not very different from those faced in the technical and physical. Ideas need to be imported, processed and sold; managerial techniques need to be learned, implemented and evaluated. The above mentioned studies illustrate the
way organizations have created boundary-spanning units to handle the heterogeneous settings permeating their activities. This in turn requires expertise in areas such as finance, law, politics, journalism, and ethics. Thus, the rest of the chapter is preoccupied with two concerns. Firstly, we address some of the main activities today’s boundary-spanning units are involved in. Such focus includes both the specific strategies and relations of the boundary-spanning units vis-à-vis the different segments of the environment, as well as the involvement of these units in organizing and forming the wider context in which such activities and relations take place. Secondly, we use our examples to conceptually develop our understanding of institutional boundary-spanning.

**Expertise at the boundaries**

As argued above, much of the interactions between organizations and their different counterparts in society takes place in the context of boundary-spanning units. The institutional function of these units implies that they not only protect organizations, but also work with promoting the organization, such activities include the presentation of organizations in a favorable way and attempts to influence the rules of performance set up by their environment, that is, persuasion. Being involved in both protective and promotional activities requires boundary-spanning units to develop expertise in a wide range of activities.

A number of recent studies with their origin in Uppsala based research illustrate the way different boundary-spanning units specialize in particular segments of the environment, and the way they develop cooperative strategies with intermediaries and stakeholders. Here we shall develop our argument using illustrations from two of these studies that looked at business corporations and their contacts with investors and the business media.

Grünberg and Hägg (2005) showed in their study of investor relations at large international corporations how boundary-spanning units are established and function in large business corporations. The firms'
arrangements are tailored to meet the specific demands of three different segments of the corporate environment that are made up of sets of very heterogeneous investor groups: long-term Swedish shareholders who often hold large blocks of shares, international investors, and retail investors. The way boundary-spanning units handle long-term Swedish investors with large stakes differ substantially from the arrangements that are in place to deal with Anglo-Saxon investors with short-term investment horizons. Differences were also found in the ways in which boundary-spanning units are active (for example the chairman of the board or the investor relations executive), the kind of information that is exchanged, and the structure of the meetings.

Boundary spannings activities are most developed vis-à-vis the international investors and consequently investor relations departments of large corporations are largely structured to meet the demands of that segment of the investment community, although they do provide a point of contact to others, such as retail investors, as well. In dealing with international investors the boundary-spanning activities in investor relations departments are highly rationalized and follow stable routines which include agreements on the procedures for disclosure (which follows a well-defined time table) and rules regarding interaction. Particularly elaborated is the framework of formal and informal rules for interaction that surrounds and guides the visits of corporate executives to global financial centra (such as London, New York and Boston) where they meet fund managers and analysts. The trips, called road shows, are made in close conjunction to planned disclosures of quarterly reports. The information disseminated on the trips must be fairly and equally disclosed which is ensured by preparing standardized information packages, i.e. investor kits. The meetings are of two kinds: either presentations for larger audiences of analysts and investors, or so called one-on-ones with particularly important investors. During the meetings predictable sequences of questions and answers are interchanged. In arranging road shows firms rely on intermediaries, such as investment banks, for organizing presentation sessions and setting up meetings with investors. These activities illustrate the way the interfaces with different types of stakeholders may be placed outside
stakeholders may be placed outside the organization through the use of intermediaries (cf. Engwall, 1995; Lynn, 2005).

Handling relations and disclosing information are the primary functions for investor relations units, but in spanning the corporate boundaries they also gather information. As one investor relations executive put it, his task was to: "pull as much information as possible, not only about our company, but also about what the competitors are doing [and] what the competitors are saying". Statements like this support the notion of the multi-directional character of the interaction that is created through boundary-spanning units.

The relations between companies follow a predictable schedule where the release of quarterly reports sets the pace. The intensity of interaction between investors and corporations varies considerably from time to time. In the month that precedes a quarterly report the company enters what is called a “silent period” or a “black out”, when contacts are minimized and no new information is released. Then, when the report is released, interactions become extremely intense and engage top management in investor contacts. The control and co-ordination of the schedule for disclosure and interaction is handled by investor relations units. This shows how boundary-spanning units are able close and open organizational boundaries in a sequential fashion. Taken together the studies of investor relations show that boundary-spanning may be highly specialized, routinized and multi-directional, with interfaces placed both inside and outside the business corporation.

How the boundary-spanning expertise and strategy are developed and maintained by the interacting parties has been shown by Pallas (2007). He describes the work of corporate communications departments as being involved in creation of localized practices whereby corporations respond and influence the production of business news by way of developing formal organizational solutions and close personal relations between the communications managers and their media counterparts. The results suggest that the corporate media work can be seen as a mixture of locally developed and shared activities including a) different interaction approaches, i.e. front-stage or back-stage; b) adopting a dominant focus, i.e. content respectively settings; and c) are of varying
character in time; i.e. long-term versus short-term. In the context of the front-stage negotiations, the companies and the media employ and combine a variety of practices in organizing their activities vis-à-vis one another. In the course of their interactions, they become involved in negotiating about working routines and norms relating to the journalistic characteristics such as the conception of newsworthiness – i.e. what to include in a press release and how to write it – or the way to conduct interviews and organize press meetings. At the same time the companies are pursuing other and often diverging views and preferences concerning their own media activities. Handling environmental and societal issues or issuing general financial information such as quarterly and annual reports is guided partly by various ideas stemming from the practices adopted by other parts of their own organizations or by third parties elsewhere. Moreover, the educational background and media training of the companies’ communications managers (see also Engwall 2009), or regulations from the Stockholm Stock Exchange regarding the material to be included in the companies’ media material, also illustrate the kind of input whereby a variety of non-journalistic professional norms and values are involved in shaping company-media interactions. The front-stage negotiations affect the local practice by combining – rather than radically changing or adapting – the various standardized elements in the practice of business journalism with those prevailing in the companies.

The character of back-stage company-media negotiations, on other hand, suggests that the informal relations and organizational solutions – such as those used in handling sensitive corporate material – are not evidence of combining and adjusting the various forms of company-media activities so much as an illustration of the way the communication departments introduce an element of flexibility into the routines and rules governing their interaction with the media. The back-stage negotiations thus shape local practice to allow the actors – mainly by way of their close personal contacts – to improvise or circumvent the formal rules while still acting in accordance with the professional manners accepted by both parties. The media is not only perceived and acted upon as a producer and distributor of news to which an organization has to react, i.e. struggle for the control over the
form and content of the news produced. Rather, the interactions between the two parties also have elements of collaboration and innovation (see also Pallas 2009). Thus, the local practice represents a jointly constructed arena for boundary-spanning where the two sides adjust to and negotiate with each other both contemporaneously in specific situations, but also with respect to their predicted future encounters.

Conclusions

Our examples have pointed to the fact that the boundary-spanning units that interact with the institutional environment require a wide range of expertise, often tied to specific professional areas such as media and investors relations. People formerly employed within investment companies, governments, media companies, or even civil society organizations are thus hired to the boundary-spanning units in order to deal with their former colleagues. This suggests that boundary-spanning units are organized by means of multi-directional flows of personnel and that they are knowledge intensive.

We believe that boundary-spanning units perhaps should not be seen as buffers, but rather as central nodes in networks of relationships that are created between actors in boundary-spanning units and the actors they work and interact with, and sometimes even recruit. Such relationships are to the advantage of corporations for two reasons. Firstly, the “renegades” who are recruited bring the expertise of their former field of employment and therefore know how their former colleagues reason and work. Secondly, they also bring a set of relations since they are well connected in their former field of professional activity. This makes it easier to bridge the gaps and to generate initiatives on both sides. In so doing it appears that some of them develop permanent relations with selected journalists, financial and business analysts, representatives of various industry and non-governmental organizations and associations. We also provide arguments giving support for the statement that boundary-spanning units are specialized in different segments of the environment and that boundary-spanning units develop joint practices for interactions with
their counterparts. The precise mechanisms for creating such specialization deserve further attention and also what kinds of specialization may be particularly advantageous.

Our examples have shown that the techniques involved in institutional boundary-spanning are other than when buffering the technical core. The differences between technical and institutional boundary-spanning may of course be sought in the character of what they are buffering. Buffers of things (inventory) do not communicate or change the organizations around them (perhaps they bring about the need to build storage). But, to buffer through techniques such as recruitment and communication has a double function. The techniques themselves involve institutional features such as frames of reference, values or cognitive maps, and when they are applied they change the unit that they are applied on. If buffering investors through investor relations units, then analysts who speak the language of investors and think like investors are recruited. As these investor minded recruits enter the organization they will bring their cognitions with them. The Uppsala studies have illustrated that the same is valid also for the relations with the media and other corporate counterparts.

Taken together we see two opposing dynamics that shape the activities of boundary-spanning units as they protect and promote their organizations vis-à-vis the institutional environment. The first dynamic pushes boundary-spanning activities toward greater openness. This is reflected in the ways through which organizations handle and respond to requirements and expectations generated by the increasing number of stakeholders. Among such expectations we find transparency, specialization, and professional expertise in a large number of contexts (cf. Levay & Waks 2006). Boundary-spanning with such an open focus includes active screening and incorporation of the stakeholder interests into the responsibilities of specific units. Thus, this integrative activity leads to relational as well as knowledge-based embeddedness with segments of the environment of which the organizations are part.

The second dynamic works in the opposite direction. Boundary-spanning activities are pushed towards controlling and restricting both the information disseminated by and the interactions with other
organizations (cf. Christensen & Langer 2009; Christensen et al. 2008). We believe that the dynamic arises from the demands on accurate and consistent information from stakeholders. To ensure this, organizations need to apply extensive control and coordination (both internally and externally) of what is communicated and to whom. In other words, boundary-spanning despite its open, integrative and inclusive properties is also a well defined, co-ordinated and controlled activity leading towards the sharpening and tightening of the very boundaries that were to be transcended.

The duality of boundary-spanning dynamics captures what seems to be a paradox of organizational boundary work. Even if the very creation of a unit for handling a segment of the environment acts as both a signal that the organization is willing to interact in specific contexts and as a means for such interaction, the boundary-spanning also implies controlling and minimizing of the interactions. Boundary spanning also involves activities and interactions that are placed in the environment, as well as the mobility of professionals. We refer to these double-edged activities as boundary-roaming, i.e. skillful boundary-work where both the organizations and the representatives of their environment continuously and jointly define what is to be subjected to boundary-spanning and the way such activities should be performed and organized (cf. Lawrence and Sudabby 2006). Thus organizational boundary-roaming is a process in which the level and extent of openness or control is not determined only in each relation, but also negotiated between an organization and different segments of their environments, and further between the actors in each segment and field. Thereby, boundary-roaming contributes to organizing and structuring not only of specific interactions between individual parts, but also to the structuring of the totality of interactions as for example through the formation and enactment of field level practices (cf. Pallas 2007).

To conclude, we believe that boundary-roaming is one way for corporations to handle uncertainty. A powerful symbol for boundaries and the creation of safety against uncertainties are the thick walls that often surround ancient cities in diverse civilizations. While protecting, but not always, these walls also clearly demarcated the identity of
those in and those out. While the traditional concepts of buffering and boundary-spanning may rest on such a metaphor of strong boundaries, we believe that institutional boundary-roaming points at a very different way of understanding the protection of organizations against environmental uncertainties – buffers are built by bringing the barbarians in and hiring them, through learning their language, and, perhaps, by becoming a little more like them.
References


