

# INTRODUCTION: COMMUNITY AS AN INSTITUTIONAL ORDER AND A TYPE OF ORGANIZING

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## ABSTRACT

*How does organizations' embeddedness in social and cultural communities influence their behavior? And how has this changed with recent communication technology advances and globalization trends? In this introductory chapter to Research in the Sociology of Organization's volume on Communities and Organizations we consider how diverse types of communities influence organizations, as well as the associated benefit of developing a richer accounting for community processes in organizational theory. Our goal is to move beyond the focus on social proximity and networks that has characterized existing work on communities. We highlight how the notion of community provides a distinct institutional order that enables actors to tailor community logics that give cultural meaning to and govern specific institutional fields and furthermore how communities can function as an organizational form.*

There has been a recent revival of research showing how and why organizations' embeddedness in social and cultural communities influences their behavior (Freeman & Audia, 2006; Marquis & Battilana, 2009; O'Mahony & Ferraro, 2007). As communication technology advances and globalization trends have emerged, new questions have arisen regarding the nature of community. Researchers have explored a number of important questions related to how these changes enable new forms of community and

influence the collective engagement and identity of traditional organizations. Some scholars have studied how such processes enable new forms of affiliation and engagement, such as the creation of transnational identities (Djelic & Quack, 2003) and development of virtual and online communities (O'Mahony & Ferraro, 2007). But other scholars have concluded that while such changes seemingly make proximity and physical contact unnecessary, there is evidence that organizations still have an enduring local character, thus showing the persistent influence of social proximity on organizational behavior (Greenwood, Diaz, Li, & Lorente, 2010; Marquis & Battilana, 2009). In this volume, we consider both of these types of community processes, those that arise as a result of technology-driven and globalization-related shifts, and those that are maintained despite those changes. We argue that the concept of community should be conceived as both an important underlying logic of action as well as an organizational form to encompass and make sense of these new developments.

While the questions we examine are increasingly prominent given changes in our current age (Davis & Marquis, 2005), shifts in embeddedness in different types of collective groups such as communities has long been a staple of social science inquiry. For instance, as industrialization transformed social life in Europe, early social scientists such as Weber and Durkheim examined the social effects of urbanization and the development of new types of affiliation. Tönnies's (1887) articulated the fundamental distinction between *Gemeinschaft* (community) and *Gesellschaft* (society). Later sociological research in the United States investigated urban communities (Park, 1925), seeding the human ecology approach of Everett Hughes and colleagues associated with the "old Chicago School." Early organizational theory also placed significant focus on effects of community environments on organizations. For example, both Selznick's (1949) study of the Tennessee Valley Authority and Zald's (1970) study of the Chicago YMCA illustrated the strong influence of local social relations. Finally, other early investigators such as Warren (1967) stressed the importance of community for understanding institutional influences, arguing that it is within communities that diverse types of organizations come into contact.

More recent theoretical streams have paid less attention to shifting definitions of collectivities affecting organizations, focusing instead on higher levels of analysis such as geography-independent organizational sectors, populations, or fields (e.g. Meyer, 2008; Meyer, Scott, & Strang, 1987; Scott, 2001), as the topic of globalization came to dominate academic and practitioner-oriented discourse (Giddens, 1990; Meyer, Boli, Thomas, & Ramirez, 1997). Scott (2005, p. 474) for instance has commended this

attention to higher order institutional processes emphasizing that today's organizations are embedded in global environments, and hence are primarily shaped by nonlocal events and ideas. This recent research trajectory that has shifted attention away from investigating the increasing expansion of community-oriented affiliation provides a significant opportunity for inquiry into new questions. For example, given the increasing ability to connect beyond the local environment, what mechanisms influence the maintenance of the older style of social relations defined by proximity? What types of organizational behavior are affected by proximity, and under what conditions, and through what mechanisms? What types of community-oriented social relations have emerged with technology and globalization and what has led to their genesis? Furthermore, how does community still operate as an institutional order? That is, how does community provide logics that guide the governance of identities and practices of virtual and geographically delimited social groups across time and space?

Such questions are important now as a growing trend in recent research has focused on articulating the institutional, social structural, and geographic reasons that explain the endurance of community influence even in the face of the aforementioned technological and global pressures. For example, local relational systems are enduring such that they continue to influence outcomes as diverse as organizations' corporate governance practices (Davis & Greve, 1997; Kono, Palmer, Friedland, & Zafonte, 1998; Marquis, 2003); innovation (Owen-Smith & Powell, 2004; Saxenian, 1994; Whittington, Owen-Smith, & Powell, 2009); and founding processes (Audia, Freeman, & Reynolds, 2006; Ruef, 2000). As well, different communities also exhibit longstanding shared frames of reference and traditions that influence corporate social responsibility behaviors (Marquis, Glynn, & Davis, 2007), corporate strategies (Lounsbury, 2007), and organizational foundings (Marquis & Lounsbury, 2007). This diverse work indicates a recent revival of research into the effects of geographic communities on organizational behaviors; consequently, one goal of this volume is to better delineate scope and boundary conditions as well as the processes that drive these community influences, highlighting both the logic giving and the structural aspects of community relations.

This dual conception of community encompassing both an infusing logic and an underlying structure permits a clearer understanding of how and why new forms of community relations have emerged and grown to become pervasive styles of organizational action. Despite the proliferation of globalization research, few scholars have examined how these newly developed communities, constituted by actors that lack geographic proximity, can wield power equivalent to that resulting from traditional

community forms. Thus, complementing the focus on geographic communities, we also consider how community forms that are not tied to any one place organize and achieve influence. “Online” communities are increasingly achieving social, political, and economic impact, but few of those communities depend upon the Internet alone and many sustain overlapping ties with local communities (O’Mahony & Ferraro, 2007). Our understanding of the form of this collective action must move beyond the nature of the enabling technologies to consider how local and virtual relationships and logics coexist, become intertwined, or conflict. Other scholars have similarly found a similar interplay between the local and the distant in explaining the effects of transnationally interconnected societies (Djelic & Quack, 2003).

This volume explores the diverse types of communities and community processes influencing organizations’ that complements the recent dominant trajectory in much institutional theorizing that focuses on higher levels of analysis (e.g., Meyer, 2008). Some have argued that a focus on field processes may be too abstract and divorced from the socio-political community, which is the immediate context of institutional and organizational activities (Greenwood et al., 2010). We join the recent movement to correct this trend of overabstraction by showing that not only can cognitive and normative systems be both place-bound and virtual, but that such benefits cannot be easily transferred from one community to another. We further highlight that the notion of community has become a distinct institutional logic with its own cognitive and normative framework that is a source of cultural differentiation from other forms of social relationships.

## THE TRADITION OF COMMUNITY RESEARCH IN ORGANIZATION THEORY

As noted, one of the earliest foci of social science research was how affiliation in groups affects the behavior of individuals and organizations. Tönnies (1887) distinguished between *Gemeinschaft* (community) and *Gesellschaft* (society). He understood “community” as a category of meaningful social relationships, such as those arising from the family, the church, or the village, while he viewed “society” as a category of anonymous and functional relationships associated with modernization, urbanization, and community decline. A common theme arising from this theoretical stream was the erosion of community in the context of modernization.

Another way of conceptualizing communities in early European research has been in the analysis of cities investigated as essential social structures where groups and interests gather and are represented (Weber, 1921) and where economy, culture, and politics interconnect. Such focus on local systems was also resonant in early organization theory. For instance, Selznick's (1949) foundational study of the Tennessee Valley Authority showed how local norms and sources of power influenced organizations. A series of studies of urban environments also showed how organizations were locally embedded, both shaping and being shaped by their communities. Warren (1967) for instance examined the communities of Philadelphia, Detroit, and Boston and how interaction between diverse organizational types such as local businesses and nonprofits was fundamental to community functioning. Communities were thus an important research site for understanding firm behaviors. In addition, many of the early well-known studies focused on communities as sites of disproportionate elite power such as Hunter's (1953) study of urban elites in Atlanta, Ratcliff's (1980) study of elite bank influence over mortgage lending in St. Louis, and Zald's (1970) study of the Chicago YMCA. Thus, sociological research has often shown that organizations are deeply embedded in local social systems, both being affected by them and in turn affecting the social and economic life of communities.

While themes of community embeddedness were essential to early research, a subtext in these studies was that processes associated with more expansive social relations, such as nationalization of elites and corporations and later globalization processes, were reshaping (particularly reducing) the importance of community. For example, starting in the 1950s it was recognized that the spatial distribution of corporations and elites in the United States were taking on a more national character (Baltzell, 1958; Mills, 1956). As new technology and communications eased previous travel restrictions, corporations and their leaders were more mobile and no longer tied to place. As Mills argued, since World War II national corporations had invaded smaller cities, upsetting the socioeconomic hierarchy of local communities. As a result, power at the local level was displaced because national corporate leaders generally ignored local settings. One consequence of this nationalization trend was that since the early 1980s the spatial distribution of US headquarters locations has changed significantly (Davis & Stout, 1992). Hence, since the 1980s, research has shifted to focus on globalization and higher levels of analysis such as geography-independent organizational fields (e.g., Giddens, 1990; Meyer et al., 1997; Scott, 2001). However, a counter-trend in more recent research has been to give more conscious attention to understand why, despite the lack of technological

constrains, embeddedness in communities continues to matter for organizations (Marquis & Battilana, 2009). Theoretically, one approach is to conceive of communities as essentially institutional fields that contain cognitive, normative, and regulative features such that there is “significant homogeneity within communities but substantial variation between communities” (Marquis et al., 2007, p. 927). Recent research has also shown that organizations and communities strive to maintain their distinctive identity and preserve unique local cultures often in reaction to the increased homogenization pressure resulting from globalization (Marquis & Lounsbury, 2007; Scott & Storper, 2003; Sorge, 2005). For instance, in settings with strong local traditions and heritage, as in Spain, attempts to sustain and take pleasure in those traditions can occur irrespective of globalizing and even nationalizing processes (e.g., Greenwood et al., 2010). In other cases, the encroachment of global institutions could be seen as a threat to the existing institutional order (Brint, 2001; Marquis & Lounsbury, 2007; Robertson, 1995). For example, Ingram, Yue, and Rao (2010) showed that activists protested against global Wal Mart in order to protect the local business community of independent retailers.

Thinking of community as an institutional logic, suggesting meaningful and affective relationships based on shared experience or interests (rather than as geographic colocation among different types of organizations), provides a useful bridge to conceptualize contemporary virtual and technology-based communities. The rise of pervasive and inexpensive communication technologies such as the Internet and wireless networks has enabled new ways of gathering into groups and new forms of communication that allow frequent contact and intense collaboration with large networks sharing similar goals or interests (O’Mahony & Bechky, 2008; O’Mahony & Ferraro, 2007; von Krogh & von Hippel, 2006). An interesting feature of some of these communities, for instance those operating with open-source technologies, is that they constitute essentially an organizational form, with distributed authority and decentralized production of products and services, and a generally high degree of commitment to community goals.

Questions asked in this volume that build on the theoretical traditions discussed above include: Why and how local environments continue to matter for organizations? How do local relationships change with globalization or with communication technology advancement? What are the mechanisms that lead to an enduring influence of communities, particularly as nonlocal environments gaining in prominence impinge on local environments? In what ways has technology enabled new forms of community affiliation? And what

are the similarities and differences between geographic and nongeographic communities?

## WHAT IS A COMMUNITY?

There are many ways to think of a community and how different types of embeddedness in communities may impact organizations. While prior research has focused mainly on community as geographic colocation, one of the primary contributions of this volume is expanding these ideas to encompass broader types of communities that have arisen in the online worlds that span broad geographies. Thus, we focus on how communities can be seen as an institutional order as well as a type of organizing.

A number of geographically-based definitions of community have been proposed; for example, [Marquis and Battilana \(2009, p. 286\)](#) define a community as “the populations, organizations, and markets located in a geographic territory and sharing, as a result of their common location, elements of local culture, norms, identity, and laws.” Other conceptions of community that are not geography bound include [Brint’s \(2001, p. 8\)](#) definition that includes affiliation-based groupings, such as professional associations. As he describes, “communities are aggregates of people who share common activities and/or beliefs and who are bound together principally by relations of affect, loyalty, common values, and/or personal concern.”

While this definition is helpful to understand the variety of both geographically close and distant affiliations and grouping processes that involve individual and organizational actors – as noted by [O’Mahoney and Lakhani \(this volume\)](#), [Brint’s](#) emphasis on communities being connected by affect, loyalty, and values can exclude communities that are created out of instrumental or rational interest. This is a significant omission given the importance of economic organizations and their relevance to community processes. Reflecting potential economic interests specifically, [Storper \(2005, p. 34\)](#) in his studies of economic geography defines community as a “wide variety of ways of grouping together with others with whom we share some part of our identity, expectations, and interests.” Similarly, [O’Mahoney and Lakhani \(this volume\)](#) in theorizing about virtual affiliations define communities as “voluntary collections of actors whose interests overlap and whose actions are partially influenced by this perception.”

We aim to integrate and expand on these definitions to include both economic and noneconomic motivations as well as geographically close and distant affiliations. Thus, for the purposes of this volume, we have developed a broader definition that includes virtual and transnational

communities, spanning both economic and other types of motivations. *Communities are collections of actors whose membership in the collective provides social and cultural resources that shape their action. Membership can result from a number of factors including propinquity, interest in a common goal, or common identity.*

## COMMUNITY AS AN INSTITUTIONAL ORDER

Going beyond geographically bound notions of communities prepares us to perceive their effects as sources of identity and as key relational structures for organizations, thus shaping the institutional logics (interrelated sets of symbolic meaning systems and material practices) of certain organizations. An important conceptual move in this direction is the definition of community as a central institutional logic in society by Thornton, Ocasio, and Lounsbury (2012). These authors go beyond geographically restricted notions of community, conceptualizing community as an institutional order alongside the state, corporation, family, religion, market, and profession. This idea of community as an essential institutional order extends the original conceptualization of institutional logics by Friedland and Alford (1991) and much subsequent work since then (for a review see Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury (2011)) highlighting how community provides a key source for institutional logics that provide meaning and shape behavior of actors in an institutional field. Transcending efforts to parse cognitive and normative dimensions of social life (e.g., Scott, 2005), the institutional logics perspective emphasizes the interweaving of cognitive and normative mechanisms.

Recent empirical research has demonstrated the utility of conceptualizing community as an institutional logic, defining both the cognitive and relational bases of organizational action. For instance, Marquis and Lounsbury (2007) showed how community logics provided a key set of cultural resources to enable local banking professionals to resist the effort of large, national banking conglomerates to gain dominant and controlling positions in local communities. They showed how this community-principled resistance led to the creation of new community banks in the wake of acquisitions of community banks by national banking conglomerates. In a similar vein, Schneiberg (2002) showed in the insurance, dairy, and grain industries that cooperative community-bound associations were competing forms of governance to markets and hierarchies in American capitalism in the late nineteenth and early twentieth centuries. Community

logics, animated by local social movement mobilization, enabled community associations and mutual organizations to secure autonomous economic development for social, immigrant, and religious groups who sought to resist the rising prevalence of more nationally oriented, joint stock corporations. While both of these studies show how community logics animate specific geographically bounded groups, they also show how such logics provide more diffuse resources that can be drawn upon by actors in disparate geographic settings as well as by actors who operate across wider geographic territories – for instance, across state and regional boundaries.

One key component of conceptualizing communities as an institutional order is outlining some of the cultural and identity processes that result in communities influencing organizations. Recent studies in this domain include Glynn's (2008) investigation of how tradition and symbolism shaped corporate support of the Atlanta Olympics and Lounsbury's (2007) study of how the strategies of mutual funds differed depending on the legitimate model of investing and associated institutional logic in the two cities of Boston and New York. As well, Marquis (2003) examined how cities maintain deeply held traditions regarding corporate governance that have a persistent impact on new organizations. And other recent studies have also shown how community-defined logics influence a very diverse set of organizational outcomes including nonprofit giving (Galaskiewicz, 1997), corporate governance practices (Davis & Greve, 1997; Kono et al., 1998), and corporate social responsibility behaviors (Marquis et al., 2007).

In addition to a focus on how communities create important bases for organizational identity, a parallel stream of research has examined how social relations are frequently community based, and as such, lead to the development of unique logics that can be both place-bound and virtual. Importantly, this research has shown that the associated benefits cannot be easily transferred from one community to another (Putnam, 1993), and in many cases provide unique benefits to the community (Galaskiewicz, 1997). For example, Owen-Smith and Powell (2004) showed how local biotech networks in Boston led to greater innovation in that community through quicker and more reliable spread of information. In considering the relational advantages and disadvantages of geographic communities, it should also be recognized that longstanding research has focused on how social networks within communities can reflect the class-based interests of elites and hence lead to greater exclusion and stratification (Kono et al., 1998; Marquis, 2003; Mills, 1956; Palmer & Barber, 2001; see Friedland & Palmer, 1984 for a review).

Thus, while there have been a number of recent advances in understanding how communities form an essential institutional order, in many ways the study of community logics is still in its infancy. We argue that such a conception highlights new directions in the study of community by emphasizing its cultural dimension, and turns previous emphases on geographic boundedness into a variable. Thinking of community as a cultural resource opens up new questions about how and under what conditions actors are able to draw upon and instantiate community logics to support efforts to collectively mobilize or to otherwise define boundaries of new kinds of social groups or institutional fields. And with respect to the institutional logics perspective, researchers must be attuned to how such efforts to harness the institutional order of community relates to the simultaneous influence of other institutional orders such as professions, markets, and the state. The influence of plural logics across institutional orders can inhibit efforts to create a strong community logic to order a particular social group, or can lead to hybrid logics that merge commitments to community with those associated with other logics.

## COMMUNITY AS A FORM OF ORGANIZATION

Beyond the idea that communities are an institutional order that provide logics of action, an essential second feature is how in today's postindustrial networked economy, communities can function as a type of organizational form through which goods and services can be produced, whether in person and/or virtually through information technologies. At a general level, the idea that geographic communities can provide a substitute to formal organizations through concentrated specialized expertise and labor within a local area has been long established (Marshall, 1920). Known as clusters, industrial districts, or local agglomeration, research has identified how and why geographically localized industrial systems can not only directly compete with each other, but also create environments of cooperation whereby individual organizations are tight-linked in networks of production (Brusco, 1995; Piore & Sabel, 1984). Such local networks organized around production systems have developed as an alternative organizational form that is neither market nor hierarchy (Powell, 1990; Uzzi, 1997). In perhaps the most well-known example of this phenomenon, tight networks of artisan and commercial centers developed in certain Italian regions to allow for an

effective division of labor and the production of finished goods (Piore & Sabel, 1984; Trigilia, 1995).

There are a number of other well-known examples of how local communities can develop an industrial expertise that informs the identity of firms in the region and enables community-based production and distribution systems (Romanelli & Khessina, 2005). For example, the development of Silicon Valley as the most significant information technology hub in the United States (Saxenian, 1994) is a recent example of how colocation of similar organizations in a region leads to advantages resulting from greater specialized labor and suppliers that result in production networks and more general knowledge spillovers. Other examples in US history include Detroit as the center of auto production (Klepper, 2002), and Akron as the center of tire production (Buenstorf & Klepper, 2005; Sull, 2001).

More recently with the development of information technology, productive online communities have also developed that enabled even further specialization and distribution of labor. In communities such as those that arise around certain open-source projects (e.g., Linux), there are no geographic boundaries. In such communities, products and processes are developed and maintained that compete with those from more conventional formal organizations. These communities organize production not through hierarchical relations but through a motivated voluntary community of interest (O'Mahony & Bechky, 2008; O'Mahony & Ferraro, 2007; Raymond, 1999; von Krogh & von Hippel, 2006).

The development of such communities as means of production requires a reconceptualization of what a community is and the effects it has on organizations and market behavior. O'Mahony and Lakhani (this volume) characterize organizations as residing "in the shadow of communities as opposed to vice versa." In today's age, with the interpenetration of technology and technological products in all ways of life, such communities are essential to the evolution of all organizations in that they are profound mediators of performance and growth. Seidel and Stewart (this volume) thus suggest that a new organizational architecture must be defined to reflect these new organizing methods that are difficult to understand using the traditional conceptualization of "organization." They define a new community architecture, the "C-form," which is categorized by (1) fluid, informal peripheral boundaries of membership, (2) significant incorporation of voluntary labor, (3) information-based product output, and (4) significantly open sharing of knowledge."

## OVERVIEW OF THE VOLUME

The papers in this volume consider specific topics that expand the definition of community beyond geography – to include both virtual and transnational communities. This includes how communities provide an important institutional order affecting organizations; how different kinds of communities influence key organizational processes; and how particular communities provide an organizational form for 21st-century business. Other topics also further the growing tradition focused on the importance of organizations' embeddedness in geographic communities. Understanding geographic communities is important as it shows how despite globalization, cognitive and normative features of geographic environments comprise a unique type of institutional order shaping organizational identities and associated behaviors, and how local political and regulatory effects shape organizational forms and strategies. As noted, while there has been a recent revival of research into the effects of both geographic and nongeographic communities on organizational behaviors, this volume is the first effort to bring both perspectives together in order to aid in the identification of common and disparate mechanisms across multiple types of communities. We believe that by integrating these perspectives, we will gain new insights into how community as an organizing logic sits vis-à-vis other logics related to the market, corporation, family, and religion, as well as how communities can function as an organizational form.

In the first section of the book, *Understanding Community Influence in a Virtual and Transnational Age*, we specifically aim to expand the conception of communities beyond the typical geographically focused definitions. We start with a chapter by O'Mahony and Lakhani, titled "Organizations in the Shadow of Communities." In this chapter the authors theorize the importance of understanding community organization for organization theory more generally, discussing how the concept of a community form is drawn upon in many subfields of organizational theory. The authors argue that given their important role in "occupational identity, knowledge transfer, sensemaking, social support, innovation, problem-solving and collective action," communities have played an underappreciated role in organizational theory. Furthermore, this oversight is increasingly critical to correct, given communities are enabled by today's information technology and themselves provide direct socioeconomic value that was once only the domain of organizations. Drawing on their review, the authors articulate a research agenda for organizational theory to better account for community processes.

The next paper, by Seidel and Stewart, titled, “An Initial Description of the C-form” extends the argument of O’Mahoney and Lakhani, arguing that organizational theorists should define a new type of organizational architecture to reflect the rise of these new types of community-focused productive systems that take advantage of new technologies such as the Internet and social media. While their main examples of such “C-form” organizations come from open-source software, they argue that the form could extend to a wide variety of information-based products.

The last paper of this section shifts the focus from virtual communities of production to transnational communities that extend beyond geographic boundaries. Djelic and Quack, in “The Power of “Limited Liability” – Transnational Communities and Cross-Border Governance,” argue that prior work on communities has been overly focused on physical colocation and has missed the importance of transnationally interconnected modern societies as communities. As globalization has progressed, communities have come to be defined more by symbolic proximity, and hence there is a need to redefine what a community is in order to account for “transnational communities as social groups emerging from mutual interaction across national boundaries, oriented around a common project and/or “imagined” identity.” This focus on symbolic connections shifts the focus to examining such groupings as “communities of limited liability” rather than the expression of permanent ascriptive identity. The authors then analyze how communities influence cross-national governance in a number of ways, including framing of governance problems, mobilizing collective action, influencing rule setting and monitoring and sanctioning. All three papers in this section highlight the utility of conceptualizing community both as an institutional order that provides cultural resources and as an organizational form.

In the next section of the volume, *Political Processes and Organizational Communities*, we present papers that highlight how embeddedness in geographic communities shapes political influence on organizations. First, Waldorff and Greenwood, in “The Dynamics of Community Translation: Danish Health Care Centers,” focus on how the geographically bounded community should be seen as a political jurisdiction, defined by the intersection of both political and professional ideologies. The authors analyze whether new health care organization’s focus on either citizens in general or specific groups of patients. There is little evidence of distinctly local translations, and they argue that the variation that arises in the system can be unpacked by understanding the local actors’ relationships with broader institutional pressures. Local politicians push the ideological position of the national party. And professionals adhere to their guiding professional logics.

Thus, community variation is not always due to community processes per se, but can result from the distribution of actors with different relationships to broader institutional forces.

Next, Miller and Guthrie, in “Communities, Labor, and the Law: The Rise of Corporate Social Responsibility in the United States” focus on corporate social responsibility (CSR) as a key issue that helps corporations define their place in local communities, particularly as CSR is a response to local institutional pressure that varies across geographies. The authors analyze patterns of corporate giving and firms establishing a CSR office across 2,776 companies in the 50 largest US cities. Their theory and analyses focus on how companies use CSR to coopt organized labor and how that variation across communities results in difference in CSR. They interpret their results as suggesting that corporations respond to union strength in communities by adopting strategies such as CSR that allow them to appear socially responsive, and hence legitimate.

The next section of the volume shifts the focus to *Community and Organizational Culture and Identity Processes*. The first paper in this section by Marquis, Huang, and Almandoz provides a bridge to the prior section on political processes analyzing how political factors and identity are deeply embedded in US communities. “Explaining the Loss of Community: Competing Logics and Institutional Change in the US Banking Industry” examines how the banking industry transitioned from a dominant logic that emphasized community to one that emphasized national processes. The theoretical focus is on how institutional logics shift depending on different types of external environmental changes and how those changes interact with relevant identity groupings. When the external environment changes in an incremental fashion, such as what happened with modernization, actors’ identities can change as a result of the gradual priming processes of new external cues. Discontinuous changes however, like the Great Depression, provide actors strategic opportunities to push their institutional logic of choice. The authors use qualitative historical evidence and discrete-time event history analysis to unpack the introduction of legislation favoring the national logic, and show how struggles involving organizational identity and “legitimacy politics” played an important role in the shift in dominant institutional logics in US banking.

Then, Glynn and Halgin in “From Nutley to Paris: How the Culture of Communities Shapes Organizational Identity” explore how identification with different geographic communities informs the construction of an organization’s identity. Based on content analyses of Martha Stewart’s columns in *Martha Stewart Living* magazine from 1990 to 2004, the authors

examine how Stewart's use of geographic place figured prominently in the emergence and institutionalization of the Martha Stewart Organizations' identity. Emphasizing the cultural dimension of community, they show how community identities helped the organization legitimize its offerings. Because community identities are broadly understood and resonant, they argue that deploying them strategically can help the organization integrate contradictory identities such as highbrow culture and Americana – “rural apple-pie goodness” – into a single organizational identity.

In the final section of the book, *Community Social and Relational Embeddedness and Organizations*, we return to some of the initial themes that attracted authors to analyzing communities. First, in “Community Context and Founding Processes of Banking Organizations” Freeman and Audia focus on how different types of community organization disproportionately channel economic resources to some kinds of organizations which then affects patterns of founding rates. They distinguish between how different types of banks gain legitimacy as a result of their community embeddedness and theorize that branch banks that are part of a larger organization gain legitimacy from the parent organization; by contrast, single-unit banks rely more on founders' social connections and reputation. It then follows from this assumption that in rural communities, where personal relationships are more salient, founding rates of unit banks would be less sensitive to demand for banking services since the founders' social networks overcome any limitations on demand. Conversely, the founding of branches should not be as affected by community embeddedness since they derive their legitimacy from parent organizations that are not locally embedded. The authors analyze bank foundings of local banks between 1976 and 1988, finding support for their theory.

Next, Palmer and Zafonte in “Understanding Corporate Participation in Local Relational Networks: Corporate CEO Membership on Large Locally Headquartered Commercial Banks Boards in the 1960s” continue the focus on banking organizations as central to community social structures. The authors analyze the factors that influenced whether or not CEOs of large corporations sat on the boards of local commercial banks in the 1960s, finding that both social class attributes of the corporate CEOs such as affiliation with elite educational and social institutions, and organizational attributes of the firms such as financial structure, geographic reach, and age influenced the likelihood that CEOs' sat on the board of a local bank. Expanding extant writings on community as an institutional order and logic, their results suggest that social class and organizations often interpenetrate community contexts.

Finally, Seelos, Mair, Battilana, and Dacin, in “The Embeddedness of Social Entrepreneurship: Understanding Variation across Local Communities,” focus on how variation across communities in the presence of different institutional mechanisms shapes how solutions to poverty are conceived and affect the founding and work of local social enterprise organizations (SEOs). The authors use a number of illustrative cases to explore how community variation in regulative, normative, and cognitive institutions influence the emergence and strategic orientations of SEOs, and they conclude with a discussion of how community influences may influence opportunity spaces for social entrepreneurs in the future.

## CONCLUSION

As a whole, the 10 papers that comprise this volume shed light on the ongoing work that has focused on understanding the interrelationship between community processes and organizations. In what follows, we hope to not only build on the recent revival of the longstanding focus on communities in organizational research, but also stake out new territory in connecting this research with the important research focused on online, virtual communities and transnational communities. Integrating these diverse community perspectives helps develop the idea that communities form an essential institutional order for organizations, providing not only an organizing logic but also structure and relationships that in some cases function as an organization’s form itself.

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