

**Reasons behind the Italian Local utilities alliances:
managing through stakeholders' interests.**

A DISSERTATION SUBMITTED
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

by
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Spring 2004

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Abstract.

Many studies analyse the reasons behind the decision by firms to form alliances, and several studies have been conducted to highlight the advantages of alliances vis-à-vis their alternatives (Contractor and Lorange 1988, Harrigan 1988, Kogut 1988). Kogut (1988) stated that a theory of alliances must explain why firms choose this particular mode of transacting over such alternatives as internal development, acquisitions, mergers, other forms of networking or contracting.

Typically these studies (1) are rooted in theories of the firm based on a one-dimensional approach and (2) adopt a structural research design. Moreover, they focus on private and for profit firms as empirical setting. As a consequence, they highlight each time just one facet of the issue: i.e. underlining either economic or legitimacy reasons for alliances.

There are other important dimensions of enterprise activity, however, such as political and social ones: studies on corporate social responsibility have started to highlight them (Wood 1991). Also Child and Faulkner (1998: 68) state that "decisions to set up alliances may be strongly conditioned by political issues and the relative positions of a number of stakeholders", even if they argue that it is better to focus on economic arguments, as they "will almost certainly be advanced to justify the decisions". Also, there are firms for which political and social dimensions of enterprise activity are particularly important and apparent, such as publicly-owned enterprises (Saraceno 1976, Borgonovi 1979).

In this study we focus on this type of firm.

Our aim is to extend the "theory of alliances" (as Kogut labels it) in two ways¹: (1) by considering a class of firms largely overlooked in the literature; (2) by introducing other potential reasons for alliances, linked to the political and social dimensions of enterprise activity.

For this purpose we employ a case study approach (Eisenhardt 1989): "case-study may be chosen to replicate previous cases, extend emergent theory, fill theoretical categories and provide example of polar case".

The case-study is built on the experience of Italian local utilities. Since the end of the Nineties Italian local utilities have started to form alliances, and in five years their alliances numbered more than one hundred.

The results are presented in the form of propositions: "of course a theory can be tested. Although validated during the actual research process a theory is not tested in a quantitative sense. This is for another study" (Strauss and Corbin 1998: 213).

This dissertation follows the steps of a qualitative research study². It can be divided into five parts. The dissertation starts by introducing the research problem, based on the experience of the publicly-owned

¹ In this perspective, Mintzberg argues that "while certainly deduction is a part of science, it is the less interesting, less challenging part. It is discovery that attracts me to this business, not the checking out of what we think we already know" (Mintzberg 1979: 584). Likewise, Strauss and Corbin (1998: 214) argue that: "(we inquire after the) representativeness of concepts and how concepts vary dimensionally. We look for exemplar in which a concept might be present or absent and ask why. Why is it there? Why is it not there? What form does it take?"

² "Qualitative researchers are very often seen as having a more fluid and exploratory character than this, which means that all encompassing research design cannot necessarily be completed before the research is begun. However there are also very good intellectual and practical reasons why qualitative researchers should produce workable research design (...) the coherent and rigorous development of their project" (Mason 1996: 10). "In your proposal you should address these categories comprehensively, but with the understanding that the resulting documents is like a receipt for improvisational

enterprises and their development during the Nineties. The second section frames the research problem as a problem statement with research questions, following Berg's (2001) approach. In particular, firstly we express our research problem and rough research question. Secondly, we review the literature about alliance formation, with a twofold purpose: (1) refine our rough research question and frame our research problem as problem statement, and (2) identify some a-priori constructs, just useful to shape the initial design of the research (Eisenhardt 1989)³. Then we propose a theoretical framework, a conceptual and a "working model" for the fieldwork (Miles and Huberman 1984). The theoretical framework looks at the decision to form alliances by Italian local utilities through a constructivist perspective, based on Strauss's (1978) social world/arena theory, stakeholder theory (Freeman 1984, Airoidi 1993, Nasi 1995, Andriof et al. 2002) and negotiated order theory (Strauss 1979, Gray 1989, Beaulieu and Pasquero 2002). The third section describes the research method, following Mason (1996), Glesne (1999), Berg (2000), Eisenhard (1989) and Miles and Huberman (1984). It is a multiple retrospective longitudinal case-study. In particular, such a section develops the research strategy, crafts the instrument for the fieldwork and describes the data transformation technique. The fourth section presents the result of the study. The fifth section discusses them based on a cross-case comparison. In the end, the dissertation ended with highlights for further research.

cooks. (...) Your plans will probably change as your fieldwork progresses and the opportunities of the field emerge. If you are not flexible, resolutely tied to your pre-study proposal, then you may forgo the serendipity that process offers" (Glesne 1999: 18).

³ "In this phase they are tentative and none is guaranteed a place in the final results" (Eisenhardt 1989: 536).

Acknowledgments.

Il primo doveroso ringraziamento va ai membri del mio Comitato Tesi, per i suggerimenti e il supporto fornitomi durante il lavoro di ricerca.

Un grazie di cuore al Prof. Elio Borgonovi, per la passione con cui da sempre si dedica allo studio del sistema di Amministrazioni Pubbliche italiane. Il suo esempio mi è stato di grande conforto nei momenti più difficili del lavoro di ricerca. I suoi insegnamenti e l'etica della ricerca da lui trasmessami sono stati elementi guida di tutta la mia attività in questi ultimi anni.

Un sincero ringraziamento al Prof. Airoidi che, prima come Professore del Ph.D. e poi come membro del Comitato Tesi, ha suscitato il mio interesse per temi di ricerca a me non noti. I suoi suggerimenti sono stati di grande aiuto per indirizzare e finalizzare i miei pensieri in più occasioni.

Un ringraziamento al Prof. Marco Elefanti per il tempo dedicatomi in questi ultimi anni. Le numerose occasioni di confronto sulla situazione delle imprese pubbliche locali in Italia sono state fonti di preziose chiavi di lettura dei dati raccolti. Un ringraziamento particolare per aver reso possibile il lavoro sul campo.

Difficile è trovare le parole per esprimere il mio "grazie" al Prof. Pasquero. I suoi suggerimenti e le sue indicazioni sono stati fondamentali per lo sviluppo del mio lavoro di ricerca. A lui devo il fatto di essere riuscita a superare ogni momento critico del processo di ricerca; a lui devo il fatto di avere affrontato con entusiasmo il lavoro sul campo; e a lui devo il fatto di avere recuperato quello stesso entusiasmo oggi, e di essere oggi pronta a ripartire da dove l'ultima pagina di questa tesi arriva. Se qualche cosa ho imparato, e se sono cresciuta come ricercatrice e come persona in questi ultimi due anni lo devo soprattutto a lui.

Un grazie a tutti coloro che hanno reso possibile l'analisi sul campo, concedendomi il loro tempo e condividendo con me le loro esperienze. Mi sono affacciata all'analisi sul campo con mille paure: in qualche modo tutto il lavoro fatto fino a quel momento veniva a dipendere dai tempi e dalla disponibilità di persone che nulla mi dovevano. Sul mio cammino ho trovato la gente di Bologna, che pazientemente mi ha aiutata, senza mai risparmiarsi o tirarsi indietro. Grazie alle persone intervistate (di cui per ragioni di riservatezza non farò i nomi): ogni intervista porta con sé il ricordo di una grande umanità prima di ogni altra cosa. Grazie a chi mi ha dato l'accesso a fonti documentali. Un ringraziamento particolare all'Archivio del Resto del Carlino di Bologna, che generosamente ha riprodotto tutti gli articoli da me richiesti, e ai dipendenti del Comune di Bologna, che mi hanno ospitato nei loro uffici alla ricerca dei verbali del Consiglio Comunale.

Grazie al Prof. Giovanni Valotti per aver letto il progetto di ricerca da cui questo lavoro ha avuto origine. Ma grazie soprattutto per avermi dato il tempo di concluderlo, nei modi che ho ritenuto più opportuni e senza sottopormi a pressione alcuna; è stato questo un grande gesto di fiducia e di stima nei miei confronti, che spesso mi ha spronato ad andare avanti.

Grazie a Giacomo e a Stefano per il supporto, che spesso si è trasformato in vero conforto, durante la fase di raccolta e analisi dei dati. Ma grazie a entrambi soprattutto per le discussioni e i momenti di confronto che hanno accompagnato gli anni trascorsi nelle stanze del Ph.D.: sono stati quelli straordinari momenti di apprendimento professionale e di crescita personale. Un ringraziamento all'esperienza del Ph.D. in Economia Aziendale & Management dell'Università Bocconi, che ha reso tutti quei confronti (e scontri) possibili.

L'ultimo ringraziamento alla persona che ha vissuto con me tutte le fasi del lavoro, spesso al telefono, a pranzo o a cena. Grazie per avere letto parte del lavoro, grazie per i consigli e grazie per il sostegno, ma soprattutto grazie per le risate che hanno fatto da cornice all'intero lavoro.

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1. Providing public services: the Italian experience across the twentieth century from internal development to alliances.

Introduction. 1.1. The publicly-owned enterprises in Italy during the twentieth century. 1.2. The reform of the utility industry in the late Nineties: towards liberalization and competition. 1.3. The Italian local utilities facing the liberalization process: the spreading of alliances. 1.4. Why do Italian local utilities set up alliances?

Introduction

The concept of public service is a heterogeneous concept. In particular, there is not a shared definition of what public services are. Different definitions have their roots in different perspectives. In particular, a first group of studies focuses on the characteristics of public services: public services are goods that cannot be provided separately and from whose consumption none can be excluded. A second group of studies focuses on the characteristics of their provision system: public services are provided as services with connection to the households from a network. A third group of studies focuses on the ownership of the enterprises providing public services: public services are intangible, immaterial and not transferable goods provided by public sector organizations. On top of it, public management proposes a comprehensive definition of public services: "public services are the result of an activity carried out to satisfy a public need" (Borgonovi 1984). In this perspective, public management definition sets aside the characteristics of public services and the characteristics of the process to provide them; it focuses on the nature of the needs the services have to satisfy: they deal with the welfare of the community as a whole. As a consequence, public services are instruments to satisfy common needs and public sectors organizations are responsible for ensuring them (Borgonovi 1984)^{1,2}.

We take the definition of public services proposed by the public management approach; we focus on basic services for local communities such as water, gas, power, mass transit and waste management. Generally speaking we call them public services.

According to the definition of public service taken, Government has the responsibility to ensure its citizens with the provision of water, gas, power, waste management and mass transit: such services are necessary to satisfy a public need; nevertheless, Government can choose different instruments to do it (Borgonovi 1979).

¹ In this perspective, Borgonovi (1995) highlights that the concept of public services can be related to different characteristics, such as: the nature of the goods provided (i.e., public goods), the characteristics of their provision system (i.e., natural monopoly), the nature of the needs they aim at satisfying. In this perspective, he states that we have a public services (1995: 427): "... Ogni volta che la comunità nazionale o locale decide, pur in presenza di beni tecnicamente "individuali" (divisibili ed esclusivi nell'uso), di sottrarre il soddisfacimento dei bisogni al meccanismo delle "scelte di convenienza particolare" (meccanismo di mercato) e di garantire l'offerta dei beni a condizioni particolari per favorire alcuni gruppi sociali giudicati meritevoli di tutela collettiva in relazioni ai valori diffusi nella società". In the same perspective, Pischel (1972) highlighted as two characteristics identify public services: (1) they concern the whole community and (2) they are necessary to ensure higher quality life standard. The same conceptualisation of public services, based on the nature of the need satisfied, is also supported by Garlatti (1994), Valotti (1994), Elefanti (2003).

² Borgonovi (1985) distinguishes between the responsibility about the satisfaction of a public need ("funzione") and the instruments to fulfil such a responsibility ("servizio"). In this perspective, public sector organizations have the responsibility to satisfy public needs, up until they are considered needs concerning the whole community. The instruments to do it can change over time.

In particular, two alternative models can be taken. The former is based on the involvement of private enterprises as main provider. In this perspective, private enterprises provide citizens with gas, water, power, waste management and mass transit, by carrying out their activity in a competitive market. Government ensures such a provision by establishing the rules of the game and by controlling the activity of private enterprises. The latter is based on the involvement of publicly-owned enterprises as main provider. In this perspective, Government establishes the rules of the game on one side, and provides citizens with public services on the other side: for this purpose it sets up enterprises and plays the role of their mainly owner; such enterprises carry out their activity under a legal monopoly system.

Both these two models have advantages and disadvantages. In particular, the former model seems to grant a higher efficiency; nevertheless, there is the risk that privately-owned enterprises behave in an opportunistic way, thus compromising the satisfaction of the public need (Bollard and Pickford 1997). The performance of such a model depends on the ability of Governments to regulate the activity of the privately-owned enterprises. The latter model seems to ensure a better satisfaction of public needs; nevertheless, there is the risk that publicly-owned enterprises are managed by politicians, thus compromising the efficiency of their activity (Barzelay 1998). The performance of this model depends on the ability to separate the political and the economic dimension of the enterprise activity.

Based on these premises, the choice of the model to provide utilities depends on the political stance that characterizes a national community in a specific historical context (Borgonovi 1979).

In this perspective, the model based on regulation characterized the USA society, whereas the model based on public entrepreneurship characterized the European society. Typically, European Governments set up publicly-owned enterprises; nevertheless, different levels of governments were hold responsible for providing public utilities (Pollitt and Bouckaert 1995).

In particular, France was characterised by a high-centralised system to provide public services: it was based on big state-owned enterprises in gas and power industries. On the contrary, other solutions such as municipality-owned enterprises or contracting out to privately-owned enterprises characterized water, mass transit industry and waste management (Dowence 2003). Germany set up a system based on publicly-owned enterprises, completely managed at local level by *lander* (Rondo Brovetto 1996). In the Spanish model services could be provided either by Municipalities in itself or by contracting out to private enterprises (Ortega 2003). United Kingdom was characterized by a centralised system based on state-owned enterprises, completely privatised from the Eighties (McEldowney 2003).

Italy chose to hold Local Governments responsible for providing local communities with public services. Typically, Municipalities provided these services in itself or set up enterprises they completely owned for this purpose (Borgonovi 1979).

Since the Eighties European Governments have been involved in a reform process. In particular, decentralization and liberalisation constituted two significant pillars of these reforms: the aim was to allow market forces to operate in the provision of utilities (Garcia and Marcou 2003)³. On top of it, the tendency to introduce principles of private management in public sector organizations led to prefer privately-owned enterprises over publicly-owned enterprises. The privatisation season characterized the Eighties (Barzelay

³ The main arguments supporting the provision of public services by public sector organization can be categorised into three groups: (1) economic arguments, (2) arguments about management and efficiency and (3) ideological conception of what the role of Governments in society should be (Hughes 1998).

2001): by 1992 some seven thousand enterprises had been privatised worldwide (World Bank 1995). It involved above all United Kingdom during the Margaret Thatcher's Government.

During the last years such a tendency towards liberalization and privatisation has started to dampen (Bortolotti and Siniscalco 2003)⁴. Some doubts arose about the performance of the regulating model (Kay and Tomphson 1986, Hughes 1998). Some failed experiences of privatisation at international level contributed to increase such doubts. In this perspective, Borgonovi (1979: 3) highlighted as: "le situazioni contingenti formano non di rado una specie di pendolarismo tra modelli logici alternativi (ampliare lo spazio di azione dell'impresa pubblica o rivalutare il ruolo trainante dell'impresa privata) che accentua, a seconda delle ragioni di opportunità, gli aspetti positivi ora di un modello ora dell'altro".

The tendency towards liberalisation and privatisation has involved Italian Government since the end of the Nineties. Privatisation was not definitively debated by politicians⁵. The reform process focused on the liberalization of the local utility industry. In particular, the aim was to introduce competition for acquiring the rights to operate within the market of the local utilities (Demsetz 1968).

Based on these premises, the chapter has a twofold purpose. Firstly, it aims at describing how Italian Government decided to ensure its citizens with basic services such as water, gas, power, waste management and mass transit, on one side; on the other side, the chapter shows how Italian local utilities tried to face the liberalization process.

Secondly, within the overall framework of the dissertation the chapter aims at describing the research problem and expressing the rough research question. According to Berg: "Every research project has to start somewhere; typically, the starting point is an idea (...) Sometimes idea originates because of a particular problem or situation one can actually experiences... In some situation ideas move from information you hear but may not actually experience yourself (...) Once identified an idea you might formulate a rough research question" (Berg 2001: 18).

The chapter is structured as follow. The first paragraph describes the Italian system to provide local community with public services: it is based on municipality-owned enterprises. The second paragraph synthesises the reform process that has involved local utilities since 1996: it is a liberalization process, aimed at introducing competition within the local utility industry. The third paragraph shows how local utilities equipped themselves to face the liberalization process: the spreading out of alliances is shown. The chapter ends by expressing the research problem and the rough research question.

1.1. The publicly-owned enterprises in Italy during the twentieth century.

At the beginning of the XX century Italian Government decided to entrust Municipalities with the responsibility to ensure local communities with basic services, such as water, gas, power, mass transit and waste management (Borgonovi 1979, Garlatti 1996)⁶.

Such services were provided by privately-owned enterprises in a market system; privately-owned enterprises showed inadequate to ensure all the citizens the possibility to benefit from them: market mechanisms

⁴ A special issue of the Academy of Management Review in 2000 was devoted at privatisation policy. In particular, it focuses on strategy in emerging, developing, and developed economies, by examining the organizational and managerial implications of privatisation (Zahra et al. 2000).

⁵ An analysis of the privatisation policy in Italy can be found in Mussari (1994) and Anselmi (1997).

⁶ An analysis of the reasons behind the decision to entrust publicly-owned enterprises with the provision of public services can be found in Zappa (1946), Pivato (1967), Guarini (1967), Borgonovi (1979), Passaponti (1993), Garlatti (1996).

excluded the poorest shares of the local community from public utilities. As a consequence, Italian Government decided to take the responsibility for providing the whole community with such services (Garlatti 1996). On top of it, these services are characterized by a strong relationship with the local stakeholder system (Valotti 1994). As a consequence, Italian Government decided to entrust Municipalities with the task to ensure them: Municipalities are characterized by a stronger relationship with the local communities⁷.

Municipalities could ensure citizens with public utilities by themselves or through enterprises they owned. In this perspective, municipality-owned enterprises were set up. They are the instruments through which Municipalities ensure the satisfaction of a public need (Borgonovi 1979: 11): "Il termine *impresa pubblica* (...) include tutte le forme di gestione di attività economiche che, rientrando nell'ambito dell'intervento pubblico, appaiono dotate di propria autonomia giuridica e/o economica, patrimoniale e finanziaria. Si tratta di quegli strumenti di cui si avvalgono gli istituti pubblici territoriali per realizzare le proprie funzioni di intervento, quando in rapporto alle caratteristiche economico-tecniche dello stesso, essi giudicano conveniente non inquadralo direttamente e rigidamente nella propria struttura organizzativa"⁸.

Based on these premises, firstly Italian local utilities are enterprises, as producing and selling services. Secondly, they are dependent on the Municipalities, being Municipalities their only owners. Thirdly, they are embedded in the local culture and in the local stakeholder system, being the services they provided necessary to satisfy a public need.

In this perspective, Italian local utilities are firms where economic, political and social dimensions of the enterprises activity are simultaneously present. Saraceno (1975: 32) invites to consider such dimensions as strictly interrelated in the local utilities' activity, as they complement each other: "non ha quindi fondamento la distinzione che continuamente viene proposta tra le due sfere... la vitalità del sistema aumenta grazie al continuo confronto che ha luogo tra momento politico e momento tecnico-economico". Emphasizing one dimension over the others leads at erroneous evaluations about the performance of the local-utilities' activity, thus limiting their contribution to the national development: "E' solo lo sviluppo di affinate capacità di dare valutazioni di merito sul peso da attribuire in precisi momenti storici e per ben precisi momenti a vari fattori che consente a un sistema economico di progredire in modo maggiormente rispondente alle esigenze delle sue diverse componenti" (Borgonovi 1979: 276)^{9,10}.

⁷ In this perspective, Valotti (1994: 3) states: "... servizi per i quali la rilevanza del collegamento con il territorio (più o meno ampiamente configurato, ma comunque delimitato), rendono importante una gestione locale e non sarebbero convenientemente gestibili su scala nazionale e attraverso aziende non integrate nel tessuto economico-sociale di riferimento".

⁸ Passaponti (1993: 939) defines publicly-owned enterprises as: "l'impresa pubblica è quella particolare espressione del più vasto fenomeno dell'azienda pubblica che è caratterizzata da diretti e naturali rapporti con il mercato. Essa consiste infatti in una coordinazione operativa, dotata di proprie strutture personali e patrimoniali, volta alla produzione di beni e servizi tramite un processo, realizzato in condizioni di autonomia economica e finanziaria, il quale fonda su negoziazioni di scambio sia gli input per la provvista dei fattori produttivi sia gli output per la cessione dei prodotti". Another definition can be found in Brunì (1968).

⁹ "Un valido modello logico può essere dato solo dal riconoscimento della pluridimensionalità del suo ruolo e dalla capacità di considerare in modo integrato le differenti dimensioni. La crisi dell'impresa pubblica di questi anni è anche dovuta alla mancanza di comportamenti derivati da un modello logico integrato" (Borgonovi 1979: 274).

¹⁰ "... nelle imprese pubbliche nelle quali, a differenza che nelle imprese private, il soddisfacimento delle finalità non avviene tipicamente in maniera mediata attraverso il reddito, ma avviene per dimensioni rilevanti in maniera diretta attraverso la cessione di determinati beni e servizi a condizioni ritenute congrue in relazione alle valutazioni di convenienza collettiva espresse dal soggetto economico" (Garlatti 1993: 869). In the same perspective, Passaponti (1993: 940) highlights: "quando sussiste, tale caratterizzazione pubblica non è priva di conseguenze sul modo di essere e di operare dell'azienda interessata poiché la diretta correlazione con un soggetto economico pubblico fa sì che l'azione

In this perspective, Borgonovi (1979) invites to take a multidimensional approach at the analysis of the local utilities' activity and their decision-making process: "their decisions are at the same time economic, political and social in nature, even if one dimension can be prevailing over the other according to the particular decision to be taken".

At the beginning of the century, local utilities did not have a legal status on their own; they were a unit of the Municipalities, with a limited autonomy under the managerial point of view. Their top management was appointed by Municipalities; managers were often chosen in order to comply the balance of power among different political parties. The political dimension of the enterprise activity was often prevailing over the other dimensions, thus compromising the economic performance of such enterprises.

Since the 1990 local utilities have taken an autonomous legal status (Garlatti 1996): the reform of the Italian public administration aimed at increasing the economic dimension of their activity. In particular, such a reform provided Municipalities with the possibility to transform their local utilities in joint-stock companies: the relationships between Municipalities and local utilities started to be governed by corporate governance rules. Even the possibility to sell a share of the local utilities' capital to private partners was considered.

Today about the 50% of the Italian local utilities took the form of joint-stock companies, even involving private partners: Municipalities continued to be their majority shareholder, owning at least the 51% of their shares. Additionally, six local utilities were listed on the Stock Exchange in the end of the Nineties: they were the local utilities of the Italian most important cities, as Roma, Milano, Torino and Genova. The Municipalities of Como and Trieste listed their local utilities in the same period. During the last two years, the number of the local utilities listed on the Stock Exchange increased: by the end of the 2004 about thirteen local utilities should be listed.

Generally speaking, local utility industry is characterised by more than one thousand enterprises. They take different legal status, such as "azienda speciale", consortium and joint-stock companies; some Municipalities still provided public services by themselves¹¹. In this perspective, our early study showed as in 2003 the 44% of the Italian local utilities took the status of joint-stock company, 11% were consortia, 9% took the status of "azienda speciale"; in the 12% of the cases public services were still provided by Municipalities in themselves¹².

Additionally, local utilities were typically medium-size enterprises, providing local communities with water, gas, power etc. and welfare services. In particular, in front of an overall turnover of about sixteen billions of euros, the turnover of the three largest utilities was below one billion of euros.

The largest utilities were the utilities of the bigger Italian cities. In particular, a relationship seems to exist between the characteristics of Municipalities and the characteristics of local utilities (Cristofoli 2001). Typically, the largest local utilities, taking the status of joint-stock companies (eventually listed on the Stock

imprenditoriale sia sempre più o meno fortemente condizionata da obiettivi di interessi sociale o economico generale che del resto ne hanno motivato il particolare status".

¹¹ "Azienda speciale" is a particular legal status for Italian local utilities. Local utilities that take such a legal status are municipality-owned enterprises, with their own legal personality; nevertheless they have a lower autonomy from Municipalities than public-companies have.

Exchange), and carrying out their activity in the most profitable industries are related with the biggest Italian cities. On the contrary, the littlest local utilities focused on the less profitable utilities (such as water and waste management) are typically related to the smallest Municipalities; they often provide social services as well. Between these two cases, utilities related to the medium size Municipalities are also identifiable: they are joint-stock companies (typically Municipality is their only shareholder), of medium size, that provide many unrelated services.

For most than one century such enterprises carried out their activity under a legal monopoly system. They were in fact set up by Municipalities to provide their community with public services: Municipalities entrusted them with such services without any competition, and they could carry out their activity protected from market mechanisms. In particular, they could operate within the jurisdiction of the Municipalities setting up them: local utilities did not established competitive or collaborative relationships with other enterprises. In this perspective, Valotti highlighted as (1994: 12): "il rilievo pubblico dell'intervento e lo stretto legame con l'ente pubblico locale hanno contribuito a configurare un profilo di impresa al tempo stesso "guidata" e "protetta" nella sua evoluzione ... a fronte di condizioni di tutela su piano del mercato, che hanno consentito alle aziende di operare a lungo in condizioni di bassa e nulla concorrenzialità".

1.2. The reform of the utility industry in the late Nineties: towards liberalization and competition.

A reform process has involved Italian local utilities since the second mid of the Nineties¹³. The aim was to liberalise the local utility markets in such a way to introduce competition within them. In particular, the liberalization process intended to put the right to provide public services within local jurisdiction out to tender¹⁴.

The reform process develops through two levels. On one side, a set of industry-specific legislative decrees was passed by Italian Parliament from 1997: they aimed at liberalizing water, power, gas, mass transit and waste management industries. On the other side, an overarching reform of the utility industry has been debated by Italian Parliament since 1996. On top of it, a few Italian Regions issued a regional legislation. Emilia Romagna Region was greatly active under this point of view.

A national law passed in 1994 aimed at restructuring the activity in water industry, thus going beyond the existent fragmentation. In particular, such a law provided for the identification of: an area within which the water provision could be efficient, an authority responsible for managing the water services within such an area, an enterprise entrusted with the task to provide water services. Such an enterprise had to be selected through a tender by the authority. The reform of the water industry is not completely brought about (Riccaboni and Grossi 2000).

¹² Data are related to a research we developed in 2003: the casual sample is extracted among the population of the local utilities belonging to the only Italian local utilities federation. The research includes even the case in which Municipalities choose to contract out the provision of public services to privately-owned enterprises (Cristofoli 2004).

¹³ Such a reform process has its roots in European Union directives aimed at eliminating public monopolies. All these legislative decrees have their roots in European Union directives as well.

¹⁴ The reform process was not related with privatisation as well. In particular, until the end of the Nineties national law stated that local utilities had to take the legal status of joint-stock companies, but Municipalities had to be their majority shareholder.

A legislative decree passed in 1999 liberalized the power industry. It aimed at reducing the market share of the leading national power producer, Enel. It forced Enel to sell part of its power stations in such a way to reduce its share market. Three joint-stock companies were established: Generation Companies were called (i.e., Elettrogen, Eurogen and Interpower); each company owned a part of the Enel power stations. In January 2000 it was decided to put these three companies out to tender; in October 2000 Enel called for tender the first company, Elettrogen. By one year all the three Generation Companies were put out to tender (Giulietti and Sicca 1999).

A legislative decree passed in 2000 liberalized the gas industry. In particular, it provided for the unbundling between the company distributing gas and the company selling gas; the unbundling was expected by the end of 2001. Above all such a legislative decree stated that local utilities would have been able to choose their supplier, on one side; on the other side, it stated that even citizens would have been able to choose the enterprises from which to buy the gas they need. The deadline for the complete liberalisation of the gas industry was expected for 2003.

Additionally, a legislative decree passed in 1999 introduced competition in mass transit industry: from the beginning of 2004, Municipalities had to select the enterprise providing such a service through a tender. Another legislative decree liberalized waste managed industry; it is still in a deadlock.

On top of it, a reform process has started in 1996 with the early debates within the Italian Parliament. It aimed at liberalizing the whole utility industry. In particular, it forced Municipalities to put basic services out to tender and local utilities to take the legal status of the joint-stock companies in order to tender. Generally speaking, publicly-owned and privately-owned, national and foreign enterprises could tender: the enterprises getting the upper hand would have acquired the right to provide the local community with public services for five years. The draft bill was passed by one of the two Chambers of the Italian Parliament in May 2000. Such a draft bill was in a stalemate within the second Chamber for the following months. In the end, it was left when the Government supporting it was brought down (Garlatti 2000, Cristofoli 2000).

The following Government does not debate the matter up until the end of the 2001. In particular, in December 2001 an article of the 2002 financial act was passed. It definitively introduced the liberalization within the local utility industry (Garlatti 2002, Elefanti 2003, Cristofoli 2004). It stated that: (1) Municipalities have to put out to tender the right to provide the utilities within their jurisdiction, (2) each joint-stock companies can tender for such a right, (3) local utilities have to hive off the ownership of the network. In particular, three companies carrying out their activity within the jurisdiction of each Municipalities are expected. The first one is the owner of the network; Municipality has to be its majority shareholder. The second one is the provider of the services; it can be a privately-owned enterprise. The third one is the company entrusted with the management of the network; it can be a privately-owned or a publicly-owned enterprises. It can also be the owner of the network or the provider of the services. Local utilities listed or near to be listed on the Stock Exchange were left out: the hiving off of the network would have caused a great reduction of the shareholder value of the company. Additionally, it was stated that the monopoly system would have been extended whether the local utilities had merged, thus giving life at a bigger company.

The article of this financial act introducing the utility reform was a general law. It needs following norms to specify some unclear aspects. Such following norms have never been written. Meanwhile, some Italian

Region lodged an appeal against the legitimacy of such a reform. The provision of local utilities is in fact a matter for local level of government and not for the central level.

On top of it, in the end of 2003 a modification of such a reform was passed: it admitted the possibility for local utilities uninterested in tendering outside their jurisdiction to carry out their activity in a monopoly system.

1.3. The Italian local utilities facing the liberalization process: the spreading of alliances.

The liberalization of the utility industry made the environment within which local utilities carried out their activity more complex. For the first time local utilities have to face the threats and the opportunities of competition. Liberalization forces Italian local utilities to face potential new entrants, on one side, and allows them to diversify their activities towards new geographical markets and new industries, on the other side.

Our early study shows that as reform process was developing, more and more local utilities set up alliances (Cristofoli and Zerbinì 2001) (Exhibit 1.1). In particular, the density of the network of alliances involving local utilities was equal to 0,99% in the first semester of 1999 and reached the 4,79% in the first semester of 2001, thus showing as new alliances were established and new local utilities joined them (Exhibit 1.1)¹⁵.

Exhibit 1.2 shows how the trend of the diffusion of alliances within single industries seems to reflect the trend of the legislative decree aiming at liberalising them (Cristofoli and Lombardo 2003). In particular, the number of alliances established to operate within the water and waste management industry remain on low levels from 1997 to 2002: the reforms of such industries were in a stalemate. In this perspective, it is worth noting that the number of the alliances related to the water industry increases in only one occasion: i.e., in correspondence with the first call for tender for the provision of water services in two Italian regions; it decreases after those tenders. In the same perspective, the alliances related to the power industry have a top and down trend, consistent with the trend of the power reform. In particular, two peaks can be identified. The former coincides with the moment in which the legislative decree concerning power industry was passed: alliances were set up among the main local utilities to compete with the national power producer. The latter coincide with the moment in which such a legislative decree stated that the leading power producer had to put their power stations out to tender: alliances were established among the main local utilities to join together such competitions. The number of alliances to operate in gas industry was about zero up until 1999; it starts to increase in 2000 concerning with the reform of the gas industry, expected for 2001. Last but not least the number of the alliances in mass transit industry started to increase in 2000, when the first tenders were called for the provision of these services.

More generally, data collected from 1990 to 2003 show how¹⁶: (1) from 1990 to 1997 less than ten alliances were set up. They were alliances involving the main Italian local utilities to perform specific project, such as building a power station; (2) from 1997 to 2003 about one hundred alliances were set up. In particular, they

¹⁵ Network density measures the alliances diffusion within local public utilities industry. It sums up all information relative to the number of actors involved (inclusiveness) and the number of their ties (degree of connection) (Scott, 1991). Density measure is between [0,1]. If network density equals 0 it represents the lack of relations among the actors; if it equals 1 all potential ties are concealed by the existing relations (Wasserman and Faust, 1994). A network with a density close to 1 is strongly related; a network with a density close to 0 is weakly related.

¹⁶ Such data were collected through the data set of the leading Italian economic newspaper: they involved all the alliances announced by Italian local utilities during the time span considered.

reach their peak from 2000 to 2002. In the same perspective, the number of local utilities joined such alliances were equal to four in 1997 and equal to one hundred and four in 2003 (Exhibit 1.3).

The alliances set up by Italian local utilities are very heterogeneous in nature, both considering the features of the partners involved, and the features of the alliances established. Nevertheless, it is possible to identify some general patterns.

Firstly, Italian local utilities involved in alliances are above all medium-large enterprises, sited in the Northern or Central Italy. Secondly, alliances established are above all joint ventures between two partners, focused on the most profitable services (such as gas, power and telecommunication).

Alliances can also be classified into three main clusters, depending on the nature of the partners involved. Firstly, alliances between local utilities and national utilities can be identified: their aim is to stabilize client-supplier relationships. Secondly, alliances involving only local utilities can be found: their aim is to increase local utilities' size and market power. Thirdly, alliances between local utilities and private enterprises can be identified. They are typically alliances to provide telecommunication services, whose aim is to allow local utilities to enter into such a market. Additionally, alliances with international actors were also set up: their aim is to allow local utilities to enter into new geographical markets.

The local utilities with the highest number of alliances established are the utilities of the cities of Roma and Milano. They are also the enterprises more central within the network, both in terms of consecutiveness and betweenness (Lorenzoni 2002). Acea Roma set up fourteen alliances from 1990 to 2003, whereas Aem Milano set up eleven alliances during the same time span.

The industry with the higher number of alliances established is the telecommunication industry. They are typically joint venture involving one local utility and one telecommunication partner. Alliances to operate in gas and power industry are also highly diffuse.

The Italian region with the highest number of alliances established by local utilities is the Emilia Romagna region: each local utilities of the region is involved in more than one alliance.

Insert Exhibit 1.1, 1.2, 1.3 about here

1.4. Why do Italian local utilities set up alliances?

Italian local utilities are publicly-owned enterprises which have to provide basic services (such as gas, water, power, mass transit and waste management) to local communities (Borgonovi 1979, Garlatti 1994, Valotti 1994 and 1996, Elefanti 2003). For almost a century they carried out their activity under a legal monopoly system, within the jurisdiction of Municipalities. In this perspective, for almost a century they did not establish competitive or even collaborative relationships with other enterprises.

More than one thousand enterprises characterized the Italian utility industry; typically, they are small-medium size enterprises providing local communities with utilities and other social services. Traditionally, in fact Municipalities entrusted local utilities with loss-making services to improve their own balances.

In this framework, since 1996 a liberalization process has involved Italian local utilities (Garlatti 2002, Elefanti 2003).

It was the first time Italian local utilities had to face the opportunities and threats of competitions. As a consequence, since 1997 Italian local utilities have started to form alliances. From 1990 to 1997 less than ten alliances were set up: they were alliances to perform specific projects, set up by the largest Italian local utilities. The phenomenon has picked up steam over the last few years. Our earlier studies showed how Italian local utilities started to set up alliances in 1997, and at the end of 2003 these numbered more than one hundred. In the same period Italian local utilities engaged in mergers or acquisitions, but by the end of 2002 only one effective merger was actually concluded. It is the setting up of a multiutilities group in the Toscana region. In particular, the utilities of three Toscana cities merged and set up a group composed by a holding and three subsidiaries. The holding is mainly entrusted with the definition of the corporate strategy; the subsidiaries are entrusted with providing the local communities with gas, water and waste management. No other significant merged were concluded.

Several studies based on Resource Dependence Theory (Pfeffer and Salancik 1978) explain the behaviour of the firms facing the liberalization of their industry (Lang and Lockhart 1990, Hillman et al. 2000): the increase of competitive uncertainty leads firms to adopt environmental control strategies, even through negotiation.

Existent literature shows the advantages of alliances (Contractor and Lorange 1988).

Nevertheless, existent literature shows their high coordination costs and their high instability as well (Das and Teng 2000). They depend on the difficulties to coordinate the action of autonomous firms, by avoiding opportunistic behaviours (Gulati and Singh 1998). Alliances in fact request to be able to "manage without control" (Ohmae 1989); they are also characterized by "the presumptions of command and the necessity to deal with issue of cooperation and negotiation in establishing and managing alliances and networks" (Geringer and Hebert 1989).

Italian local utilities carry out their activity in a complex network of inter-organizational relationships with other public sectors organizations. Typically such a network is characterized by high coordination costs.

In this perspective, it seemed remarkable that an absolute majority of Italian local utilities chose alliances to face liberalization, instead of alternative instruments, such as internal development, acquisitions, mergers or contracting. The novelty and size of the phenomenon attracted our attention and curiosity.

Based on these premises, we can express our rough research question as:

Why do Italian local utilities set up alliances?
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Exhibit 1.1. Density of the network of alliances set up by local utilities (1999-2001).

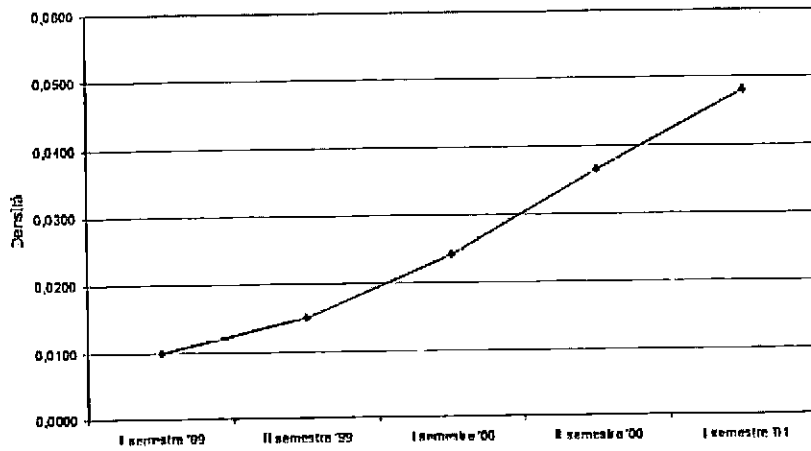
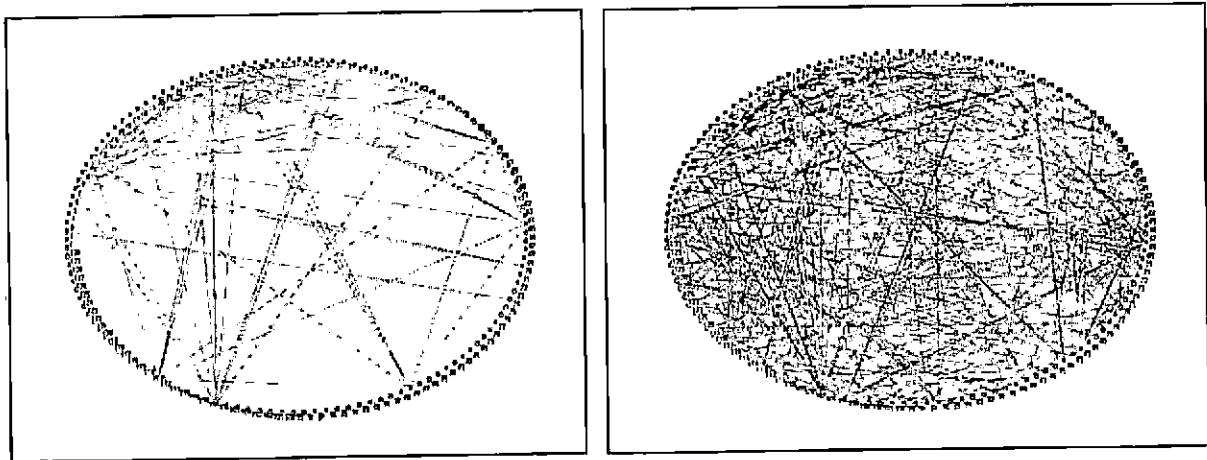


Exhibit 1.2. The trend of the reform process and the diffusion of the alliances by local utilities (1997-2001).

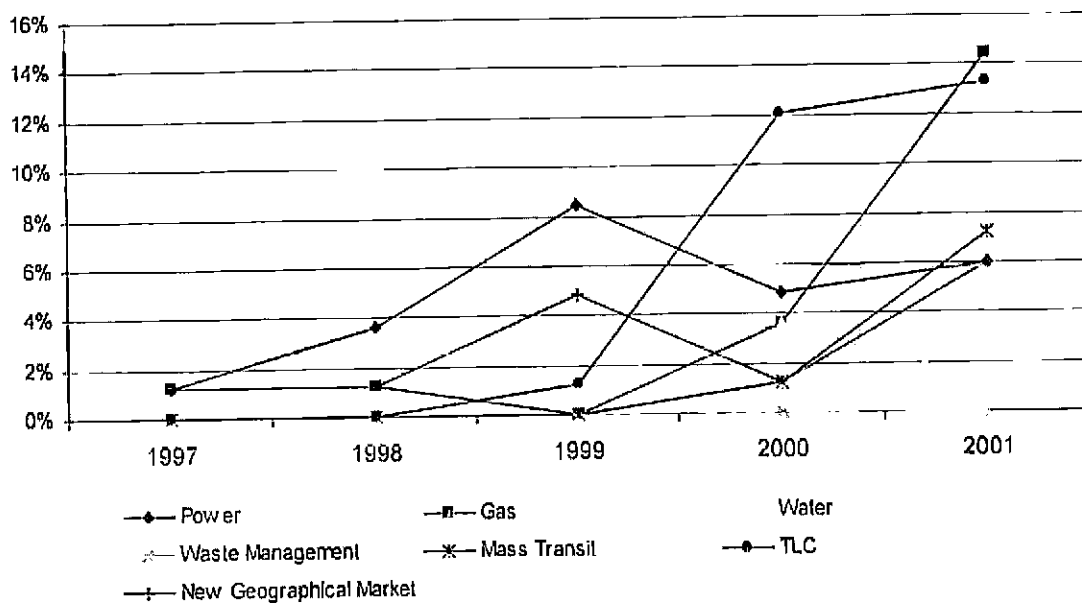
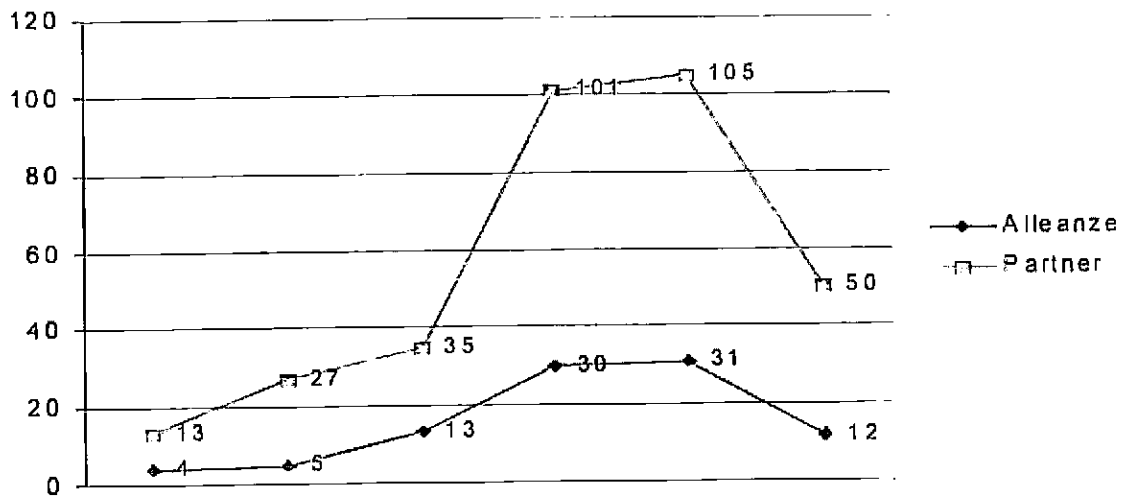


Exhibit 1.3. Diffusion of the alliances of local utilities (1990-2003).



2. Why do firms form alliances? Developing a framework for research.

Introduction. 2.1. Definition of alliance. 2.2. A framework for classifying literature on alliance formation. 2.3. Objectives of alliances. 2.4. Reasons for alliances. 2.5. Opportunity factors leading firms to form alliances. 2.6. A critique of research on alliance formation. 2.7. What are the reasons behind the decision to form an alliance?

Introduction

Alliances are now a common practice among firms. In the last ten years, 62,000 new alliances were set up in the Oecd countries, moving from 1,000 alliances yearly to more than 7,000 (Kang and Sakai 2000). Alliances are used by firms in many industries, such as manufacturing, high-technology and services. To name a few examples: in the construction industry, consortia and enduring sub-contracting relationships are frequent instruments to perform large projects (Eccles 1981); so are joint ventures in the aerospace industry (Dussauge and Garrette 1995); in the automotive industry, many US and European car manufacturers moved from internal production to a set of long-term contracts with a limited number of suppliers (Dyer 1996); in the chemical and biotechnology industries, firms without any formal cooperative tie are rare (Powell et al. 1996); in the software industry, collaborative relationships among firms are employed considerably to commercialise complex goods (Mitchell and Singh 1996) and in the health care sector they are used to enhance innovative processes (Goes and Park 1997).

The proliferation of alliances has led more and more scholars to wonder why firms form alliances. The alliance formation has been analysed from very different perspectives including economics (Pate 1969, Williamson 1991), strategy (Porter and Fuller 1986, Contractor and Lorange 1988, Eisenhardt and Schoonoven 1996) and socio-organizational theories (Pfeffer and Novak 1976, Di Maggio and Powell 1983, Yan and Gray 1994, Gulati 1998, Koza and Lewin 1998)¹. Each study takes a different focus, and highlights a different facet of the issue. In the economics perspective, alliances are an alternative to the market: the focus is on their consequences or relative advantages over it. The main interest of economists is for the negative consequences of alliances on market competition; the one of transaction cost scholars is for the positive effects of alliances on market costs. In the strategy perspective, alliances are an instrument managers can select and craft to reach the goals of the firm: the focus is on their power to increase competitive advantage. The main interest of industrial organization scholars is for alliance power to modify the position

¹ Italian management studies started to focus on the issue few years ago. In the Fifties Zappa (1957: 31) argued "ogni organismo d'impresa per il suo stesso carattere funzionale e per le molte relazioni che stringono la vita dell'impresa per molteplici rapporti ad altre aziende e ad altri enti sociali, non potrebbe nemmeno concepirsi, nel suo continuo trasmutarsi, se non si avvertissero gli stretti e mutevoli vincoli che lo inseriscono nel mezzo ... ambiente". Nevertheless, for long time only economists studied alliances. This was because they investigated economic system and relationships among its actors. Management studies have started to develop the issue since the end of the Sixties. In particular, in the mid of the Sixties Ribarbelli (1962: 8) stated: "lo studio dei rapporti interaziendali, che a prima vista potrebbe sembrare appartenente all'economia generale e sociale, in realtà rientra direttamente nell'ambito della nostra disciplina, in quanto l'economia aziendale non può ignorare l'ambiente e tutti quegli elementi che insieme ad altri concorrono a creare le condizioni di esistenza e di vita delle singole unità di produzione e di consumo". Numerous studies have started to analyse the issue in the last few years: Galassi (1969), Azzini (1974), Passaponti (1975), and more recently Airoldi et al. (1989 and 1994), Lorenzoni (1989), Turati (1990), Colombo (1999), Grandori (1999), Lipparini and Lomi (1999), Soda

of the firm in its industry, in such a way to increase its market power; the one of resource-based view scholars is for alliance power to grant the acquisition of valuable resources, both material and immaterial. In the socio-organizational perspective, alliances are inter-organizational relations: the focus is on their collaborative nature. Typically socio-organizational studies address phenomena such as power, bargaining, negotiation and trust, with the social and temporal facet.

Consequently, a high level of heterogeneity characterizes the literature on alliance formation (Contractor and Lorange 1988, Oliver 1990, Smith et al. 1995, Osborn and Hagedoorn 1997, Oliver and Ebers 1998): we have a plurality of definitions, multiple theories, multiple methods and multiple explanations.

In particular, in their seminal book about cooperative strategies Contractor and Lorange² (1988) portrayed the alliance literature as fragmented. Over a decade later, Osborn and Hagedoorn³ (1997) made the same remark: they highlight the need of developing an integrated theory about alliances to move the field out of the chaos.

On these premises, in this chapter we review extant literature about alliance formation, classifying and trying to integrate it into a unitary framework. We propose a framework to organize literature about alliance formation according to: (1) the expected objectives of alliances, (2) the reasons behind the decisions by a firm to form an alliance and (3) the factors influencing the predisposition of a firm to form an alliance. Our contribution is a synthesis of extant studies based on an integrated model of decision-making (instead that a synthesis based on the theoretical approaches they are rooted in).

In this perspective, the purpose of the chapter is twofold. Within the overall framework of the dissertation the chapter aims at allowing us to better express our research problem, as formulated in Chapter one: "reading about the studies of others allows to: verify that you have chosen a justifiable topic; find focus for your topic; inform your research design and interview questions" (Glesne 1999: 20). On one side, we aim at refining our research question and framing our research problem as problem statement (Berg 2001). On the other side, we aim at identifying some a priori-constructs, "just useful to shape the initial design of the research: in this phase they are tentative and none is guaranteed a place in the final results" (Eisenhardt 1989: 536)⁴.

Then in general term the chapter aims at suggesting an agenda for future research. We propose to leave the traditional one-dimensional and structural approach to the study of the reasons for alliances (based on rigid adherence to a single theoretical paradigm and cross-sectional research designs) for a multidimensional and process-related one (based on no a-priori restriction (Strauss 1978) and longitudinal data covering long time span (Pettigrew 1992)). Our purpose is to develop decision-making research about alliance formation over the multidimensional and process-related dimension, breaking the constraints of prior studies.

et al. (2002). It is worth noting that the 1999 Italian Academy of Management Conference was about "Le relazioni interaziendali nella dinamica competitiva".

² Contractor and Lorange's book about "Cooperative strategies in international business" is usually regarded as the starting point of the modern research on strategic alliances; consequently, we move from it for our literature review.

³ Osborn and Hagedoorn's (1997) article about "The institutionalisation and evolutionary dynamics of interorganizational alliances and networks" is one of the most recent and complete literature review on the issue.

⁴ In particular, in this study we adopt Glesne's (1999: 20) perspective about the relationship between literature review and fieldwork in qualitative research: "some qualitative researchers argue against reviewing the literature until after data collection has begun, for fear that the researcher will be unduly influenced by the conceptual frameworks, research designs, techniques, and theories of others. Although this is a possibility, I think that literature should be read throughout the research process. Reading about the studies of others allows to: verify that you have chosen a justifiable topic; find focus for your topic; inform your research design and interview questions." In the same perspective, Berg argues that (2001: 25): "after reading through some of the literature, you might begin to refine and frame your idea as a problem statement with research questions" and Mason states (1996: 15): "this puzzle of research questions will form the backbone of your research design". Likewise, Yin (1984: 9) argues that: " budding investigators think that the purpose of a literature review is to determine the *answers* about what is known on a topic; in contrast, experienced investigators review previous research to develop sharpest and more insightful *questions* about the topic".

This chapter is organized as follows. It starts by defining alliances and adopting a broad conceptualisation of the term. Secondly, we develop a classificatory framework to categorize studies about why firms form alliances. In the main body, the chapter reviews extant studies according to the objectives of alliances, the reasons for them and the opportunity factors leading firms to form alliances. A general critique of research on the reasons for alliances follows: we highlight its insights and the aspects it overlooks. The chapter ends by refining our research question and framing the research problem statement. We then highlight the need of a new theoretical framework to develop our research problem.

2.1. Definition of alliance.

The concept of alliance is a generic one, covering a wide range of different situations and forms (Nootboom et al. 1997): "alliances are voluntary arrangements between firms involving exchange, sharing and codevelopment of products, technologies or services. They can occur as a result of a wide range of motives and goals, take a variety of forms, and occur across vertical and horizontal boundaries" (Gulati 1998: 294). So different scholars define alliances in different ways; nevertheless, they agree on some common elements. In this perspective, on one side it is possible to grasp some basic features of the concept of alliance. Firstly, alliances are based on collaborative interfirm relationships (Eisenhardt and Schoonoven 1996, Ahuja 2000, Das and Teng 2000)⁵. We have a collaborative interfirm relationship when firms coordinate their behaviours in such a way to satisfy complementary interests⁶. In particular, interests involved in interfirm relationships can be conflicting or complementary: they are complementary when one firm needs another to better satisfy its own interest and vice versa (Borgonovi 1984, Gray 1989, Rondo Brovetto 1996, Zuffada 2000)⁷, without necessarily sharing their final goals. Behaviours firms can take to satisfy their interests can be arm's-length or coordinated: they are coordinated when firms define a stable and long-term mechanism to govern them⁸, without losing their autonomy⁹. In particular, complementary interests can be convergent or turn into a common good. In the latter case, collaborative relationships become cooperative ones. In this perspective, cooperative relationships are a subset of collaborative ones; generally speaking, we employ the term collaborative relationship to consider both the situations.

⁵ This element distinguishes alliances from other strategic options such as going-it-alone, acquisitions and mergers: "strategic alliances are links between two or more independent companies which choose to carry out a project or specific activity jointly by coordinating the necessary skills and resources rather than: pursuing the project or activity on their own, taking on all the risks and confronting competition alone, merging their operations or acquiring and divesting entire business unit" (Dussauge and Garrette 1999: 2).

⁶ There are different criteria to classify interfirm relationships (Airoldi et al. 1989 and 1994). For our purpose, we classify them according to: (1) the nature of the interests involved (conflicting or complementary); (2) the behaviours firms take to satisfy them (arm's-length or coordinated). On these premises, we can classify interfirm relationships into four categories: (1) competitive relationships, based on conflicting interests and arm's-length behaviours; (2) institutional relationships, based on conflicting interests and coordinated behaviours (by formal or informal power); (3) exchange relationships, based on complementary interests (convergent ones) and arm's-length behaviours; (4) collaborative relationships based on complementary interests (convergent or common ones) and coordinate behaviours.

⁷ In this perspective, interests of suppliers and sellers are complementary, so the ones of building constructor and electrical contractor in order to perform a large project in the building industry.

⁸ In this perspective, behaviours of competitors regulated by authorities in order to provide basic services are coordinated, so the ones of firms in a joint venture.

⁹ Azzini (1974) focused on relation between autonomy and collaboration. In particular, he highlighted the necessity for a balancing between the need of autonomy (as condition for the economic viability of the firm in the long term) and the need of collaboration (as means to interact with the environment).

Secondly, alliances are based on a formalization of collaborative interfirm relationships¹⁰ (Kogut 1988, Dickson and Weaver 1997, Sing 1997). We have a formalization of collaboration when it turns into a written and explicit arrangement. In particular, it can take the form of a joint venture, a consortia or a contractual agreement¹¹.

Thirdly, alliances are based on a voluntary interfirm arrangement (Harrigan 1988, Das and Teng 2000, Garcia-Pont and Nohria 2002). We have a voluntary arrangement when firms decide to form alliances based on their superior viability. In particular, the idea is that firms choose to join their efforts in order to better satisfy their own interests, based on the acknowledgement that otherwise it would be difficult to satisfy, or it would require more time and more effort.

On the other side, it is possible to identify some common characteristics in the concept of alliance.

Firstly, alliances are characterized by the autonomy of partners involved. To satisfy their complementary interests, firms share the necessary skills and resources and agree to restrict their behaviour, but only within the limits and the time span agreed upon: "the key element in the notion of alliance is that each firm involved in the partnership remains independent, despite the agreement linking it to other partners" (Dussauge and Garrette 1999: 2).

Secondly, they are characterized by the sharing of control over decision-making. In order to establish and manage an alliance it is necessary to negotiate every issue with all the partners involved: "whether they take the form of a joint venture, a joint R&D project, a marketing agreement, or some other forms, therefore, alliances defined here as an organizational mechanism to govern an incomplete contract between two separate firms without giving either firm complete control over decision-making" (Gomes-Casseres 1996).

Thirdly, alliances are characterized by a high degree of flexibility. To better satisfy their interests firms can decide to dissolve the alliance or modify some of its features.

Based on these premises, we adopt a broad definition of alliances as a mechanism for the governance of interfirm relationships aimed at coordinating the behaviours of the firm in order to satisfy complementary interests. Alliances are characterized by the autonomy of the partners involved, the sharing of control between them and a high degree of flexibility. They can take a plurality of forms, according to the balancing of its characteristics inside the common framework.

2.2. A framework for classifying literature on alliance formation.

Prior studies about alliance formation explain why firms form alliances in different ways. These differences depend on the point of view taken: firm's, alliance's or network's one. They also depend on the step of alliance formation they focus on: decision to enter an alliance, choice of an appropriate partner or choice of a specific form for the alliance itself (Gulati 1998) (Exhibit 2.1).

¹⁰ This element distinguishes alliances from networks. Following Gulati, Nohria and Zaheer (2000) networks can be defined as enduring collaborative interorganizational ties. Thus they involve alliances: alliances are a subset of networks. We can say alliances are a formalization of networks. In particular, following Gulati (1998) alliances give life to a network, but networks are not necessarily alliances. Then generally speaking we can employ network literature for alliances, but not vice versa.

¹¹ In particular, Contractor and Lorange (1988) identify and describe eight types of collaborative arrangement: technical training/start-up assistance agreements, production/assembly/buyback agreements, patent licensing, franchising, know-how licensing, management/marketing service agreement, nonequity cooperative agreements and equity joint venture.

For our purpose, we adopt the point of view of the firm, and focus on its decision to enter an alliance. Then we inquire why individual firms decide to form an alliance.

Literature about decision-making allows identifying two steps in the decision-making model (Pettigrew 1977). The former step deals with the identification of the issues a firm needs to face in order to secure its own survival and the definition of the goals it consequently should pursue to address those issues. The latter step deals with the choice of what alternative course of action the firm should take to reach that goal.

According to the definition of alliance we adopted, the decision to form an alliance comes under the second step of decision-making model. As previously defined, alliances are in fact a mechanism for the governance of collaborative relationships, which firms voluntarily choose to satisfy their interests, based on their superior viability. Following Kogut (1988), firms can satisfy their interests through alternative means, such as internal development, acquisitions, mergers, other forms of networking and contracting. In this perspective, alliances are both a mean to satisfy the interests of the firm and the result of one of its choices.

On these premises, prior studies about alliance formation can be categorized into two groups, according to the step of the decision-making model they focus on.

Studies concentrating on the first step consider alliances as the mean to satisfy the interests of the firm (Pate 1969, Porter and Fuller 1986, Pfeffer and Novak 1976). Consequently, they explain the decision by a firm to form an alliance according to the goal it aims at achieving through it. Goals are defined in such a way to face environmental or internal issues and can be reached through alternative means, alliances being one of them. In this perspective, the objectives of an alliance can be defined as the goals expected by the firm.

Studies concentrating on the second step consider alliances as the result of the selection by a firm of a given course of action.

In this perspective, some studies explain the decision by a firm to form an alliance according to the reasons behind its choice (Williamson 1991, Eisenhardt and Schoonoven 1996, Garcia-Pont and Nohria 2002)¹². They are the driving forces behind decisions. In this perspective, the reasons for an alliance can be defined as the motives that lead a firm to prefer an alliance to alternative means in order to reach the expected goal (Hagedoorn 1993, Koza and Lewin 1998). They highlight the relative advantages of alliances over alternative means.

Other studies explain the decision by a firm to form an alliance according to the factors suitable to influence its predisposition, enhancing or limiting it (Oliver 1990, Gulati 1998, Koza and Lewin 1998). They can be related to intra-organizational or environmental factors, with the social and temporal facet. In this perspective, opportunity factors for an alliance can be defined as a set of conditions that influence the behaviour of the firm related to alliance formation (Eisenhardt and Schoonoven 1996, Ahuja 2000). In particular, Gresov and Drazin (1997) and Sydow and Windeler (1998) emphasize how different means may be equifinal in term of their outcomes and reasons. Nevertheless, the responses of the firms at reasons for alliances can be different. In this perspective, not all possible opportunities for alliances actually materialized

¹² Differences between objectives and reasons are often neglected and the two terms are usually employed as synonymous. Several authors claim that the ambiguity of their use does not help clarify why firms decide to form alliances (Hagedoorn 1993, Koza and Lewin 1998). Objectives and reasons indicate two different concepts in the making of the decision to form an alliance by firm. Objectives are concerned with the outcome of the process. Instead, reasons activate behaviours and provide purpose and direction to that behaviour. In this perspective, a firm with the goal to enter into new market has several options to do it (Young et al. 1989): going-it-alone, acquisitions, mergers, network or exporting. All these instruments allow reaching the goal of the firm, but it is the reasons that drive the firm's choice. The firm may want to avoid risk, or enter faster into new market and only alliances can allow doing it.

in alliances: it can depend on elements such as environmental factors, prior experience, other firms' experience etc.

On these premises, we propose to organize the literature about alliance formation on the basis of an integrated model of decision-making (Exhibit 2.1). We employ the terms objectives, reasons and opportunity factors for alliances as variables of the decision-making model: (1) objectives of alliances represent the expected goals of the decision, (2) reasons for alliances represent the driving forces for the decision and (3) opportunity factors represent the moderators of the choice, affecting the relationship between the reasons for alliances and the decision to form them.

So we overcome the traditional way to organize literature about alliance formation: i.e., according to the theoretical approaches they are rooted in¹³.

2.3. Objectives of alliances.

Several studies focus on the objectives of alliances, highlighting how alliances are a mean by which firms can reach different goals; they are alternative to internal development, acquisitions, mergers, other forms of networking and contracting.

In the economics perspective, firms form alliances to increase market power and grant monopoly rents: "many firms achieved through joint ventures some of the benefits normally associated with horizontal or vertical expansion – benefit that, for a variety of reasons (such as antitrust) were not available under prevailing condition" (Pate 1969: 23). In this perspective, horizontal or vertical agreements allow to reduce market competition (Mead 1967, Boyle 1968, Berg and Friedman 1980), strengthen the position of a firm in its industry and increase its revenues (Porter and Fuller 1986).

In the strategy perspective, alliances are an instrument firms employ to achieve economies of scale and scope. According to Harrigan (1988) in some industries the minimum scale is too large for smaller firms. They may establish joint ventures to increase their size or enlarge their scope in order to exploit those economies; otherwise, they may try to do it alone or merging with other small firms. In this perspective, joint research, joint marketing or joint production agreements allow saving internal costs through the formation of a resource pool aimed at the provision of common goods (Hakansson and Snehota 1995). So licensing agreements for the joint utilization of equipment and know-how allow diversifying activities, by reducing production costs (Teece 1998).

Alliances are also an instrument to enter into new geographical markets and new industries. According to Young et al. (1989), firms have three strategic options to enter into a new market or industry: (1) exporting, (2) entering via cooperative contracting such as licensing, franchising, counter-trade, and contract manufacture, (3) investing in target market through joint ventures with local partners. In this perspective, joint ventures with local partners allow overcoming government-mandated investments or trade barriers:

¹³ Typically literature reviews about alliance formation categorise extant studies according to the theoretical approaches they are rooted in. Osborn and Hagedoorn (1997) distinguish among economic, strategic and socio-organizational studies, in order to trace the developments of the field. Likewise, Oliver and Ebers (1998), in their tentative to find out some common patterns in the alliance literature, propose to categorize prior studies into four configurations that constitute distinct theoretical paradigms: social network, power and control, institutional theory, institutional economics and strategy.

several joint ventures with firms in the developing countries are established for this purpose (Yan and Gray 1994).

In the end alliances can be employed in order to innovate. According to Hagedoorn (1993), a partnership is an alternative to both market and hierarchy to develop an innovation process, from developing science and performing R&D down to market entry and launch of a new product. In this perspective, joint ventures, production partnerships, and licensing agreements allow combining innovative activity or exchange technology. So several alliances in the high-technology sector are established for this purpose (Stuart 1998).

In the socio-organizational perspective, firms form alliances in order to manage interdependence with their environment (Pfeffer and Novak 1976). Firms depend on each other for the resources they need and do not control. To reduce the risk related to environmental dependence firms try to stabilize their inter-organizational relations (Pfeffer and Salancik 1978). For this purpose, they may internalize them through a merger or an acquisition; otherwise, they may try to create a negotiated environment through collective structures of inter-organizational action. In this perspective, vertical and horizontal joint ventures allow reducing dependence from suppliers and competitors (Pfeffer and Novak 1976, Boyd 1990, Burgers et al. 1993).

Summing up, according to the different perspectives described above, alliances are a mean by which firms can try to reach two types of goals. They can be defensive or offensive in nature. In the former case, firms collaborate in order to defend their domain in the face of external threats. In particular, firms try to reduce competition, increase their size, and stabilize inter-organizational relationships. In the latter case, firms collaborate to move beyond their traditional domain, by expanding it towards other geographical markets and industries or innovating.

2.4. Reasons for alliances.

Other studies address the reasons behind the decision by firms to form alliances, highlighting their relative advantages over alternative means such as internal development, acquisitions, mergers, other forms of networking or contracting.

To transaction cost scholars, firms form alliances because they allow them to minimize the sum of production and transaction costs (i.e., costs of writing, enforcing and managing contracts) (Williamson 1975 and 1985, Hennart 1988 and 1991, Williamson 1991)¹⁴. In this perspective, alliances are a mean firms choose in order to maximize efficiency. In particular, they are preferable to internal development, acquisition or merger when production costs are higher than external sourcing: it can be due to the cost of internal development, divestiture or co-ordinate unrelated activities. They are also preferable to contracting when transaction costs associated to an exchange are too high for an arm's-length market transaction: it can be due to the costs of writing and managing contracts suitable to avoid opportunistic behaviours by the contracting parts (in a situation of uncertainty over expected performance, bounded rationality and asset specificity).

¹⁴ As Child and Faulkner (1998) highlight, transaction costs are traditionally employed as a reason explaining alliance formation. Nevertheless, transaction costs are very difficult to calculate, and decision makers are often unaware of the concept and its implication. Thus, it seems questionable whether they are considered in detail in the decision to form an alliance. In particular, Child and Faulkner quote a study by Faulkner in which once explained at managers the concept of transaction costs, none argued it was a motivating factor. Likewise, Kogut (1988) questions transaction costs as motivations of the alliance establishing: transaction cost theory involves microanalytic details that it is difficult to acquire just for a single joint venture, "not mention for a cross sector one".

To some strategy scholars¹⁵, firms form alliances because they allow them to share the efforts of a demanding venture (i.e. perform large projects, enter into new geographical markets or industries, develop new technologies) (Hamel et al. 1989, Ohmae 1989, Walker et al. 1997, Gulati and Gargiulo 1999). In this perspective, alliances are an instrument firms choose in order to gain competitive advantage, by sharing risks and complementary resources¹⁶. In particular, firstly alliances are preferable to internal development, acquisition or merger when it is necessary to perform project too risky and large for a single firm, under both the financial and entrepreneurial dimensions (Mariti and Smiley 1983, Gulati and Gargiulo 1999): firms may have sufficient funds or resources to perform the project on their own, but this may endanger their own survival. Firms with limited financial resources may look for a partner who can help spread the financial burden of a large project: this is relevant in research-intensive industries such as computer and manufacturing (Sing 1997). In the same way, firms that do not possess all the resources necessary to perform a large project on their own can search for a partner with the resources they lack: this is relevant in the construction industry (Eccles 1981). Secondly, alliances are preferable to alternative instruments when it is important to move quickly into new markets and technologies, under both the financial and competitive dimensions (Kogut 1991, Hagedoorn 1993): firms may have sufficient funds or resources to enter into new markets or develop new technologies through internal development, but this may delay the market entrance or the technology development (Faulkner 1995). Firms that aim at entering into new markets or industries high-return/high-risk may need to look for a partner to share financial burden (Miner et al. 1990). In the same way, in a situation where first-mover advantage are paramount, firms with strong market access may need to form an alliance with technological partners to take advantage of such an opportunity in time (Hill 1992).

Others strategy scholars highlight the ability of alliances to acquire critical resources, both material and immaterial (i.e., resources imperfectly imitable, lacking in direct substitutes and non-transferable) (Kogut 1988, Eisenhardt and Schoonhoven 1996, Das and Teng 2000)¹⁷. In this perspective, alliances are an instrument firms choose in order to gain competitive advantage, by obtaining valuable resources they can not obtain otherwise: i.e., alliances allow to access valuable resources possessed by others and develop valuable resources together with others. In particular, firstly alliances are preferable to acquisitions or mergers because they allow to access needed resources and not unnecessary ones and the relinquish firm resources only temporarily, in such a way they remain available for future internal development (Das and Teng 2000)¹⁸. Firms lacking valuable skills and competencies can look for partners which can make them available (Pisano and Teece 1989). So firms that need tacit knowledge and know-how (Kogut 1998, Doz et al. 2000) or firms with limited legitimacy and market power (Baum and Oliver 1991)¹⁹. Secondly, alliances are preferable to acquisitions or mergers when the valuable resources lay in the collaborative relationships (Madhavan et al. 1998, Lorenzoni and Lipparini 1999).

¹⁵ Generally speaking, strategic reasons for alliances have their roots in the necessity to reach competitive advantages and not to maximize efficiency: in the strategic perspective the choice to establish an alliance could even be more expensive than others; the important point is that it is the most profitable one.

¹⁶ In particular, we adopt Barney's (1991) definition of resources as "firm's fundamental financial, physical and technological capital attribute as they are shaped over time".

¹⁷ This is the definition of critical resources provided by Barney (1991) and Peteraff (1993).

¹⁸ Based on March's (1991) dichotomy between exploiting existing resources and exploring new ones as drivers for firm's choice, some scholars distinguish alliances into two groups: (1) business alliances, where the objective is to maximize the utilization of complementary assets; (2) learning alliances, where the objective is to learn and acquire products, skill and knowledge from each other.

¹⁹ In this perspective, alliances are a vehicle to transfer skills and competencies, non-codifiable knowledge, and visibility and status from one firm to alliance partners.

To other strategy scholars, the reasons for the choice of an alliance depend on its ability to make organizational learning easier and faster (Hamel 1991, Osborn and Hagedoorn 1997). In this perspective, alliances are an instrument firms choose in order to gain competitive advantage, by increasing their learning capacity (Osborn and Hagedoorn 1997)²⁰. In particular, alliances are preferable to alternative instruments because they make the learning process easier and faster: it may not call for individuals and units to unlearn traditional routines. Firms continually obliged to innovate often look for cooperative learning (Hagedoorn 1993).

To neoinstitutional scholars, firms choose alliances because they allow them to gain legitimacy²¹. In an uncertain environment alliances are a practice firms adopt because they are perceived as legitimate, even though their benefits in term of better performance are not sure (Meyer and Rowan 1977, Di Maggio and Powell 1983, Abrahamson 1991): there is a bandwagon effect in which firms have entered alliances through imitative behaviours (Di Maggio and Powell 1983, Venkatraman et al. 1994; Garcia-Pont and Nohria 2002) or the adoption of fashionable practices (Abrahamson 1993 and 1996; Gomes-Casseres 1996 and 1997). In particular, alliances are preferable to other instruments because the legitimate power lies just with them. "Firms engage in such mimetic behaviour because of their own cognitive limitations in the face of uncertainty, as well as to maintain legitimacy in an industry where everyone else is engaging in alliances" (Venkatraman et al. 1994): firms mimic the behaviour of firms they perceived as similar or as belonging to the same strategic group (Garcia-Pont and Nohria 2002). In the same way, firms form alliances because of their power to appear "both rational (efficient means to important ends) and progressive (new as well as improved relative to older management techniques)" (Abrahamson 1996: 255). Alliances allow firms to look efficient and progress-oriented in the face of environmental dynamics: they look like "labels that denote for organizational stakeholders both certain managerial goals that effective managers should pursue, as well as the means to pursue these goals efficiently" (Abrahamson 1996: 261). In particular, managers choose alliances not only because of socio-psychological effects, but also for economic ones (Gomes-Casseres 2003)²².

To sum up, the reasons behind the decision of a firm to form an alliance can be distinguished in (1) economic reasons, through the efficiency dimension (based on Transaction Cost theory) and the competitive advantage one (based on Strategic Management theory), and (2) legitimacy reasons (based on Neoinstitutional theory), through the dimensions of isomorphic behaviours and fashion effect.

²⁰ In this perspective, alliances are not just a vehicle to "transfer organizationally embedded knowledge that can not be easily blueprinted or packaged through licensing or market transactions" (Kogut 1988: 323); they are also an important part of a learning process in which firms discover new opportunities in a flexible setting of a multitude of changing partnerships (Hagedoorn 1995).

²¹ Neoinstitutional theory assumes that organization survival requires to conform to social norms of acceptable behaviour (Meyer and Rowan 1977, Di Maggio and Powell 1983, Covaleski and Dirsmith 1988). In this perspective, organizations possess no choice, awareness and self-interest for handling external constraints; the focus is on actors' conformity, passiveness and pre-conscious acceptance. On the contrary, Oliver (1991) states that organizations' survival depends on their capacity to face properly institutional pressure. In this perspective, organizational responsiveness to institutional pressures is a strategic choice. We adopt Oliver's approach and assume that firms respond strategically to institutional pressures.

²² "For some analysts, the answer to these questions is that alliances are a fad - a temporary, popular fashion without economic rationale. But there is more method than madness. The temporary nature of the popularity of a strategy does not make the strategy irrational. Nor does a decline in alliance formation prove that an earlier rise was a mistake." (Gomes-Casseres 1996: 146).

2.5. Opportunity factors leading firms to form alliances.

A third group of studies identifies the factors influencing firms' predisposition to form alliances, enhancing or limiting it (Oliver 1990, Eisenhardt and Schoonhoven 1996, Ahuja 2000).

Firstly, these studies introduce the network dimension in the alliance formation (Kogut et al. 1992, Gulati 1995 and 1998). Alliance formation has been typically studied in an atomistic perspective: the role of external environment is usually synthesised within measures of competitiveness in product or supplier market. This brings to adopt an atomistic notion of firms evaluating alternative course of actions, and to overlook the actions of other firms or the relationships in which they are already embedded. Nevertheless, several studies show that economic actions are influenced by the context in which firms are embedded (White 1981, Granovetter 1985). Firstly, this context can be constituted by a wide array of personal and economic relationships among firms, including personal manager relationships, interlocking directorates, client-supplier and alliances relationships. According to this perspective, the predisposition of the firm to form alliances can be influenced by the individual and personal relationships of its managers (i.e., awareness, status, mutual knowledge and trust): "strong social position enhances alliance formation by capitalizing on advantages such as contacts, reputation, and status that create opportunity for alliance formation" (Eisenhardt and Schoonhoven 1996: 140)²³. In particular, firms more likely to enter new alliances are firms whose management have strong personal relationships. Secondly, the context in which firms are embedded can be constituted by the network of prior alliances. According to this perspective, the predisposition of the firm to enter new alliances can also depend on the network of past alliances in which it is embedded: "it can both restrict and enable the alliances a firm enters" (Gulati 1998: 300), since such a network feeds information about potential partners and the outcomes of past decisions. In particular, firms more likely to enter new alliances are firms with a track record of successful alliances, more centrally situated in the alliance network, and with more focused network (Kogut et al. 1992, Gulati 1995 and 1998, Stuart 1998).

Secondly, these studies introduce the historical dimension in the alliance formation (Koza and Lewin 1998). Typically alliances formed at a given time have been considered independent of those formed in the past. This brings to consider them in an ahistorical setting. Nevertheless, several studies highlight how it is impossible to consider organization choices as single, independent events: they should be studied over a long time frame with a longitudinal perspective (McKelvey 1997). In this perspective, Arino and De La Torre (1998) show how the alliance strategy is embedded within the overall strategy of the firm and co-evolve with it: "alliances are embedded within firm's history and strategic portfolio and co-evolve with the firm's strategy, the institutional, organizational, and competitive environment" (Koza and Lewin 1998: 261). According to this perspective, the predisposition by a firm to form alliances can be influenced by its history and past experience, prevalence of such alliances in the industry, and regulatory, institutional and cultural constraints (Koza and Lewin 1998, Arino and De La Torre 1998, Park et al. 2002). In particular, firms with long and proud experience in alliance formation start new venture with a better goodwill (Arino and De La Torre 1998) and the likelihood to form new alliances evolve with the internal and external context in which alliances are embedded (Park et al. 2002).

²³ "While past research focusing on social determinants of alliance formation has centred on firm position within a network of other firms (Gulati 1995, Kogut et al. 1992), the contribution here is to recognise the social advantages of senior executive in facilitating the alliance formation. Informal social relationships of the management create opportunity of new alliances" (Eisenhardt and Schoonhoven 1996: 138).

Then the propensity of a firm to form an alliance can be influenced by many environmental conditions (Oliver 1990). As Dickson and Weaver (1997) show, environmental determinants of alliance formation can be synthesised into five different types of uncertainty: changing environment (change in product market, barriers to foreign trade, economies of scale), evolution of technological environment (complexity and volatility, high costs), incapacity to forecast some competitive behaviours, growing demand of internationalisation, incapacity to evaluate the potentiality for growth and profitability.

To sum up, the factors influencing the propensity by a firm to form alliances can be distinguished in (1) network effects (based on a network approach) and (2) history and past experience (based on a co-evolutive approach). It can also be influenced by the environmental uncertainty and intra-organizational factors.

2.6. A critique of research on alliance formation.

Prior studies provide valuable insights on why firms form alliances. In particular, they allow us to frame the decision-making model through which individual firms decide to form an alliance (Exhibit 2.1).

When dealing with external or internal issues, firms define their goals in such a way to secure their own survival. In particular, they can adopt a behaviour aimed at defending their own domain or extend it. In the former case, firms interpret external or internal issues as threats to their survival; consequently, they aim at reducing competition, increase their size, or stabilize inter-organizational relationships. In the latter case, firms see external issues as opportunities to grasp; in this perspective, they aim at entering into new geographical markets and industries or innovate.

To pursue these goals, firms can choose different means, such as internal development, acquisitions, mergers, alliances, other forms of networking or contracting (Contractor and Lorange 1988, Kogut 1988).

Different reasons can lead them to prefer alliances: economic or legitimacy ones. In the former case, alliances may be more efficient in term of minimize the sum between production and transaction costs. Also they may be more capable to grant a competitive advantage: alliances allow sharing risk and complementary resources, accessing and developing valuable resources, making organizational learning easier and faster. In the latter case, alliances may grant legitimacy, through imitative behaviours or the adoption of fashionable practices.

Beyond these considerations, the decision by a firm to form alliances can be influenced by the network of personal relationships and prior alliances, history and past experience, environmental uncertainty or intra-organizational factors.

However, prior studies highlight each time only one facet of the issue, giving us a simplified explanation of the phenomenon (Oliver 1990, Osborn and Hagedoorn 1997).

Firstly, they lead to the a-priori exclusion of some potential explanations for alliances, focusing on the economic or legitimacy reasons, whereas the alliance formation "may be strongly conditioned by political issues and the relative positions of a number of stakeholders" (Child and Faulkner 1998: 68). In this perspective, Child and Faulkner (1988) argue that economic explanations may be supplemented by the identification of reasons that stem from political and social agendas within firms: economic arguments may be necessary, but they are not always sufficient.

Secondly, prior studies consider such explanations as alternative and overlook the fact that they can be present at once in the decision to form an alliance, whereas alliances may answer at the same time to

efficiency, competitive, legitimacy etc. issues of their partners (Holm 1995). In this perspective, Osborn and Hagedoorn state that (1997: 274): "some alliances may be designed to reduce transaction cost but this may not be their only focus".

These limitations are due to the fact that prior studies typically adopt a deterministic and structural approach at alliance formation²⁴. The aim is to simplify the complexity of social phenomena, (1) leading them into interpretative pre-packaged models based on the a-priori constructs of some theoretical paradigms and (2) adopting a cause-effects research design to investigate them. Moreover, prior studies traditionally focus on a simplified model of enterprise as empirical setting: i.e., public company aimed at maximizing shareholder value as its only purpose (Kochan and Rubenstein 2000). Consequently, apart from some worthy exceptions, all studies considered in our literature review are based on firms as unitary rational actors that (1) aim at reaching just one goal and (2) formulate their decision just on the base of economic considerations.

The results are some misconceptions or simplified explanations about alliance formation by firms, with the risk of erroneous evaluations about their function and performance too. In particular, assuming only economic reasons as the basis of alliance formation we can evaluate their performance negatively (e.g., if they do not grant positive return for the firm). Nevertheless, alliances may be formed to reach different goals within the corporate strategy of the firm. In this perspective, Garcia-Pont and Nohria (2002: 318) state: "we know that alliances do not last forever. In fact, most of them are set up ex ante to have a limited life. And few even last the full duration of this initial agreement. This raises several interesting questions. Are alliances merely an intermediate step in an eventual restructuring of an industry? If history is any guide, that may well be true. Firms in the US automobile industry in the early part of the twentieth century were heavily allied. But over time through a process of consolidation these alliances led to the creation of the big three automobile firms: General Motors, Ford and Chrysler".

In this situation, at the beginning of the '90s Oliver (1990) already invited to conduct more research on "how different reasons interact to explain why organisations choose to enter into relationship with one-another".

Some years later Osborn and Hagedoorn (1997: 274) recorded changes in the collective vision of alliances occurring over the previous decade: "researchers started to recognize the dualities inherent in analysing these emergent institutions". In this perspective, our literature review shows a growing complexity in the studies about alliance formation. In particular, it seems possible to identify three phases in the development of the literature about alliance formation. Earlier studies focus on alliance objectives (considering firm as a black box and explaining its behaviour on the base of its goals): then studies about alliance formation develop toward reasons for alliances (entering into decision-making of the firm and explaining its decision on the base of forces leading it); more recently they concentrated on co-evolution between firm and alliance formation, thus acknowledging the complexity of the decision to form an alliance and considering its embeddedness in the strategic portfolio of the firm (Balakrishna and Koza 1993).

Despite these progresses, Osborn and Hagedoorn (1997) still claimed the assumption of host disciplines in the study of alliance formation. They state it is too limiting: "initially they seemed to provide dramatic

²⁴ Van de Ven (1976) and Ring and Van de Ven (1994) highlight the need of a process-related approach at alliance as well. Nevertheless, they focus on the whole alliance life: formation, managing and dissolution. In particular, regard to the alliance formation they focus on the inter-organizational dimension. In this perspective, they introduce the process-related dimension in the alliance formation, but regard to the relationships among the partners of alliances. On the contrary, we aim at focusing and explaining the motivations of an alliance by and inside single firm (Kogut 1988). So we claim the lack of process-related studies on alliance formation in this perspective.

progress; over time, they have yielded a series of conflicting, limited and biased views. Focusing just on TC as a condition surrounding alliances may hide more than reveal" (Osborn and Hagedoorn 1997: 274).

Consequently, they suggest to "abandon a singular clear-cut description of alliances based on the assumption of a host discipline in favour of a more robust, sophisticated, multidimensional vision" (Osborn and Hagedoorn 1997: 274): the aim is to deal with the complexities of alliance formation.

On these premises, to answer this invitation it seems necessary to take a step further actual studies based on a co-evolutionary approach.

In particular, a theoretical framework different from the traditional one seems to be necessary. It should enable us to grasp the complexities of social phenomena. On these purposes, it should allow us to (1) give up a-priori restrictions embedded in each theoretical paradigm and (2) take a process-based approach at the study of alliance formation²⁵.

Insert Exhibit 2.1 about here

2.7. What are the reasons behind the decision to form alliances?

Our literature review on alliance formation and the following critical considerations allow us to grasp some important aspects of our research idea.

Firstly, such a literature review allows us to refine our rough research question.

As previously stated, it is remarkable that most Italian local utilities chose alliances to face liberalization, instead of alternative courses of action (i.e., internal development, acquisitions, mergers, other forms of networking or contracting). Consequently, we are interested in investigating the reasons behind their decision to form alliances and the factors that influence their predisposition as well (we are not concerned with the objectives of alliances, which for our purpose can be summarized in defending or trying to expand their domain)²⁶. In this perspective, we assume that Italian local utilities (1) acknowledged liberalization as an external issue they need to face in order to secure their own survival and (2) identified goals to pursue in order to address its threats and opportunities.

On these premises, our focus is on the second step of the decision-making model that leads firms to form alliances, as described in the second paragraph of this chapter. In particular, we are interested on the forces driving such a decision. As a consequence, we can better express our research question as:

What are the reasons behind the decision by Italian local utilities to form an alliance?

Secondly, our literature review allows us to identify some a-priori constructs, useful to shape the future research about the reasons for alliances by Italian local utilities (Exhibit 2.2).

²⁵ Typically alliance formation is explained on the base of rigorous adherence to single theoretical paradigm, pre-packaging the answer according to the orientation chosen, whereas "such paradigms may be more complementary than several scholars may believe" (Oliver 1990: 260).

²⁶ Several studies have already focused on the goals of these alliances, relating them with industry liberalization. In this perspective, Italian local utilities form alliances to increase their size or to stabilize supply relationships (trying to face liberalization threats), on one side, and to diversify their activities into new geographical markets or into new industries (exploiting liberalization opportunity) on the other side.

In this perspective, Italian local utilities could decide to form alliances because of their economic advantages. Alliances could allow them to minimize the sum of production and transaction costs. Otherwise, they could allow local utilities to share risk and complementary resources, to access and develop valuable resources, or to make organizational learning easier and faster. As another possible explanation, Italian local utilities could decide to form alliances because of their legitimacy advantages. Smaller utilities with weaker managerial capabilities could be unable to fully understand the outlook of liberalization threats and opportunities and how to face them. In this perspective, they could decide to follow leaders' decisions (or the one taken by most similar utilities). Otherwise, they could adopt alliances because these are commonly considered as able to secure the survival of the firm and its profitability: by forming an alliance, a local utility can give the impression to be able to face liberalization. Then the utilities' propensity to choose an alliance to face liberalization (over alternatives courses of action) could be influenced by (1) the network of their managers' or shareholders' personal relationships or the network of existing alliances, (2) their history and past experience, (3) their environmental and intra-organizational factors.

Insert Exhibit 2.2 about here

Nevertheless, Italian local utilities are firms where other dimensions (beyond economic one) are important in the enterprise activity: "non ha quindi fondamento la distinzione che continuamente viene proposta tra le due sfere... la vitalità del sistema aumenta grazie al continuo confronto che ha luogo tra momento politico e momento tecnico-economico" (Saraceno 1975: 32). They are also firms where these dimensions can be present at the same time in decision-making: "their decisions are at the same time economic, political and social in nature, even if one dimension can be prevailing on the other according to the particular decision to be taken" (Borgonovi 1979).

Additionally, the issue considered (i.e., the decision to enter an alliance) is potentially a multi-party, "messy issue". It involves the interests of manifold interdependent actors variously related with the activity of the firm, since it deals with the health and survival of the firm²⁷.

As a consequence, a multitude of reasons different in nature and direction could be simultaneously at play in the decision to form an alliance by Italian local utilities: such reasons could drive their final decision.

In particular, there could be reasons related to the political dimensions of enterprise activity. They could concern the necessity to ensure existent power niches. Thus according to the latter explanation, Italian local utilities may decide to form alliances because alliances allow maintaining each partner's autonomy, thus preserving Local Government control on its own enterprise and its power balance.

Furthermore, there could be reasons related to the social dimension of enterprise activity. They could concern both the role of the local utilities to support local development and their embeddedness in the local culture and local community. Thus according to this perspective, Italian local utilities may decide to form alliances because alliances allow preserving each partner's identity and defend its relationships with local community and local stakeholder system, thus favouring the pursuit of the public interest of the local community.

The traditional approach to investigate alliance formation does not allow us (1) to grasp these reasons and (2) to see them as simultaneously present in the formation of the decision. In this way, the traditional approach

²⁷ Mintzberg et al. (1976) define a strategic decision as one that affect the health and survival of the firm. In this perspective, it seems to be a mess, i.e., an issue that require interaction among different actors to be faced (Ackoff 1975).

does not allow us to grasp the complexity of the phenomenon. This is because of its deterministic and structural nature: these features contribute to frame the complexity of social phenomena into reductionist models. In this perspective, the traditional approach at alliance formation (1) can not allow us to understand completely the instrumental nature of alliance in the corporate strategy of the local utilities and (2) can lead us to express incorrect evaluations about their performance (as based on an incorrect comprehension of the reasons leading the decision).

In this perspective, in order to understand what are the reasons behind the decision by Italian local utilities to form an alliance a different theoretical framework seems necessary. In particular, we need a theoretical framework that allows us to (1) be open at the emergence of reasons for alliance formation different from the traditional ones, and (2) consider these reasons as present at once in the decision. Both without any a-priori restriction.

Based on the above, we can frame our research problem statement as follows:

The research purports to examine the decision to form an alliance in the Italian local utilities context, without any a-priori restriction

In this perspective, extending the empirical setting of the studies about alliance formation to Italian local utilities allows us to emphasize the presence of multiple reasons in the decision-making, thus maximizing our possibility to grasp their interplay.

Nevertheless, it is worth mentioning that this setting represents just a special case able to maximize data information power: political and social reasons can be present at the same time in the decision-making of private enterprises as well.

Codà (1988) places this kind of decisions among corporate strategies: they deal with the definition of firm's inter-organizational relations set.

Exhibit 2.1. Why do firms form alliances? An integrated model of decision-making.

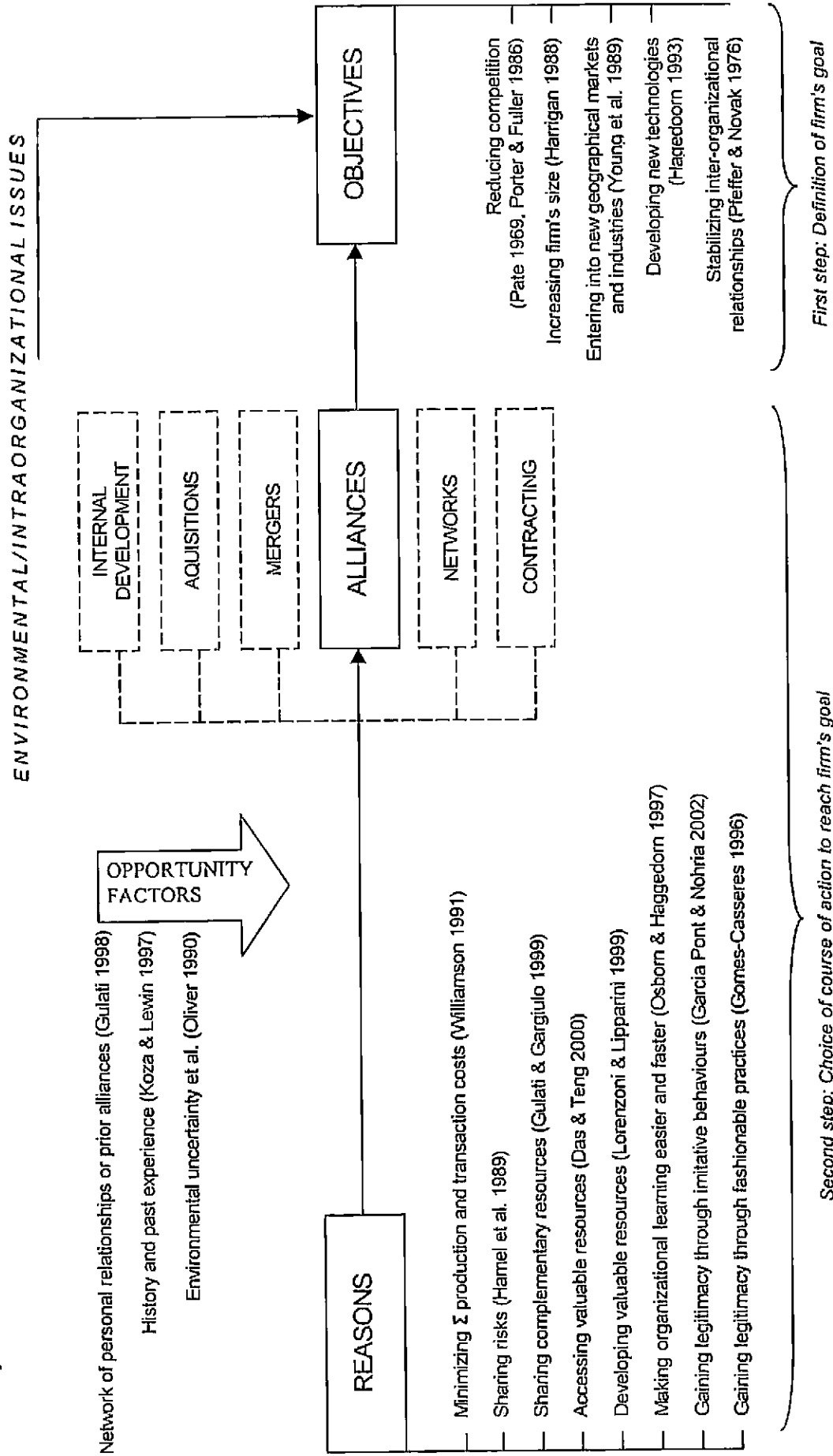
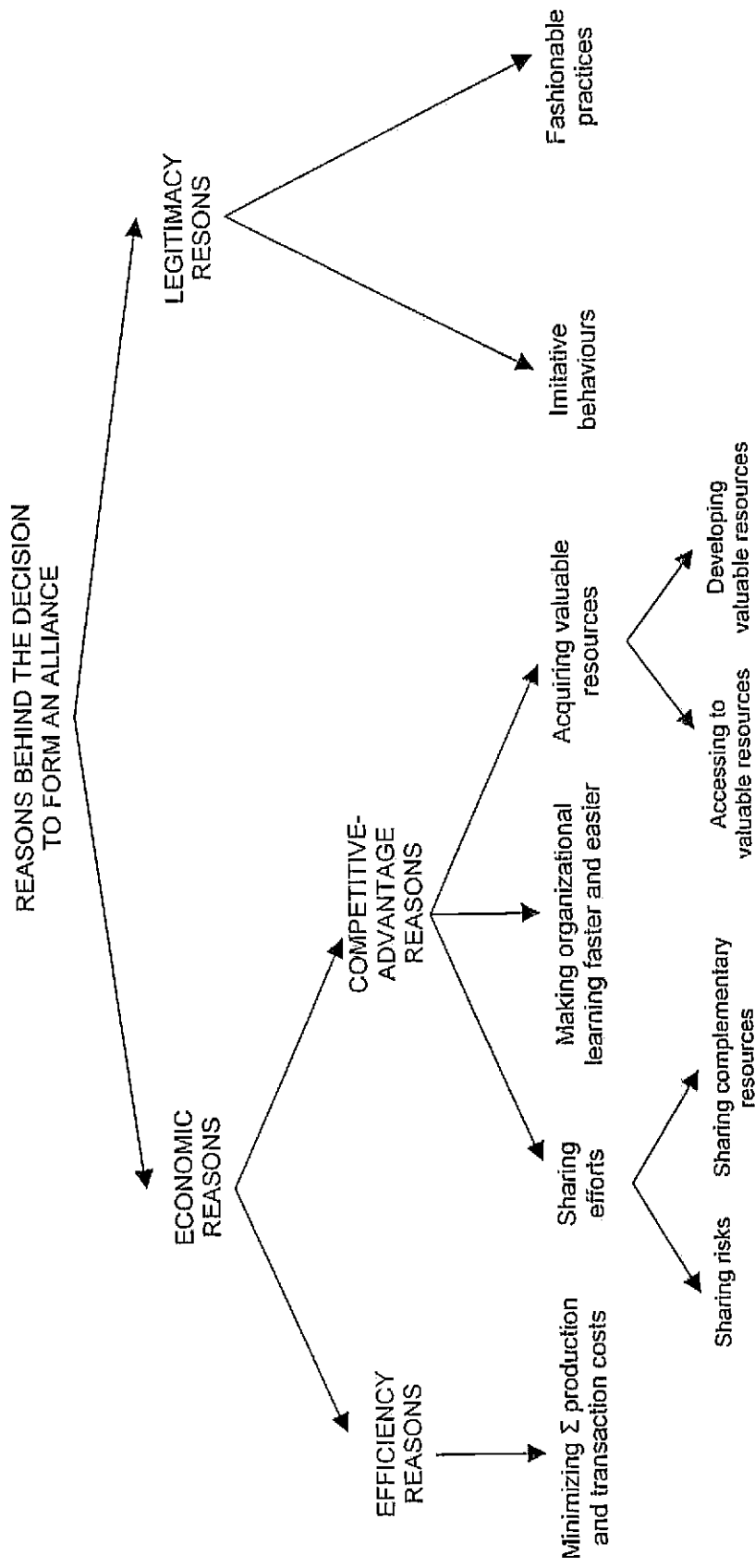


Exhibit 2.2. Reasons behind the decision to form an alliance by a firm: some a-priori constructs.



3. Reasons behind the decision to form alliances: a constructivist perspective.

Introduction. 3.1. Decision-making: a social world/arena theory perspective. 3.2. Contribution of stakeholder theory. 3.3. Contribution of negotiated order theory. 3.4. A theoretical framework for analysing the decision-making by firms. 3.5. A working model to understand the reasons behind the decision to form alliances.

Introduction

Prior studies about alliance formation explain what are the reasons behind the firm's decision to form alliances according to the theories they are rooted in. In this perspective, transaction cost studies highlight efficiency reasons, strategy studies emphasize competitive advantage reasons, and neoinstitutional studies stress legitimacy reasons. Additionally, prior studies show how the decision to form alliances by firms can be influenced by factors that enhance or limit its chances.

On these premises, extant studies lead to valuable insights on the reasons for alliances by Italian local utilities: they provide us with some a-priori constructs, that can be useful to shape future research (Eisenhardt 1989). Nevertheless, they highlight each time only one facet of the issue, giving us a simplified explanation of the phenomenon. In particular, two limitations can be identified. Firstly, extant studies do not allow us to single out reasons beyond economics and legitimacy in the decision by Italian local utilities to form alliances. Secondly, they do not allow us to consider all the range of reasons as simultaneously at play in such a decision. In reality, though, there are grounds to believe that any important decision by Italian local utilities is characterized by the simultaneous presence of multiple reasons. Then it seems reasonable to think that the decision to form an alliance is a "messy issue" for Italian local utilities, involving the interests of a plurality of actors. In this perspective, extant studies seem to lead to one-sided, clear-cut descriptions of alliance formation by Italian local utilities, constraining our comprehension of (1) the reasons why Italian local utilities establish alliances and (2) the purpose of alliances in the corporate strategy of the firm.

We maintain that these limitations follow to the fact that the extant literature analyses the decision to form alliances under a deterministic and structural perspective. Such a perspective neglects the complexity of social issues, framing them into reductionist models. Firstly, it adopts a rigorous adherence to a single theoretical paradigm, pre-packaging the answer according to the orientation chosen. Secondly, it relies on cause-effect research designs to investigate decision-making. Furthermore, it is based on a simplified model of the firm, where it is assumed that the overarching goal of any firm is to maximize shareholder value. In this perspective, a firm is typically a black box aimed to pursue a single goal and the decisions it takes are just the result of an economic judgment by a bounded rational actor.

For this reason, we argue that a different perspective to the issue is necessary in order to set aside simplified descriptions of alliance formation by Italian local utilities. In particular, we need a theoretical perspective that allows us to (1) give up a-priori constructs of extant theoretical paradigms and (2) focus on the process through which the decision is taken.

This is what the chapter purports to deliver. In particular, we suggest a theoretical framework based on Strauss's (1978) social world/arena theory, stakeholder theory (Freeman 1984, Airoldi 1993, Nasi 1995, Adrio et al. 2002) and negotiated order theory (Strauss 1979, Gray 1989, Beaulieu and Pasquero 2002).

Social world/arena theory provides us with a different perspective at the study of alliance formation: it is constructivist and process-related. It allows us to deal with alliance formation "without resorting to the a-priori categories of (...) actors characteristic of most organizational researcher". It also provides us with "a conceptual framework with which to begin analysing both the array of organizational forms and phenomena and the diverse social process that occur within and among them" (Clarke 1991: 119). Then social world/arena theory allows us to think (1) at firms as multidimensional actors whose goals summarize the interests of a plurality of actors¹ and (2) at its decision-making as a process that develops in a "field of action and interaction among a potentially wide variety of collective actors committed to act within it" (Clarke 1991: 119)².

As a consequence, social world/arena theory is a useful tool able to help us to grasp the complexity of alliance formation, without a-priori restrictions: "in using social world/arena theory, one can take advantage of the elasticity of the concepts to analyse at multiple level of complexities" (Clarke 1991: 119). In this perspective, the making of the decision to form an alliance can be conceptualised as an interaction process among a plurality of actors involved in such a decision. Stakeholder theory and negotiated order theory complement social world arena theory by adding managerial components that is missing in the former: they allow us to focus and develop the issue of alliance formation. In particular, stakeholder theory allows understanding what are the actors involved in such a decision-making, and negotiated order theory allows understanding how these actors interact.

In this perspective, the purpose of the chapter is twofold. Within the overall framework of the dissertation, the chapter aims at specifying our research question in a working model, enabling us to examine the decision to form alliances by Italian local utilities without a-priori restrictions.

In more general terms, the chapter aims at contributing to the development of a process theory of strategy. In particular, we agree with those strategic scholars that highlight the necessity to adopt a process-related approach in strategic management research to bring this field forward (Pettigrew 1977, Pettigrew 1990a, Eisenhardt and Zbaracky 1992, Ferlie 1992, Pettigrew et al. 2002.)³. They claim that there has not been much research yet dealing with questions about the process of decision-making⁴. We aim at contributing to this gap. Utilizing social world/arena theory, stakeholder theory and negotiated order theory we aim at proposing

¹ This conceptualisation of firm is very similar to the European one (Schmidt 1967, Masini 1979, Airoldi et al. 1989). In particular, Masini (1979: 11) defines firm as "istituto economico sociale" and "(l'istituto come) complesso di elementi e di fattori, di energie e di risorse personali materiali (...) E' una unità per i rapporti che lo costituiscono, ma che proprio si manifestano in quel modo e non in un altro e con vincolo degli elementi e fattori a carattere di complementarità per essere rivolto ad un insieme di fini comuni (...). C'è un bene comune per le persone che con intensità e qualità varia fanno parte dell'istituto".

² This conceptualisation of decision-making is very similar to the conceptualisation proposed by these scholars that adopt a process-related view of the strategy-making research (Pettigrew 1977, 1992, 2002).

³ "Explanation why firms realize one and not another strategy has to be rooted in process, because intended strategies as well as the circumstances that form the basis of an explanation change over time" (Sminia 2002).

⁴ Study about strategic decision-making can be distinguished into two main categories. The dominating studies in strategy research are contingency theory inspired. These studies aim at testing the existence of relationships among variables that describe environment, organization and strategy; the aim is to identify their most effective combination (Miles and Snow 1978). These studies are structural and quantitative in nature. Other studies in strategy research are qualitative and longitudinal in nature. These studies aim at explaining why a specific strategy was arrived at. They are intensive case-study, resulted in a number of monographs that describe in great detail the strategy formation process on one particular firm over certain period of time (e.g., Pettigrew 1985a, Johnson 1987).

a theoretical framework, a conceptual model and a working model to investigate the process of decision-making.

The chapter starts by introducing social/world arena theory as overarching theoretical perspectives to investigate a multi-party decision-making, overcoming the limitation of traditional approach. Then the chapter highlights the contributions of stakeholder theory and negotiated order theory in order to focus on decision-making by firms. In the main body, the chapter proposes a theoretical framework to analyse the decision-making process in a constructivist and process-related perspective. Then, it develops a conceptual and working model to investigate the reasons behind the decision to form alliances by Italian local utilities. The chapter ends by spelling out the research questions that constituted the starting point of our fieldwork.

3.1. Decision-making: a social world/arena theory perspective.

Social world/arena theory is a theory of collective action (Strauss 1978, Maines 1991, Clarke 1991). It investigates social issues focusing on the interaction among actors present in a particular situation. It analyses an issue already developed by many theories, but frames it in a new way⁵. While most traditional theories are positivist, realist and centred on formal economic organizations, social world/arena theory has its roots in a pragmatist epistemology and interactionist sociology: it is relativist, social constructivist and focused on actors of many types (including, but not limited to formal organizations)^{6,7}.

In particular, social world/arena theory is empirically based: participation, action, structures and processes are empirical issues identified on the basis of a "commitment to action" by actors. In this perspective, social world/arena theory acknowledges the variety and multidimensional nature of social issues and tries to understand it, instead of proposing a simplified picture based on a-priori constructs of some theoretical paradigms. "(The) researcher does not generate a-priori categories to study, as is generally the case in organization research. Rather one enters into the situation of interest and tries to make (...) sense of it" (Clarke 1991: 130).

Secondly, "social world"/arena theory is centred on process, considered both in its structural and dynamic components (Giddens 1979)⁸. Structural components are political, cultural, economic, social, legislative, religious etc. features of the context in which the action develops. Dynamic components reflect the process through which the action develops. Structural and dynamic components are two inseparably sides of the same

⁵ Following Clarke (1991) these theories are theories focused on the interplay between firms and their environments: i.e., resource dependence (Pfeffer and Salancik 1978), mobilization (McCarthy and Zald 1977), population/community ecology (Hannan and Freeman 1986), organizational field (Park 1952, Di Maggio and Power 1983), network (Granovetter 1983, Scott 1987, Callon, Law and Rip 1986, Latour 1987).

⁶ In particular, Strauss does not deny the existence of structures (i.e., values, institutions, norms etc.) in social interaction: social structures are ultimately based on the commitment of individual actors to collective action. In this perspective, Strauss admits the existence of social structures, but specifies structures exist only through the interplay with social action (this is what Giddens (1979) calls structuration).

⁷ In this perspective, social world arena/theory can be identified as a form of "contextual constructivism". Strict constructivism assumes that in order to study social issues it is necessary to avoid making assumption about the "real" world: "the actual social conditions are irrelevant. What matters is what the members say about it" (Best 1995a: 342). Contextual constructivism is based, instead, on the idea that the goal of an assumption-free analysis is an illusion. Social issues develop in a social context and it is impossible to understand the former without understanding the latter: "claims emerge at a particular historical moments, in a particular society; they are made by particular claim-makers, who address particular audiences etc." (Best 1995a: 345). We adopt this latter approach at the constructivist perspective: "it is neither necessary nor possible for analysts to avoid all assumptions. But analysts must be prepared to acknowledge and defend the assumption they made" (Best 1995a: 347).

⁸ Social world/arena theory extends Strauss's negotiated order theory, making it more structural as well as processual. Considering also the structural dimension of social processes allows to plot sociological maps, get handle on collective action and ultimately study the action and interaction of the many kinds of collective actors in given situations.

coin (Giddens 1979): processes can not be understood without taking into account the interplay between the structural and dynamic components⁹. In this perspective, social world/arena theory acknowledges the interplay between structures and actions in social processes and tries to reconstruct it, instead of neglecting one aspect for the other: "It requires that behaviours and orientations of particular actors be viewed as inseparable from the structural conditions that impinge upon action and vice-versa" (Wicner 1991: 176).

On these premises, social world/arena theory is a useful tool to investigate the complexity of social issues (Strauss 1978, Strauss and Corbin 1990). It is based on three main concepts, embedded in an interaction process.

The three concepts are (1) "social worlds" committed with a given issue, (2) action and interaction among "social worlds" about different perspectives of the issue at hand, (3) "social arenas" as metaphorical sites where particular issues are "debated, negotiated, fought out, forced and manipulated by participants" (Strauss 1978: 124).

"Social worlds" are sets of actors ("collective actors" in sociological parlance) with a common vision of the issue at hand and a shared commitment to a given claim about it; they pool resources to gain legitimacy for their claim (Strauss et al. 1964, Strauss 1978). In this perspective, "social worlds" are not bounded by formal membership; they are bounded by a shared vision of the issue. So the boundaries of "social worlds" may cut across or be more or less conterminous with those of a formal organization: formal organizations can participate in one or more "social worlds" and "social worlds" can include one or more formal organizations. "Social worlds" act in the social arena through individuals or groups that represent them. In this perspective, "social worlds" are empirically determined, based on their commitment towards the issue at hand. Firstly, they are identified by the claim they try to promote. Secondly, they are defined by all the actors that (1) share a particular vision of the issue and (2) are committed to act for the relevant claim: thus the boundaries of any "social worlds" are fluid and evolve during the interaction in order to involve other actors. Thirdly, they are more or less salient in the arena according to their actions and legitimacy they can achieve through them (the salience of each "social world" can be expressed in term of hierarchies of credibility). This empirical openness allows to "capture, describe and thus render susceptible to analysis the multiple simultaneous organized actions of individuals, groups of various sorts and formal organizations", without a-priori restrictions (Clarke 1991: 131).

The mode of interaction among "social worlds" committed to a particular issue can be conflict, competition, cooperation, exchange and negotiation (Clarke 1991): the aim is to establish or maintain boundaries between "social worlds" and gain social legitimacy for their claims. In this perspective, interactions are to be understood investigating the perspectives taken by all "social worlds".

A social arena is constituted by all the "social worlds" that focus on a given issue and are committed to it (Strauss et al. 1964)¹⁰. It can be defined as "a field of action and interaction between potentially wide

⁹ In the same perspective, Pettigrew highlight how it is necessary to take into account the interplay between structure and action in the analysis of strategic decision-making. "Actions occur in the context on encountered structure, which it shape in turn, resulting in the dual quality of structures (as both shaping and shaped) and the duality of actors (as both producers and products). Social life is a process of structural emergence via action and tensions between actors and structures is the ultimate moving force of the process" (Pettigrew 1992: 8).

¹⁰ As an example, Clarke (1990) described the broad arena focused on human reproduction in term of participants joining it: knowledge producers (several kind of reproductive scientists, geneticists, social scientists), practicing medical staff (physicians, nurses, other health care providers), their professional organizations, sponsors (public and private funding

varieties of social worlds committed with the issue" (Clarke 1991: 120). In this perspective, first a social arena is identified by (1) the features of the issue at hand, (2) the actors involved and their set of relationships, and (3) a variety of contextual factors (i.e., legislative, socio-political, tecno-economic environmental factors over the international, national, local, organizational, sub-organizational levels etc.)¹¹. Secondly, the boundaries of a social arena are defined by the "social worlds" committed to act within it. As a consequence, a social arena is empirically determined, based on a commitment to act by its participants. This empirical openness allows grasping the variety and multi-dimensional nature of social issues, thus considering different actors simultaneously and focusing on their interaction, instead of considering each of them separately and having to make a-priori assumptions about their involvement and their relationships.

In this perspective, social arena represents the structural components of interaction process and the development of "social worlds" constitutes its dynamic aspect. In particular, social arena frames the process, on one side, and the process shapes the social arena, on the other side. To put it another way, social arena establishes the rules of the game for the interaction among "social worlds" and the interaction among "social worlds" change these rules.

Consequently, the interaction process develops through the interplay among social arena and "social worlds". On these premises, to analyse the interaction process it is necessary to focus on the arena as field of action and to consider "social worlds" as unit of analysis. In particular, "social worlds" participate in a social arena with their own vision of the issue at hand and a claim about it. In the social arena they struggle, compete, cooperate, negotiate, bargain, exchange. Under the influence of the arena framework, they try to expand their boundaries, involving other "social worlds" or individual organization: the aim is to gain support for their claim and share their own view of the issue. In particular, during the interaction process two "social worlds" can intersect and a new one can birth, otherwise one social world can segment and more "social worlds" can birth. At the end, an order is reached, as the result of a consensual picture of the issue by different "social worlds", and a different arena is shaped¹².

The whole process develops over time and embedded in the broadest context of other social arenas. "Social worlds" and their interaction cannot be understood in isolation (Strauss 1982) and without considering their evolutionary path (Strauss 1959). Firstly, actors can participate and interact simultaneously in more social arenas, where different issues are debated and negotiated. In this perspective, the interaction process and its outcome in one social arena influence the interaction processes and outcomes in other social arenas. Secondly, "social worlds" interaction can be rooted in time. In this perspective, the interaction is path dependent.

agencies), consumers, pharmaceutical and medical-technology industries, policy makers, governmental regulatory bodies, religious and political groups.

¹¹ In particular, multiple structural conditions shape an arena. They involve different level of interactions and should be considered according to their importance for the issue at hand (Strauss and Corbin 1990): c.g. international (economic, cultural, religious, scientific etc.), national (political, governmental, cultural, economical etc.), regional, local, organizational, sub-organizational etc.

¹² Based on the above, Strauss highlights four steps to follow in a structural-dynamic analysis of social processes: (1) reconstructing the structural characteristics that shape the arena, (2) reconstructing extant actors and power structure, (3) understanding current activities of actors within the arena and (4) understanding their interaction processes.

Based on the above, we maintain that social world/arena theory provides us a useful perspective to investigate the processes through which a decision involving a plurality of interests is taken, without resorting to the a-priori constructs of extant theoretical paradigms.

Thus to investigate the decision-making it is necessary to reconstruct the process of interactions among the actors interested by the issue at hand, through the interplay between its structural and dynamic dimension.

In this perspective, social world/arena theory seems suitable to address managerial decision-making, leaving the traditional approach and adopt a constructivist and process-related one. On one hand, management problems are often multi-party issues, with multiple interests at play, that need to be balanced in a final agreement. On the other hand, social world/arena theory is based on a positive philosophy, as everything is possible. There are no limits, obstacles and a-priori constructs, as everything is negotiable.

Nevertheless, typically social world/arena theory has been used to describe decisions taken by local network of actors, rather than by specific organizations. So it has been limited to address managerial problem, even if "Strauss's simultaneously structural and processual approach is powerful enough to grasp the flow of social life in situations small and large" (Clarke 1991: 135).

In this perspective, it seems necessary to complement social world/arena theory by adding managerial component.

3.2. The contribution of stakeholder theory.

Stakeholder theory is an action theory where actors with varying motives interact with the firm (Freeman 1984, Airoldi 1993, Nasi 1995, Adrio et al. 2002)^{13,14}. The criterium beyond this interaction is the interest for the activity of the firm: on one side, actors who have an interest in the activity of the firm aim at taking part in its decision-making; on the other side, the firm is required to take into account their set of expectations during the decision-making. Otherwise, firms risk to endanger their own survival. In this perspective, management's choices are correlated to stakeholders' interests (Brenner and Cochran 1991). Consequently, the main objectives in stakeholder theory are to identify who are the stakeholders of a firm and understand their interaction with the firm (McGee 1998).

In this perspective, stakeholder theory is a structural theory (Pruitt 1995): it helps identify stakeholders and understand their structural relationships with the firm. It is also a managerial theory (Donaldson and Preston 1995)¹⁵: it focuses on the firm, its decision-making and its management.

¹³ The origins of stakeholder theory are traditionally traced back to Freeman's (1984) seminal book about "Strategic Management: a stakeholder approach". For the first time Freeman defined the concepts, framework and theory of stakeholderism. The same principles about the relationships among a firm and different actors participating in it can be found in the European management tradition: i.e., German tradition (Schmidt 1967), Scandinavian studies (Rhenman 1964, quoted in Nasi 1995) and Italian "teoria degli interessi istituzionali" (Masini 1979, Airoldi 1993, Airoldi 1995).

¹⁴ Freeman's book pioneered a new field of studies. Then during the Nineties a number of articles and books were published to refine stakeholder theory: Carroll (1989) links stakeholderism scope with the value, corporate social responsibility and ethics issue, Brenner and Cochran (1991) and Hill and Jones (1992) presented stakeholder model as alternative to Wood's (1991) corporate social performance framework, Donaldson and Preston (1995), Frooman (1999), Mitchell et al. (1997) describe how companies respond to stakeholder: strategy involves values and expectation of those who can influence the company and its performance. Adrio et al. (2002) highlight the need of a network-based theory of stakeholder. Nevertheless, the explicit formulation of the theory is still in its infancy and whether a theory of stakeholder currently exists is a matter of debate (Harrison and Freeman 1999).

¹⁵ In particular, stakeholder theory can be used as a descriptive (i.e., firm actually behaves in certain way), instrumental (i.e., certain outcomes are more likely if firm behaves in certain way) and normative (i.e., firms should behave in certain way) tool (Donaldson and Preston 1995).

On these premises, stakeholder theory allows us to identify what actors are at play in a particular situation and understand their relative salience for the decision-making of the firm. It is based on two main concepts, even if stakeholder literature does not provide us with a shared definition of them.

The two concepts are (1) the identity of stakeholders (i.e., definition and salience) and (2) the nature of their relationships with the firm and its management (i.e., types of relationship and manager's role).

The interpretation of these two concepts varies according to the model of the firm they are rooted in.

In particular, stakeholder studies can be classified into two main clusters depending on whether they assume the American or European model of the firm¹⁶ (Exhibit 3.1).

In the American perspective firms are effectively modelled as black box, owned by shareholders and personified by managers: their primary goal is to maximize shareholder value.

In this perspective, a stakeholder is "any group or individual who can affect or who is affected by the achievement of the firm's objective" (Freeman 1984: 25). To put it another way, stakeholders are individual, groups, organizations outside the boundaries of the firm that have: (1) a legitimate claim towards the firm (Hill and Jones 1992), as their interests are "affected by the actions, decisions, policies or practices of the business firm (Carroll 1989: 57); (2) the power to gain the attention of the firm over their claim (Carroll 1989 and 1993) as they are capable to "affect the organization's actions, decisions, policies or practices" (Carroll 1989: 57).

In this perspective, stakeholders are identified by the claim they promote, as a consequence of a firm's decision that affect their own interests (a claim being a demand for something due or believed to be due). Firms have to take into account stakeholders' claims and try to satisfy them, lest shareholder value is not endangered (Jones and Wicks 1999).

As a consequence, stakeholders' salience depends on the strength of the claim they promote. In particular, to Hill and Jones (1992) the strength of the claim depends on its legitimacy, i.e., legitimate claims are those based upon contracts, exchanges, legal titles, legal rights, moral rights generated by the action of the firm (Suchman 1995). According to Carroll (1993), the strength of the claim depends on its power to impact the firm, i.e., powerful claims are those based upon force, threat, material incentives and symbolic influence (Etzioni 1964, Mitchell et al. 1997). Then to Mitchell, Agle and Wood (1997) the strength of the claim depends on both these attributes (i.e., legitimacy and power) plus the urgency of the claim made. Urgency represents the degree to which stakeholders' claim call for immediate attention: it is based on time sensitivity and criticality for the firm. In particular, Mitchell, Agle and Wood argue that the legitimacy and power of the claim interact each other and combined with claim urgency produce a wider understanding of stakeholders' salience: these attributes allow identifying different types of stakeholders with different behavioural pattern toward the firm. In this perspective, Mitchell, Agle and Wood (1997) propose to classify stakeholders into three main categories according to the importance of each attribute for the relative claim: the various combination of these attributes are indicators of the amount of attention managers need to give at each categories of stakeholders. They are (1) definitive stakeholders, when the claim they promote is at the same

¹⁶ We use the terms "American model" of firm and "European model" of firm as a simplification for two alternative modes to conceptualise firm: (1) public company aiming to maximize shareholder value and (2) economic and also social organizations that synthesizes the interests of a multitude of actors.

time legitimate, powerful and urgent, (2) expectant stakeholders, when the claim possesses two of the three attributes and (3) latent stakeholders, when the claim is characterized by only one attribute¹⁷.

On these premises, the relationship between the firm and its stakeholders is adversarial in nature¹⁸: stakeholders try to influence the firm, in such a way to make their claims satisfied, and the firm has to respond to this pressure¹⁹.

In this perspective, managers have to defend the firm, by reconciling conflicting interests: they have to take decisions in a way that is most consistent with the claims of the stakeholder groups. Managers, therefore, have to identify stakeholders, classify and rank them by priority (Carroll 1993, Wood 1994, Mitchell et al. 1997), so that their demand can be fulfilled: stakeholder management is a unilateral accommodation in which managers have to react to pressures by stakeholders²⁰.

To sum up, according to the American model of the firm stakeholders are claim-makers. They are identified by the claim they make toward the specific action, decision, policy undertaken by the firm, and their salience depend on the strength of such a claim (in term of legitimacy, power and urgency). Then the relationship between the firm and its stakeholders is inherently adversarial, and managers have to try to manage stakeholders.

This cluster of studies leads us to focus each time on one of the firm's decisions. So it helps us to identify the claim-makers at play in a particular decision-making situation, and understand their relative capacity to influence its decision-making.

Nevertheless, recently these studies have been criticized. In particular, two weaknesses have been highlighted. The former weakness regards stakeholders' identification, i.e., definition and salience. Mitchell, Agle and Wood's (1997) classification has been judged too limitative: "companies may engage most directly with those stakeholders able to exert significant pressures rather than simply for the sake of engagement or out of a value-based orientation" (Andriof and Waddock. 2002: 36). The latter weakness regards the relationships between the firm and its stakeholders: stakeholders are outside of the boundaries of the firm and their relationships with the firm are conflict-based.

¹⁷ On top of it, Mitchell, Agle and Wood (1997) identify other categories of stakeholders: they are subset of the main categories highlighted above and result from a different combination of the three attributes (i.e., legitimacy, power and urgency). In this perspective, expectant stakeholders can be: (1) dominant stakeholders, when they are both powerful and legitimate, but their claim is not urgent; (2) dependent stakeholders, when they have urgent and legitimate claim, but they lack power; (3) dangerous stakeholders, when they have urgency and power but lacks legitimacy. On the other side, latent stakeholder can be: (1) dormant stakeholders, when they possess the power to impose their will on the firm, but they do not have a legitimate relationship with the firm or an urgent claim; (2) discretionary stakeholders, when they possess the attribute of legitimacy, but they do not have either the power to influence the firm, or an urgent claim; (3) demanding stakeholders, when their only relevant attribute is urgency.

¹⁸ In this perspective, it seems relevant that Freeman quotes Dill (1975) as the first "to set the stage for the use of stakeholder concept as an umbrella for strategic management" because he extended the stakeholder concept beyond such groups as shareholders and customers to "groups who are usually thought of as having adversarial relationships with the firms" (Freeman 1984: 38). In the same perspective, Frooman (1999: 193) states that "if the firm and all its stakeholders were largely in agreement-managers would have no need to concern themselves with stakeholders or stakeholder theory".

¹⁹ In particular, Frooman (1999) identifies four types of influence strategies by stakeholders (i.e., direct and indirect withdrawing, direct and indirect usage); they include stockholder resolutions (Davis and Thompson 1994,) boycotts (Paul and Lydenberg 1992) and modified vendettas (Corlett 1989). Then he tests the existence of a relationship between the balance of power implicit in each relationship and the strategy that stakeholders employ (Frooman 2003): the aim is to give managers an instrument to understand and forecast stakeholders' behaviours.

²⁰ In this perspective, the focus of stakeholder theory is on stakeholder influence strategies and the consequent answers by managers (Savage 1991, Frooman 1999): "stakeholder approach is about groups and individuals who can affect the organization, and it is about managerial behaviour taken in response to those groups and individuals" (Freeman 1984: 48). The aim is to understand stakeholder influence strategies and how to answer to them.

In the European perspective firms are economic but also social organizations, aiming to contribute to the welfare of the whole community (Schmidt 1967, Masini 1979, Airoldi et al. 1989). They are composed by shareholders as well as by managers, important lenders, core employees, long-term clients and suppliers, local community and even nation or country (Schmidt 1967). In this perspective, firms are multidimensional organizations whose goals summarize the interests of multiple actors. Such interests can not be satisfied by single actors: they can be better satisfied through the collaboration with other actors²¹. In this perspective, firstly firms are organizations that exist through their interplay with actors' actions²². Secondly, firms are multidimensional organizations aiming to satisfy multiple interests through their activity. Thirdly, firms and stakeholders share responsibility about the activity of the firm and its performance.

In this perspective stakeholders are "individuals and groups who are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence" (Rhemman 1964 quoted in Nasi 1995, q.v. also Airoldi 1993): "they interact with the firm and thus make firm's operation possible" (Airoldi 1993, Nasi 1995, Blair 1995). To put it another way, stakeholders are individuals, groups, organizations participating in the firm (Airoldi 1993, Nasi 1995, Preston 1996) that: (1) have a stake toward the economic viability of the firm in the long term, as the satisfaction of their interests is linked to the survival of the firm; (2) bring contributions to the firm, expecting rewards in return.

In this perspective, stakeholders are identified by: (1) their stakes toward the economic viability of the firm in the long term, (2) contributions they bring to participate in its activity and (3) rewards they expect in return. Firms have to take stakeholders into account involving them into their decision-making and try to satisfy their interests, lest they loose legitimacy: "in the long run the company must operate in such a way that each stakeholder is satisfied with what he gives and with what he gets" (Nasi 1995: 24) and "the more dissatisfied the main stakeholders are, the more certain it is that the company's activities will cease" (Rhemman 1964 quoted in Nasi 1995, q.v. also Airoldi 1993).

As a consequence, stakeholders' salience depends on the importance (for the survival of the firm) of the contributions they made and on the importance (for the satisfaction of their interests) of the rewards they get in return (Masini 1979, Airoldi 1993, Ravasi 2002). So stakeholders' salience depends on how much the survival of the firm is linked to their contributions on one side, and on how much the satisfaction of their interests is linked to the survival of the firm, on the other side. In particular, contributions can take many forms such as money, goods, information, status, power, prestige etc. (Airoldi 1993, Nasi 1995). In the same way, rewards can take the form of monetary rewards (e.g., wages, dividends, interests, etc.) or no-monetary rewards (e.g., satisfaction of social needs). Stakeholders can bring at the same time different contributions. In this perspective, stakeholders can be classified into three main categories, according to the importance of both the contributions they bring and the rewards they get²³. The first category involves stakeholders such as shareholders and workers: firm depends on them for its survival and they depend on the firm for their welfare; the second category involves stakeholders that are strictly linked to the firm and to whom firm is

²¹ In this perspective, Masini (1979: 8) argues "è un bene funzionalmente di tutti, inteso come agevolatore dell'attività dei singoli membri; è costituito dal complesso di beni che per natura loro hanno una funzionalità universale e un'attitudine per tutti" (Airoldi et al. 1989, Borgonovi 1993, Airoldi et al. 1994).

²² The theory of the firm behind such approach is consistent with the interactionist dimension of the social world arena theory: social structures are ultimately based on the commitment of individual actors to collective action; nevertheless, social structures exist: they exist through the interplay with social action.

²³ This classification is based on the distinction among "soggetto economico", "soggetto economico allargato" and "soggetto d'istituto" (Masini 1979, Airoldi et al. 1989, Airoldi 1993). It is worth noting that other actors can acquire unduly an importance for the firm up to govern it: i.e., "soggetto economico improprio" (Masini 1979).

strictly linked to; nevertheless, they are not completely dependent each other. The third category involves stakeholders that are important for the firm and for whom firm is important; nevertheless, this relationship is paramount for none of them. The composition of the three categories of stakeholders can change according to the particular firm considered and the moment of its life we focus on (Airoldi 1993, 1995).

On these premises, the relationship between the firm and its stakeholders is collaborative in nature: stakeholders contribute to and gain from the activity of the firm; consequently, they demand to be taken into account in its decision-making. The firm and its stakeholders share responsibility about the activity the firm carries out and the achievement of its goals.

In this perspective, managers have to balance the needs of survival of the firm and stakeholders' interests in such a way to grant their satisfaction through the activity of the firm. In particular, managers have to interpret stakeholders interests and on the basis of that shape concrete goals for its activity. Then they have to direct this activity in such a way that the balance between the firm and its stakeholders is preserved (Nasi 1995): stakeholder management is a process of mutual contribution (Beaulieu and Pasquero 2002).

To sum up, according to the European model of the firm stakeholders are identified by the stake for the survival of the firm and their salience depends on how much the survival of the firm is related to them and the satisfaction of their interests is related to the survival of the firm. Then the relationship between firm and its stakeholders is collaborative in nature and managers have to engage stakeholders²⁴.

This cluster of studies leads us to focus on firm's activity as a process that requires the cooperation of multiple stakeholders. Consequently, two strengthens can be highlighted. The former strengthen regards stakeholders identification and their salience. Stakeholders are identified on the base of a collaborative relationship with the firm: "in this perspective, persons and groups who gain only when the organization as a whole loses are not stakeholders although they may well have an interest, albeit a negative one, in its activity" (Preston 1996)²⁵, and their salience depends on how much the satisfaction of their interests is linked to the survival of the firm and vice-versa: thus firms can engage with stakeholders for the sake of engagement or on a value-based orientation too. The latter strengthen regards the relationship between the firm and its stakeholders: they are embedded in a network of collaborative relationships centred on the firm, sharing responsibility about the performance of the firm.

Nevertheless, these studies make it difficult to identify stakeholders involved in a specific decisions by a given firm and evaluate their salience for the single decision-making: the operational priority of interests in any particular decision-making situation can vary, but this perspective does not provide us with a yardstick to evaluate it.

Insert Exhibit 3.1 about here

²⁴ To put it in another way: stakeholders have as stake towards the viability of the firm in the long term. This is because the activity of the firm ensures them the satisfaction of their personal interests (i.e., interests that they are not able to satisfy on their own, or interests that can be better satisfied jointly with other actors). In this perspective, stakeholders contribute to the activity of the firm, waiting for rewards in return. Such rewards are necessary to satisfy their own interests. Based on these premises, stakeholders are moved into action by different interests. Such interests can even be conflicting. Nevertheless, stakeholders find a point of contact in the necessity to ensure the viability of the firm, as it is only through the activity of the firm that each stakeholder can satisfy its own interests: they have to collaborate in order to achieve that common goal. In this perspective, we can think that the shared necessity to ensure the viability of the firm constitutes one of the structural components of the decision-making process.

²⁵ In the same perspective, as showed in Chapter nine the Municipalities of Romagna cannot be considered as Seabo stakeholders. In particular, such Municipalities join the decision-making arena where listing Seabo is at hand with a particular claim (i.e., "put off Seabo listing"). Nevertheless, they have not a stake towards the viability and profitability of

On these premises, each cluster of studies provides us with useful insights to identify actors at play in a particular situation and understand their salience for the decision-making of the firm. Nevertheless, they both have weaknesses. As a consequence, we propose to adopt an integrated view between the two (Exhibit 3.1).

In particular, we adopt the European approach to identify actors that have a stake in the survival of the firm, as the satisfaction of their interests is related to it. They deal directly with the firm: they exist as long as the firm exists and contribute to it. They are important for the firm and do not vary according to the decision at hand. We call them stakeholders.

Then we adopt the American approach to identify actors that made a claim for a particular decision of the firm, as their interests are affected by it. Such actors deal directly with single decisions by firm: they are important for the firm as long as the single decision has to be taken. In this perspective, they vary according to the decision at hand. We call them claim-makers.

In this perspective, when focusing on a specific decision of the firm we can distinguish between stakeholders and claim-makers: not all stakeholders are claim-makers and not all claim-makers are stakeholders. In particular, we can have stakeholders whose interests are not touched by the decision at hand: they are not claim-makers. Then we can have claim-makers that "gain only when the organization as a whole loses" (Preston 1996): they are not stakeholders. Anyway, stakeholders whose interests are touched by the decision to be taken are the most important claim-makers: they do not bring simply a claim, they are linked to firm's activity and survival.

In this perspective, focusing on a specific decision of the firm the American approach allows us to identify actors at play in a specific decision-making situation: they are claim-makers. The European approach allows us to understand their salience: it depends whether they are also stakeholders or not.

Nevertheless, stakeholder theory is in many ways static: "individual stakeholder relation is not useful to describe firm behaviour, because each firm faces a different set of stakeholder which aggregate into unique patterns of influence: firms do not respond to single stakeholder rather to the interaction of multiple influences from the entire stakeholder set" (Rowley 1997, Andriof et al. 2002).

In this perspective, many authors have underlined the need for a multilateral construction of the relationship between firm and all its stakeholders (Pasquero 1996, Frooman 1999, Andriof and Waddock 2002, Beaulieu and Pasquero 2002)²⁶.

3.3. The contribution of negotiated order theory.

Negotiated order theory is a process-oriented theory of interaction among actors (Strauss 1979, Gray 1989, Beaulieu and Pasquero 2002): it focuses on the process by which negotiation among multiple actors unfolds. In this setting negotiation is assumed to mean conversational interactions among actors: "through their talks parties try to arrive at collective interpretations of how they see the issue questioned" (Gray 1989: 25). These interpretations form the basis for action²⁷.

Scabo; they do not contribute to Scabo activity and do not expect any rewards from such an activity; they are just interests in the specific decision to list Scabo. On the other hand, Scabo activity is not dependent on them.

²⁶ In particular, by introducing the network dimension in the stakeholder system, the salience of each stakeholder can depend both on their attribute and their position within the stakeholder network.

²⁷ Thus negotiation is different from the concept of specific tactics of positional bargaining, often associated with collective bargaining or buyer-seller transaction.

Negotiated order theory is the same theoretical roots of social world/arena theory. Within this framework, negotiated order theory is a dynamic process-oriented theory: it helps to focus on the dynamic components of the interaction among actors, assuming a web of constant interactions between individuals and institutions. It is also a network-based theory: it allows focusing on the simultaneous negotiating relationships among all the actors involved by the issue.

In this perspective, negotiated order theory allows us to investigate how actors at play in a particular situation interact simultaneously in order to share a vision of the issue questioned. Negotiated order theory is based on three main concepts.

The three concepts are: (1) multi-party issues, (2) negotiation and (3) negotiated order and consensus. It is also based on a set of basic principles, that govern the negotiating process and the negotiated order.

Actors involved with a multi-party issue represent a multitude of perspectives regarding the issue at hand and the way to face it. They highlight a different facet of the issue and are dependent on each other to deal with it: they share responsibility about its resolution (Gray 1989)²⁸.

On these premises actors negotiate in a multi-party network; i.e., they try to define the boundaries of the issue, agree on recommendations about it and design action steps to face it. In particular, Gray (1989) identifies collaboration as the most suitable method to face a multi-party issue: "collaboration is a process in which those parties with a stake in the problem actively seek a mutually determined solution. They join forces, pool information, knock heads, construct alternative solutions and forge an agreement" (Gray 1989: XVIII). In this perspective, collaboration allows to incorporate multiple perspectives to solve social issues. It can stem by situation of conflict or cooperation. In the former case collaboration aims to "create a richer and more comprehensive appreciation of the problem among the parties than anyone of them could construct alone": they explore their differences and search for solutions that go beyond their own limited vision of what is possible. In the latter case, collaborations purports to advance the objectives of the actors involved, they need each other to execute a vision they share: each need the other to advance their individual interests. Inside the network, the salience of each stakeholder depends on its ability to control the course of events and on the action of others. Salience is not related to pre-defined structural attributes; it varies according to the specific set of events and actions at hand.

The aim is to create a negotiated order: "organizations negotiate the terms under which they will interact with one another in the future" (Day and Day 1977, Goffman 1982, Gray 1989).

Not all negotiations lead to agreement for action, but when they do a negotiated order is reached through consensus, defined as a situation where all the party agrees they can live with a given solution.

In this perspective, firstly a negotiated order is an informal order. It does not require institutionalisation in formal agreements, contracts, rules or any kind of structures. It emerges through the interaction among parties, aiming to balance their interests. In this perspective, it turns into an unofficial and tacit agreement among parties that enable them to carry out their activity.

Secondly, a negotiated order is temporarily and situationally based. In this perspective, Gray (1989) refers to collaborations and orders, as we can reach specific collaborations resulting in specific negotiated orders.

²⁸ Focusing on the social organization of a hospital Day and Day (1977: 129) for example state: "one finds physician, residents, interns, nurses, aides, social workers, administrators, nutritionists, clerical personnel etc., all in the same site or "locale" and ostensibly working toward the primary goal of the institution, which is to make the patient well".

Thirdly, a negotiated order is fluid, readily subject to changes as new events occur or new parties become involved (Day and Day 1977). It is continuously negotiated and renegotiated: "any changes that impinge upon this order (...) will call for a renegotiation or reappraisal, with consequent changes in the organizational order. (...) a new order, not the reestablishment of an old, a reinstatement of a previous equilibrium. This is what we remarked upon earlier as the necessity for continually reconstituting the bases of concerted action, or social order" (Strauss et al 1963: 165, quoted in Day and Day 1977).

Finally, both internal and external forces influence the ground of negotiation: "there is an implied dialectical relationship in which the informal structure of the organization acts upon the formal structure, producing social change" (Day and Day 1977: 130). At the same time, events taking place outside the organization may also have a profound impact on both these informal and formal structures.

In this perspective, negotiated order theory allows introducing negotiation and collaboration in the interaction among actors in a particular situation (Gray 1989, Nathan and Mitroff 1991)²⁹: "frequently our problem solving model position participants as adversaries, pit them against one another and leave them to operate with an incomplete appreciation of the problem and restricted vision of what is possible. The impasses are typically characterized as technical or economic (...) the roadblocks are as much conceptual and organizational as they are technical and economic".

Nevertheless, negotiated order theory fails to consider negotiating processes within their contextual framework. Negotiated order theory acknowledges that external forces can affect negotiation, relationships and structures within it, but fails to demonstrate how and to incorporate these elements in the framework.

In this perspective, many authors have underlined the need that negotiated order theory becomes more politically, structurally and historically grounded than it is.

3.4. A theoretical framework for analysing the decision-making by firms.

Social world/arena theory, stakeholder theory and negotiated order theory provide us with insights and tools to analyse multi-party decision-making by firms³⁰. They can be combined into a unitary framework, in order to grasp the complexity of decision-making processes.

Firstly, social world/arena theory, stakeholder theory and negotiated order theory share a common approach at the analysis of decision-making, since they all share a focus on actors' action. According to these three theories, it is useless to analyse decisions. Fully rationality is anyway impossible, as actors can have multiple interests simultaneously at play in the decision and these can be contrasting (Strauss 1978)³¹. As a consequence, it is better to focus on actors' actions. Actions reveal the reasons behind the decisions without

²⁹ In particular, collaboration allows distinguishing this approach from the political one (March 1962, Allison 1971, Pettigrew 1977). The "political" model focuses on organizations as coalitions of people with competing interests. In this perspective, it gives a negative connotation of the interaction between the actors involved in a situation. Interaction is considered as a pathological element that arises from conflict, whereas conflict can also be solved through a cooperative decisions style (Eisenhardt and Zbaracki 1992). On the contrary, as Gray (1989: 112) highlights: "central to the notion of collaboration is the concept of shared power (...) to define a problem and initiate action to solve it".

³⁰ In particular, for stakeholder theory we intend the European approach at the stakeholder theory. In this perspective, we call stakeholders of the firm only those actors that have a stake toward the viability and profitability of the firm in the long term. They contribute to its activity, waiting for rewards in return. We call claim-makers all those actors that join a decision-making arena with a claim towards the issue at hand. Some claim-makers are also stakeholders; other claim-makers have not a stake towards the viability of the firm; they are just interested on the decision at hand.

³¹ In the same perspective, Mintzberg and Waters (1990) and Pettigrew (1990) argue that studying decision is impossible and useless, as decisions can not be distinguished by actions.

the necessity of discovering actors' mental processes: observing actors' actions it is possible to understand their decisions and grasp the reasons behind them.

Secondly, each theory helps to analyse different facets of the decision-making process; nevertheless, they are complementary, both under the theoretical and empirical point of view (Exhibit 3.2).

Social world/arena theory provides the framework to investigate decision-making.

From the theoretical standpoint, it introduces some tenets to investigate decision-making, instrumental to grasp its complexity: (1) decisions are constructed by actors' interactions; consequently it is useless resort to a-priori constructs; (2) process has both a structural and dynamic components; consequently it is a mistake to overlook the one for the other, since they are two sides of the same coin.

From the empirical standpoint, firstly social world/arena theory conceptualises decision-making as an interaction process among coalitions of claim-makers in its interplay with the decision-making arena. In particular, actors interpret a given issue in different ways and formulate different claims about the decisions to be taken, according to their interests. Individual claim-makers gather into coalitions with other actors sharing the same view about the issue: these coalitions of claim-makers join the decision-making arena with a specific claim. Each actor can make different claims, having multiple interests at play, i.e., they can join different coalitions at the same time. On these premises, coalitions engage in a claim-making process. Under the influence of decision-making arena they compete, cooperate, negotiate, bargain, exchange etc. with each other to gain support and legitimacy for their claim. In the end, consensus around a shared view of the issue is reached and a new arena is shaped.

Secondly, social world/arena theory identifies the elements to focus on in order to investigate the decision-making. Thus, to analyse the process through which a decision is taken it is necessary to: (1) reconstruct the arena where the issue is debated and the decision-making process develops; (2) identify the coalitions of claim-makers at play in the arena and understand their salience; (3) reconstruct the claim-making process by which they try to gain support for their claims, through other arenas and over time.

Thirdly, social world/arena theory highlights the necessity to consider both the structural and dynamic components of decision-making process in order to investigate it. In this perspective, (1) the decision-making arena represents its structural component. It is the metaphorical site where decision-making process develops: it frames decision-making process; (2) the development of coalitions of claim-makers constitutes its dynamic component. It represents the unit of analysis: it shapes the decision-making arena. In this perspective, to reconstruct the process of decision-making it is necessary to focus on the development of the coalitions of claim-makers in their interaction with the decision-making arena.

Nevertheless, from the theoretical standpoint social world/arena theory overlooks to focus on the action of the firm and the role of management. Then from the empirical standpoint it needs to be developed, both in terms of structure (i.e., coalition of claim-makers at play and their salience) and in term of dynamics (i.e., claim-making process among all the actors involved).

Stakeholder theory shares the theoretical assumptions of social world/arena theory; however it allows developing some of its aspects in more depth.

From the theoretical standpoint, stakeholder theory addresses the managerial side of decision-making. It assumes the firm as central in the analysis and consider managers' role in the decision-making: managers have to engage stakeholders in order to make a decision that balances different interests.

From the empirical standpoint, stakeholder theory allows identifying actors at play in the decision-making arena and understanding their salience. All the actors joining a decision-making arena with a particular claim about the decision at hand are claim-makers. Claim-makers are all actors making a claim concerning the decision to be taken, being a claim an enacted interest (i.e., an interest affected by the issue at hand and by the decisions to be taken). Claim-makers can be stakeholders too, but this is not necessary. In particular, claim-makers with a stake towards the viability of the firm are stakeholders as well. Claim-makers interested only on the decision at hand are just claim-makers. Claim-makers that are also stakeholders are the most powerful actors at play: they depend on the firm for satisfying their personal interests and the firm depend on them for carrying out its activity. In this perspective, stakeholder theory allows identifying interests, stakeholders, claims and claim-makers; it also allows distinguishing them.

In this perspective, stakeholder theory allows addressing the structural component of decision-making processes. In particular, it allows: (1) identifying stakeholders involved with the firm, (2) identifying claim-makers involved with the decision to be taken, (3) identifying the share of stakeholders system enacted by the issue at hand, (4) reconstructing the system of claim-makers (i.e., involving both enacted stakeholders and other claim-makers) and understanding their salience (depending on whether they are also stakeholders or not).

Nevertheless, stakeholder theory fails to consider the firm and its stakeholders in a multiple interaction network and neglects the dynamic component of their interaction.

Negotiated order theory has the same roots of social world/arena theory; as such we assume it can complement effectively both stakeholder and social world/arena theory.

From the theoretical standpoint, it broadens the scope of stakeholder theory by allowing to consider not only dyadic relationship, but multi-party interactions as well.

From the empirical standpoint, on one side it frames on the claim-making process as a negotiation among coalitions of claim-makers engaged in an attempt to expand their boundaries (i.e., share a common vision of the issue and reach a decision balancing different interests). On the other side, it highlights that any negotiated order is situational and time-contextual: the structural and dynamic characteristics of decision-making process evolve continuously.

In this perspective, negotiated order theory allows to take into account the dynamic component of decision-making processes. In particular, it allows characterizing (1) the claim-making process as a collaborative process and (2) the final decision as a negotiated order.

Nevertheless, it overlooks the structural factors able to influence the decision-making process: e.g., political, legislative, historical issues etc.

To sum up, the proposed framework allows making the three theories complementary to each other, both from the theoretical (Exhibit 3.2) and empirical standpoint (Exhibit 3.2).

From the theoretical standpoint, firstly stakeholder theory adds the managerial dimension to social world/arena theory. Secondly, negotiated order theory introduces the dynamic dimension in stakeholder

theory: "extending stakeholder theory through a perspective based on interaction, such as negotiated-order theory, allows a richer understanding of the dynamics" (Beaulic and Pasquero 2002: 101). Thirdly, social world/arena theory introduces the structural dimension in negotiated order theory: "Social world/arena theory extends Strauss's negotiated order theory rendering it more structural as well as process-based. Considering also structural dimension of social process allows plotting sociological maps, get handle on collective action and ultimately study the action and interaction of the many kinds of collective actors in given situations" (Clarke 1991: 119).

From the empirical standpoint, social world/arena theory conceptualise decision-making process as interaction among coalitions of claim-makers within the decision-making arena. Stakeholder theory helps to identify coalitions of claim-makers involved in the decision-making arena and understand their salience. Negotiated order theory sheds light on the nature of the interaction process among coalitions of claim-makers as collaborative one.

In this perspective, firstly decision-making can be conceptualised as a negotiation process among all the claim-makers involved in a multi-party issue arena, and the decision can be conceptualised as a negotiated order among all the claim-makers affected by the issue at hand. Secondly, decision-making process can be reconstructed through the interaction between its structural component (i.e., decision-making arena) and its dynamic component (i.e., development of coalitions of claim-makers through negotiation).

Insert Exhibit 3.2 about here

3.5. A working model to understand the reasons behind the decision to form alliances.

The theoretical framework we proposed in order to analyse multi-party decision-making by firms is a useful framework we can employ to examine the decision to form alliances by Italian local utilities, without any a-priori restriction.

The theoretical framework allows us to overcome both the limitations implicit in the traditional approach to alliance formation, as deterministic and structural in nature. We maintain that, on one side this framework allows us to be open to the emergence of potential reasons for alliance formation not accounted for existing literature (as focused on the empirical construction of decision-making). On the other side, it allows us to consider the range of all potential reasons as simultaneously present in such a decision (as focused on the process of decision-making). In this way, it increases our possibility to understand the reasons why Italian local utilities form alliances, and the purpose of the alliance in the corporate strategy of the firm.

In this perspective, firstly the making of the decision to form an alliance can be conceptualised as an interaction process among all the coalitions of claim-makers involved in this arena, whereas the decision to form an alliance can be viewed as a negotiated order among all the claim-makers affected by such a decision. Secondly, to understand "what are the reasons behind the decision by Italian local utilities to form an alliance", it is necessary to (1) focus on the actions of all the claim-makers involved, as they allow grasping the reasons at play in the decision, (2) analyse the development of coalitions of claim-makers during their interaction, in its interplay with the decision-making arena^{32,33}. This means (1) reconstructing the decision-

³² In the same perspective, Pettigrew (1990b) refers to a research that is contextualist and process-based in character. In particular he states (1990b: 269): "A contextualist analysis of a process draws on phenomena at vertical and horizontal levels of analysis and the interconnection between two levels through time. The vertical level refers to the

making arena, (2) reconstructing the development of claim-makers' coalitions, (3) in its interplay with the decision-making arena, with other decision-making arenas and over time.

Decision-making arena constitutes the structural components of the decision-making process.

In particular, decision-making arena is structured on three levels; it involves three categories of factors³⁴: (1) context-related factors; (2) firm-related factors; (3) issue-related factors.

Context-related factors are external forces that can affect the position of claim-makers towards the issue at hand and consequently the interaction among them. These factors involve: (1) the normative framework, (2) the economic framework and (3) the socio-cultural framework, at supranational, national, regional and local level.

In particular, the normative framework has its roots in political stances. Such political stances can translate into policies, norms, laws etc. In this perspective, the normative framework is characterized by a high degree of coercive power.

The economic framework has its roots in the competitive and financial dynamics. Such dynamics can be represented by phenomena of industry consolidation or by the enthusiasm of the stock market for the utilities' shares. In this perspective, the economic framework is characterized by autonomous assessment of cost-effectiveness by single actors.

The socio-cultural framework has its roots in shared values. Such values can translate into a network of social relationships and into a common culture in which single actors are embedded. In this perspective, the socio-cultural framework is characterized by personal support by single actors.

Context-related factors can evolve during the decision-making process as a consequence of what happens in other arenas.

Firm-related factors are features of the firm. These factors include: (1) the stakeholder system of the firm, (2) its corporate strategy, and (3) its policy of alliances. The firm is an organization that exists through the interplay with its stakeholders (actors that share a stake for its survival). Consequently the stakeholder system is a feature of each firm. It involves stakeholders' identification (interests, contributions and rewards), stakeholders' salience and relationships among stakeholders. The corporate strategy is the result of an agreement by stakeholders about the strategic goals of the firm and the policy of alliance is embedded within it. In particular, corporate strategy, policy of alliance, and decision-making to form single alliances are three embedded unit of analysis. In this perspective, stakeholder system, corporate strategy and alliance policy structure the interaction process and in turn are influenced by it.

Firm-related factors can evolve according to the particular moment in the life of the firm: contributions and rewards that are central in a particular moment of the activity of the firm can be marginal in others; even firm's corporate strategy and alliance policy can change.

Issue-related factors are strictly related with the issue addressed. They include (1) the coalitions of claim-makers promoting single claims about the issue at hand, (2) the reasons why each claim-maker supports a particular claim.

interdependence between higher and lower level of analysis upon phenomena to be explained (...). The horizontal level refers to sequential interconnectedness among phenomenon in historical, present and future time".

³³ On the one side, in fact, the structural characteristics of the decision-making arena frame the interaction process; on the other side, the dynamic evolution of interaction contributes to shape the arena.

They evolve through the interaction process. The aim is to gain legitimacy for each claim.

All these categories of factors can be interdependent and influence each other.

The development of coalitions of claim-makers during the interaction process constitutes the dynamic component of the decision-making.

It deals with the processes in which the coalitions of claim-makers and the firm are involved. During the interaction, coalitions of claim-makers try to extend their boundaries, by involving others actors. In particular, they try to (1) involve other claim-makers and (2) involve the claim-makers that are stakeholders too. In fact, only with the support of the stakeholders of the firm, claim-makers can gain the attention of the firm. Even the development of context-related factors and firm-related factors have to be considered.

On these premises, to understand why Italian local utilities set up alliances we must reconstruct the decision-making arena and understand its evolution through the interaction among the coalitions of claim-makers involved (over the interactions with other arenas and time span). Eventually, a new negotiated order is established: it is the decision to form an alliance.

Exhibit 3.3 shows the conceptual model drawn to investigate the decision-making process to form an alliance, in the interplay between its structural and dynamic components (Miles and Huberman 1984: 18): "a conceptual framework explains the main things to be studied – the key factors, constructs or variables – and the presumed relationships among them". It is structured on three levels (i.e., context-related factors, firm-related factors and issue-related factors) and involves different interrelated concepts: (1) contextual factors, (2) stakeholders, stakeholders' interests, stakeholders' relationships, stakeholders' salience, corporate strategy, and policy of alliance, (3) reasons at play and coalitions of claim-makers involved, (4) development of the claim-makers' coalitions, firm-related factors and context-related factors.

Insert Exhibit 3.3 about here

Based on the above, a working model can be developed (Miles and Huberman 1984): "This puzzle of research questions will form the backbone of your research design" (Mason 1996:15). It is composed by three sets of research questions, along the three dimensions of the conceptual model (i.e., decision-making arena, development of coalition of claim-makers and their interplay) as represented and detailed in Exhibit 3.4.

The first set of questions aims at reconstructing the decision-making arena (What questions). It develops the analysis along the vertical dimension and refers to the interdependence between higher and lower structural level of the arena. It is based on three levels of research questions. The first level is descriptive and aims at collecting data about each element of our conceptual model. The second level is analytical and aims at classifying the data collected according to our conceptual model, in such a way to categories concepts. The third level synthesizes categories of concepts grasped about (1) contextual factors, (2) stakeholders, their interests, their salience and their relationships, (3) coalition of claim-makers and reasons behind the sides they took. In particular, this set of research questions allows us to understand what reasons are at play in the decision to form an alliance.

³⁴ In particular, this classification is based on the distinction and interaction between "contesto istituzionale" and "assetto istituzionale" (Airoldi 1993).

The second set of questions focuses on the dynamic aspects of the decision-making process (How questions). It refers to the sequential interconnectedness among coalitions of claim-makers during each step of their interaction; it refers also to the development of context-related factors and firm-related factors. It is based on two levels of research questions, i.e., second and third level. It has its roots in the data collected through the first set of research question. The second level is analytical and aims at understanding how context-related factors, firm-related factors and coalitions of claim-makers develop. The third level synthesizes such transformations into the elements of the conceptual model. In particular, this set of research questions allows us to understand how reasons at play in the decision to form an alliance interact, up to the final decision.

The third set of questions focuses on the interplay between the structural and dynamic components of the decision-making process (Why questions). It is interpretative. It aims at grasping the interactions between the decision-making arena and the development of coalitions of claim-makers within it, in their interplay with other arenas and over time. In particular, this set of research questions allows at understanding where the decision to set up an alliance by local utilities come from.

Insert Exhibit 3.4 about here

Exhibit 3.1. American approach at Stakeholder theory and European approach at Stakeholder theory.


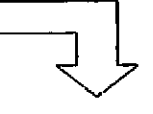
American approach at stakeholder theory	European approach at stakeholder theory
<p>X = claim. Stakeholders are claim-makers. They have just an interest in the issue at hand.</p>	<p>X = stake for the survival of the firm. Stakeholders are dependent on firm's viability and firm's viability depend on them.</p>
<p>X = strength of the claim. Strength of the claim = (legitimacy, power, urgency)</p>	<p>X = (relevance of the contributions stakeholders bring for the activity of the firm, relevance of the rewards stakeholders get from the activity of the firm)</p>
<p>Adversarial</p>	<p>Collaborative</p>
<p>Manager has to manage stakeholders.</p>	<p>Manager has to engage stakeholders.</p>
<p>Focus on single decision-making process: it is possible to identify actors at play in specific decision-making processes and their capacity to influence the final decision.</p>	<p>Criteria to identify stakeholders and evaluate their salience are more comprehensive: firms can engage with stakeholders for the sake of engagement or on a value-based orientation.</p>
<p>Criteria to identify stakeholders and evaluate their salience are too limited. Stakeholders are outside the boundaries of the firm and their relationship with the firm is conflict-based.</p>	<p>Stakeholders and the firm are embedded in a network of collaborative relationships, thus sharing responsibility about the performance of the firm. Focus on firm's activity as a process that require the cooperation of multiple stakeholders; consequently it is difficult to identify stakeholders involved in a specific decision and evaluate their salience for the decision at hand.</p>
	
<p>1 level. Stakeholder system: stakeholders deal directly with the firm. Stakeholders have a stake towards the viability of the firm. They depend on the firm's activity for the satisfaction of their own interests; the firm depend on them for carrying out its activity.</p>	<p>1 level. Stakeholder system: stakeholders deal directly with the firm. Stakeholders have a stake towards the viability of the firm. They depend on the firm's activity for the satisfaction of their own interests; the firm depend on them for carrying out its activity.</p>
<p>Stakeholders contribute to the activity of the firm, thus expecting rewards in return. Such rewards are necessary to satisfy their own interests. Stakeholders are embedded in a network of relationships: the firm is the focal actor of the network. Relationships between the firm and its stakeholders are collaborative. Relationships among stakeholders can be collaborative or adversarial. Managers have to engage stakeholders. Stakeholders' salience depends either on the importance of their contribution and rewards, or on their position in the network of relationships.</p>	<p>Stakeholders contribute to the activity of the firm, thus expecting rewards in return. Such rewards are necessary to satisfy their own interests. Stakeholders are embedded in a network of relationships: the firm is the focal actor of the network. Relationships between the firm and its stakeholders are collaborative. Relationships among stakeholders can be collaborative or adversarial. Managers have to engage stakeholders. Stakeholders' salience depends either on the importance of their contribution and rewards, or on their position in the network of relationships.</p>
<p>2 level. Claim-maker system: claim-makers deal with single decision-making of the firm. Claim-makers have an interest towards the single decision at hand, as such a decision affects their own interests. Claim-makers join decision-making arena where such a decision is at hand with a claim about it, being a claim an enacted interests. Claim-makers can be stakeholders as well, but it is not necessary. They can be interested in the specific decision at hand and no more.</p>	<p>2 level. Claim-maker system: claim-makers deal with single decision-making of the firm. Claim-makers have an interest towards the single decision at hand, as such a decision affects their own interests. Claim-makers join decision-making arena where such a decision is at hand with a claim about it, being a claim an enacted interests. Claim-makers can be stakeholders as well, but it is not necessary. They can be interested in the specific decision at hand and no more.</p>

Exhibit 3.2. A theoretical framework to analyse the strategic decision-making.

Theoretical tenets	Theoretical Contributions	Empirical Contributions	Highlights	Empirical weaknesses	Theoretical weaknesses
Action theory Contextual constructivism Interactionism Social World/Arena Theory (Strauss 1978)	Focusing on actions to investigate decisions Basing on empirical elements (no a-priori constructs) Analysing process in its structural and dynamic components: process-based	Decision-making arena Claim-makers' coalitions and their salience Claim-making process Other arena and time span	Focus on interaction among actors present in a particular situation	Identification of coalitions of claim-makers and their salience Analysis of claim-making process	Lack of organizational and managerial dimension
Action theory "Contextual constructivism" Structural and managerial theory Stakeholder Theory (Freman 1984, Alroldi 1993)	Focusing on stakeholders and their structural relationships Focusing on firm, firm's decision-making and manager's role	Interests/claims Stakeholders/claim-makers Identification of coalition of claim-makers and their salience	Focus on actors that with varying motives interact with the firm and participate in its decision-making		Lack of dynamic dimension
Action theory Contextual constructivism Process-based theory Negotiated order theory (Strauss 1979, Gray 1989)	Focusing on the dynamic components of interaction among actors Focusing on collaboration as negotiation process	Collaboration as negotiation process Negotiated order and consensus	Focus on the process by which negotiation among multiple actors unfolds		Lack of structural dimension

Exhibit 3.2. Social world/arena theory, stakeholder theory, negotiated order theory: theoretical complementarities.

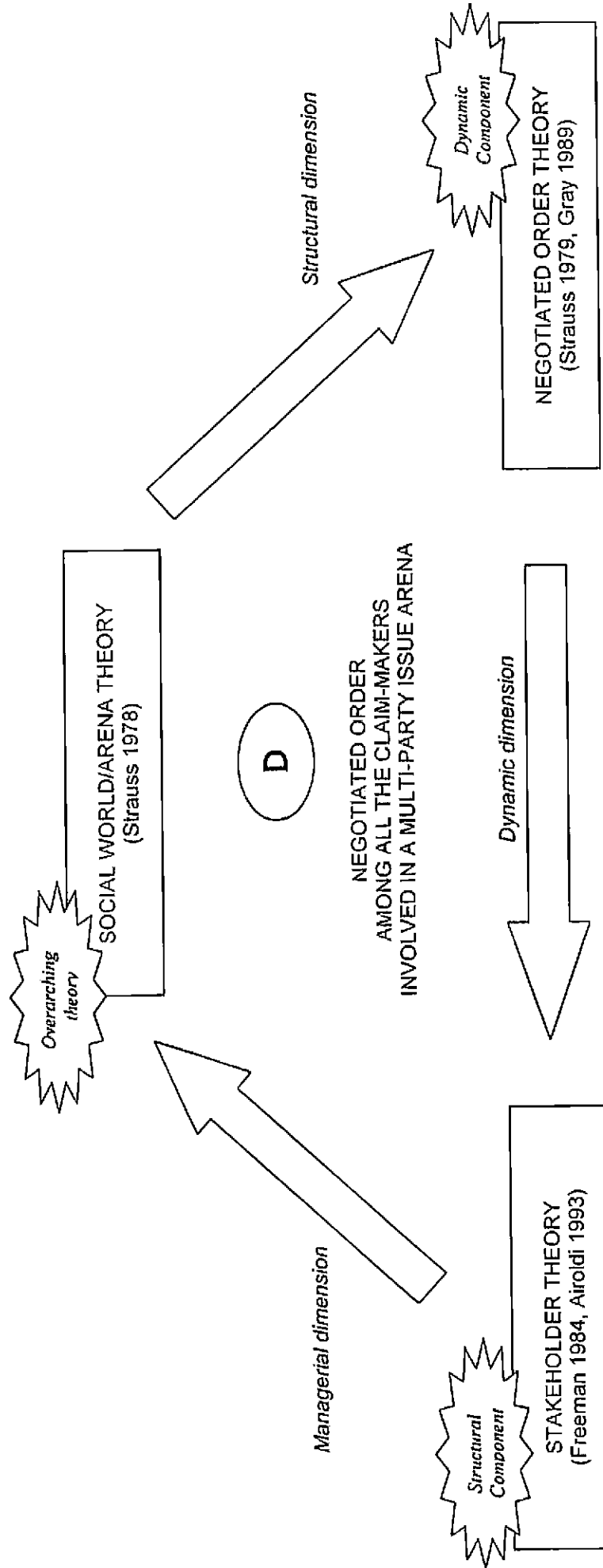


Exhibit 3.2. Social world/arena theory, stakeholder theory, negotiated order theory: empirical complementarities.

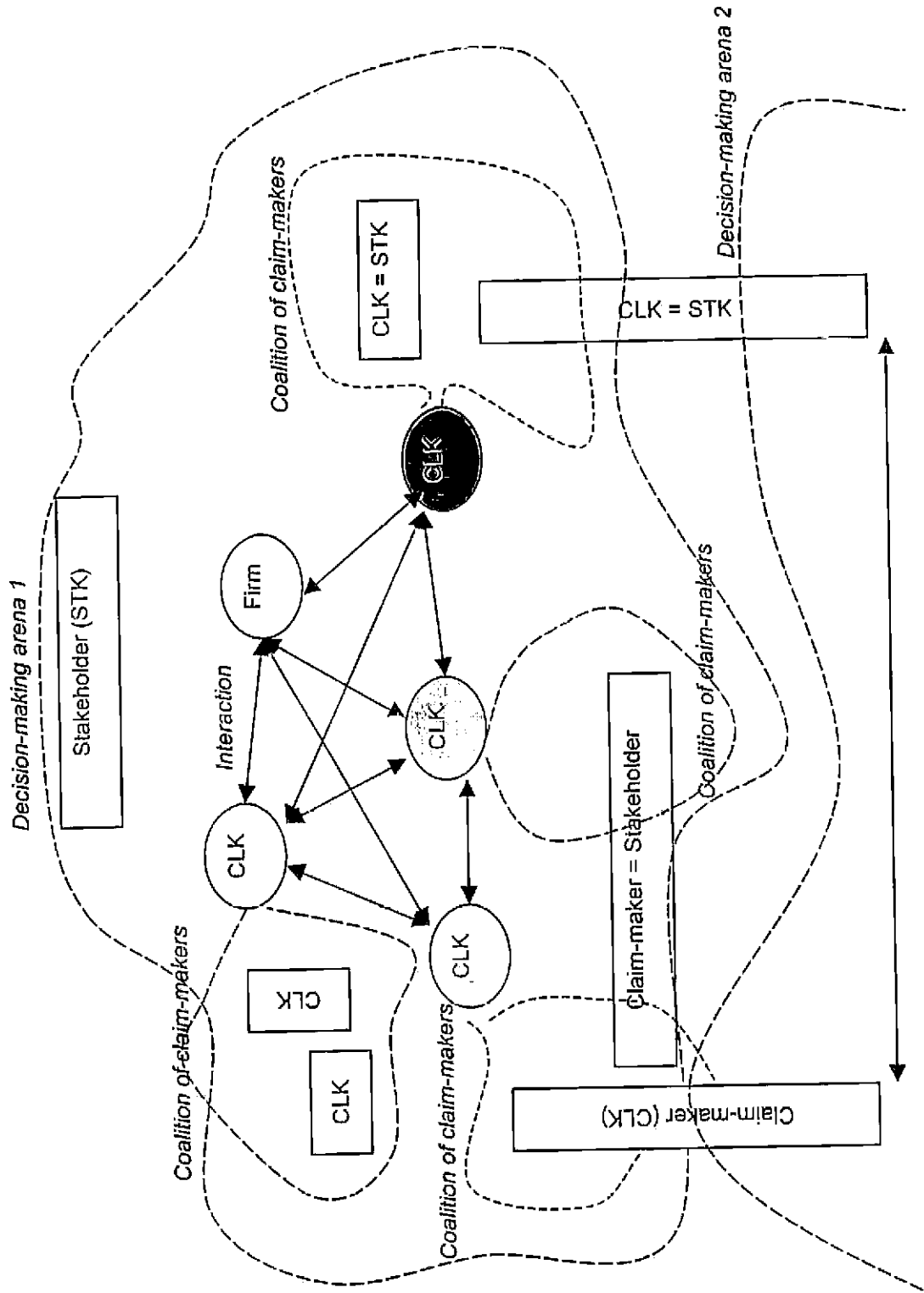


Exhibit 3.3. A conceptual model to understand why firms set up alliances.

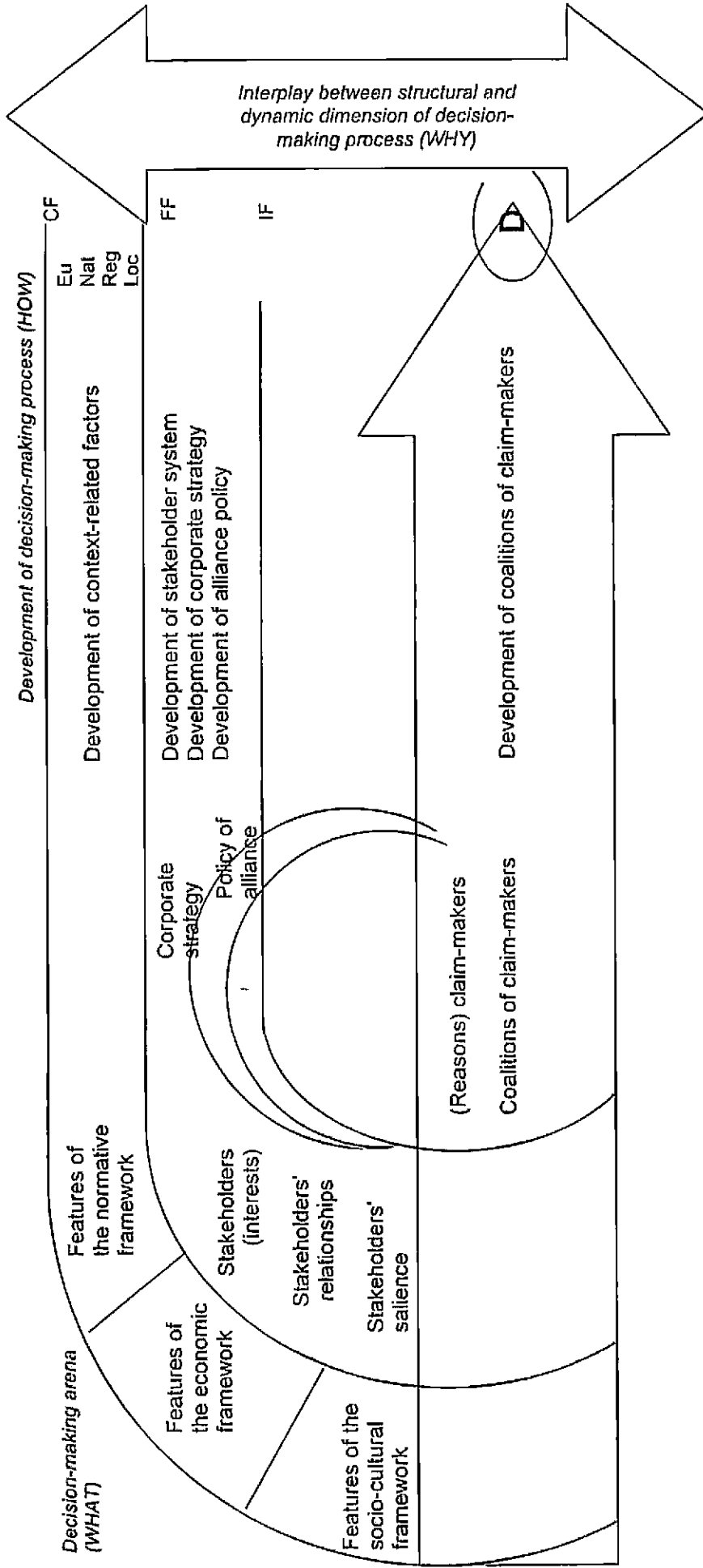


Exhibit 3.4. A working model to understand why firms set up alliances.

Research Questions (1 level)	Operationalization (2 level)	Operationalization (3 level)
<p>CONTEXT-RELATED FACTORS 1.1 What are the features of contextual framework?</p>	<p>1.1.1 What are the features of the normative framework?</p> <p>1.1.2 What are the features of economic framework?</p> <p>1.1.3 What are the features of socio-cultural framework?</p>	<p>1.1.1.1 What are the features of the normative framework at supranational level?</p> <p>1.1.1.2 What are the features of the normative framework at national level?</p> <p>1.1.1.3 What are the features of the normative framework at regional level?</p> <p>1.1.1.4 What are the features of the normative framework at locale level?</p> <p>1.1.2.1 What are the features of the economic framework at supranational level?</p> <p>1.1.2.2 What are the features of the economic framework at national level?</p> <p>1.1.2.3 What are the features of the economic framework at regional level?</p> <p>1.1.2.4. What are the features of the economic framework at locale level?</p> <p>1.1.3.1 What are the features of the socio-cultural framework at supranational level?</p> <p>1.1.3.2 What are the features of the socio-cultural framework at national level?</p> <p>1.1.3.3 What are the features of the socio-cultural framework at regional level?</p> <p>1.1.3.4 What are the features of the socio-cultural framework at locale level?</p>
<p>FIRM-RELATED FACTORS 1.2. What are the features of the stakeholder system?</p> <p>1.2 What are the features of the corporate strategy?</p> <p>1.2 What are the features of the policy of alliances?</p>	<p>1.2.1 Who are the stakeholders of the firm? What are the interests towards the firm?</p> <p>1.2.2 What is nature of the relationships among stakeholders?</p> <p>1.2.3 What stakeholders do count?</p>	<p>1.2.1.1 What are the interests towards the survival of the firm? Who are the stakeholders behind each interest?</p> <p>1.2.1.2 What contributions does each stakeholder bring?</p> <p>1.2.1.3 What rewards does each stakeholder expect?</p> <p>1.2.2.1 What degree of trust/control does characterize relationships among stakeholders?</p>

STRUCTURAL COMPONENTS: DECISION-MAKING ARENA (WHAT)

	Research Questions (1 level)	Operationalization (2 level)	Operationalization (3 level)
<p>STRUCTURAL COMPONENTS: DECISION-MAKING ARENA (WHAT)</p>	<p>ISSUE-RELATED FACTORS 1.3 What are the features of the claim-makers system?</p>	<p>1.3.1 What are the reasons at play?</p> <p>1.3.2 What are the coalitions of claim-makers promoting each claim?</p> <p>1.3.3 What coalitions of claim-makers do count? Who are the claim-makers involved in each coalition? Are they stakeholder too?</p> <p>1.3.4 Which claim-makers are contemporary involved in other decision-making arenas?</p> <p>1.3.5 Which claim-makers were involved in previous negotiations?</p>	<p>1.3.1.1 What are the claims at play in the decisions to form an alliance by firm?</p> <p>1.3.1.2 Who are the claim-makers supporting each claim?</p> <p>1.3.1.3 What are the arguments behind the claim supported by each claim-maker?</p>
<p>DYNAMIC COMPONENTS: DEVELOPMENT OF DECISION-MAKING PROCESS (HOW)</p>	<p>2.1 How do claim-makers' coalitions develop?</p> <p>2.2 How do firm-related factors develop?</p> <p>2.3. How do context-related factors develop?</p>	<p>2.1.1 How does each claim develop? Do new claim arise? Do extant claims disappear?</p> <p>2.1.2 How does each coalition of claim-makers develop? Do new coalitions arise? Do existent coalitions disappear? Do composition of each coalition change? How?</p> <p>2.1.3. How do the interactions among coalitions of claim-makers develop in the other arena where claim-makers are involved?</p> <p>2.1.4 How did the interactions among coalitions of claim-makers develop in previously negotiations?</p>	

Research Questions (1 level)	Operationalization (2 level)	Operationalization (3 level)
<p>3.1 Why do claim-makers' coalitions develop in such a way?</p>	<p>3.1.1 How do context-related factors interact with the claim-makers and their interaction process?</p> <p>3.1.2 How do firm-related factors interact with claim-makers' and their interaction process?</p> <p>3.1.3. How do context-related factors, firm-related factors and issue-related factors interact?</p> <p>3.1.4 How do the interactions among coalitions of claim-makers in other arenas interact with their development in the arena at hand?</p> <p>3.1.5 How do the interactions among coalitions of claim-makers in past arenas interact with their development within the arena at hand?</p>	
<p>4.1 How do claim-makers perceive the final decision to form an alliance?</p>		

INTERPLAY BETWEEN STRUCTURAL AND DYNAMIC COMPONENTS (WHY)

4. Research methods: multiple, retrospective, longitudinal case-study.

Introduction. 4.1. Designing research project: a case-study approach. 4.2. Setting, population and case selection. 4.3. Data collection techniques. 4.4. Data coding system. 4.5. Data storing process: collection and reduction. 4.6. Data managing process: display. 4.7. Data processing: conclusion drawing and verification. 4.8. Within-case and cross-case comparison: proposition formulation. 4.9. Writing a research report. 4.10. Validity and reliability of the study.

Introduction

Our study aims at understanding reasons behind the decisions by individual Italian local utilities to form an alliance, without any a-priory restriction. In particular, we aim at grasping reasons different from the traditional ones in the alliance formation and understand their interplay. In this perspective, our aim is to extend extant literature about alliance formation.

On this purpose, we employ a theoretical framework different from the traditional ones. It is based on a constructivist and process-related perspective. This perspective leads us to focus on the interaction process among all the claim-makers involved in the making of the decision to form an alliance, considering its structural and dynamic components as inseparable. The constructivist and process-related perspective also leads us to take into account what happens in other decision-making arenas and what happened among the same actors in the past. A conceptual model and a working model are also drawn.

To face the objective of theory building, on one side, and to conduct a process-related analysis, on the other side, we chose to employ a case-study approach¹.

Firstly, one of the advantages in using case-study lies "in its ability to open the way for discoveries" (Berg 2001: 231). In particular, case-study approach allows being in intimate connection with the empirical reality; thus it permits the development of a testable, relevant and valid theory (Glaser and Strauss 1967) in a situation in which current perspectives seem inadequate (Eisenhardt 1989)^{2,3}. Then according to Eisenhardt (1989), case-study research allows generating a theory with less bias than theory built from axiomatic deduction. Case-study process obliges researchers to face with constant juxtapositions and reconciles conflicting realities (emerging from different cases, different types of data, different investigators etc.).

Secondly, case-study focuses "on understanding the dynamics present within single setting" (Eisenhardt 1989). In particular, case-study approach allows us to gather extremely rich, detailed, and in-depth information about the case selected and the context in which it is embedded (Berg 2001); thus it permits the

¹ Additionally, case-study is useful to examine attitudes, motivations, behaviours and relationships in organizational setting (Patton 1990, Berg 1996). So it is suitable to examine actors' action in order to understand their decisions, as previously suggested.

² In this perspective, we adopt Eisenhardt's (1989) approach at case-study research and not Yin's (1984) approach. Our aim is to build theory and not test theory through case-study. As a consequence, we will refer to Yin's approach only for the technical aspects concerning the research design.

³ Yin (1984) also argues that case study as research strategy is preferred when a "how" or "why" question is being asked about a contemporary set of events over which the investigator has little or no control" (Yin 1984: 9); then it can be used when "What questions are exploratory, the goal being to develop pertinent hypotheses and proposition for further inquiry" (Yin 1984: 5). In particular, our "what" question is exploratory (i.e. "What are the ...?") and our "how" question is explanatory (i.e. "How ...?"); further we examine contemporary events, without being able to manipulate relevant behaviours,

development of a multifaceted and holistic comprehension of the phenomenon in a situation in which context is relevant (Pettigrew 1985b and 1990b).

Case-study approach can assume different units of analysis. Yin (1984) highlights as case-studies have been developed about individuals, decisions, programs, implementation processes, organizational changes, organizations, communities, states, etc. Then case-studies can involve singular or multiple cases; they can involve numerous levels of analysis as well (i.e., they can employ an embedded design). Typically, case-study combines different data collection techniques such as documentary analysis, interviews, questionnaires, and observations (Burgelman 1983, Eisenhardt and Bourgeois 1988). Then its evidence may be qualitative or quantitative or both (Mintzberg and McHugh 1985, Eisenhardt and Bourgeois 1988). As qualitative research, case-study does not request a particular method of data analysis: "analyzing data is the heart of building theory from case studies, but it is both the most difficult and the least codified part of the process" (Eisenhardt 1989: 538). In the end, "one cannot ordinarily follow how a researcher got from 3,600 pages of field notes to the final conclusions, sprinkled with vivid quotes though they may be" (Miles and Huberman 1984: 16).

In this perspective, many authors refer to case-study as a research strategy or a research process (Yin 1984, Eisenhardt 1989, Berg 2001).

As research strategy, case-study involves many elements (Glesne 1996): i.e., unit of analysis, case-study design, setting, population, sample, data collection techniques, coding-system and data transformation techniques. Different choices can be made about each element.

As research process, case-study develops through a design phase and a fieldwork phase (Miles and Huberman 1984, Eisenhardt 1989). In the mid-way it is possible to identify the phase in which the instruments for the fieldwork are crafted, both in terms of instruments for data collection and instruments for data transformation. In particular, the fieldwork phase involves different steps, such as data collecting, data reducing, data managing and data processing⁴; these steps are strictly interrelated: it is never possible to leave one for the other (Miles and Huberman 1984, Wolcott 1994, Berg 2001). On top of it, design, crafting instruments and fieldwork are also interdependent. As a consequence, any choice is never definitive; everything is continuously at play.

In this perspective, the design of the research project should be described; the instruments for data collection and the codes for data analysis should be presented; the processes of data collection and data transformation should be drawn: the "why" and "how" of every choice should be explicated. On one side, explanations help

⁴ Fieldwork steps are indicated with different names by different researchers. In particular, Miles and Huberman (1984) speak about: data collection and data analysis. They distinguish data analysis into three steps: data reduction, data display and conclusion drawing and verification. Data reduction refers to the process of selecting, focusing, simplifying, abstracting and transforming the data collected. Data display refers to presentation of data in an organized, compressed and assemble way (in such a way to permit conclusion drawing and action). Conclusion drawing and verification regards conclusions that arise from data. Miles and Huberman focus their attention on the output expected from each step. Wolcott (1994) prefers speaking about data transformation (instead of data analysis) and distinguishing among description, analysis and interpretation. Description involves staying close to data as originally collected. Analysis involves the identification of key factors in the study and relationships among them. Interpretation occurs when the researcher "transcends factual data and caution analysis and begins to probe into what is to be made of them" (Wolcott 1994: 36). Wolcott focuses on the nature of the activity that characterizes each step (and the researcher's work in such steps). Then Berg (2001) distinguishes among data collecting, data storing, data managing and data processing. Berg focuses on the actions that characterize each step. Nevertheless, all researchers agree about considering all these phases as interdependent: they are four concurrent flows of activity.

to check for the viability of the research (Glesne 1999, Berg 2001)⁵; on the other side, they increase the possibility to replicate the study, thus overcoming one of the critics case-study is traditionally affected: the one of a weak objectivity of data collection and results.

This is what the chapter aims at delivering: it provides the research method used for our study, explaining each choice made during the research design, the crafting instruments and the fieldwork. In particular, we reported the definitive choices, as resulting from the interaction among such phases.

The chapter develops following the steps in the study (Exhibit 4.1). The first section describes the case-study designed for our study: it is a multiple, retrospective, longitudinal case-study based on the experience of one Italian local utility. The second section specifies the choices made about setting, population, case selection, data collection techniques and coding system; it presents the instruments for the fieldwork. The third section focuses on the fieldwork and describes the process of data collection and data transformation, along the descriptive, analytical and interpretative dimension (Wolcott 1994). Then the chapter ends with some considerations about the validity and reliability of our study⁶.

Insert Exhibit 4.1. about here

4.1. Designing research project: a case-study approach.

We chose to develop our study through a multiple, retrospective longitudinal case-study, following Glaser and Strauss (1967), Eisenhardt (1989), Pettigrew (1990b) and Miles and Huberman (1994).

In particular, we assumed the process through which an individual Italian local utility decided to form an alliance as unit of analysis. So we considered different processes of decision-making from the early talks about alliance formation up to the formalization of the final decision⁷.

The focus on a single experience allowed us to develop an in depth analysis of the issue questioned: "The case study researcher faces a strategic choice in deciding how much and how long the complexities of the study should be analysed" (Stake 1994: 243). Then when the aim is to "provide insights into an issue or refinement of a theory, the case is of secondary interests. It plays a supportive role, facilitating our comprehension of something else" (Stake 1994: 237)⁸.

Multiple unit of analysis were useful as a basis for comparison and replication: comparison allows understanding both what is common and what is particular about every process of alliance formation (Eisenhardt 1989); replication allows confirming or disconfirming the inferences drawn by previous cases (Yin 1984).

⁵ In particular, in this study we adopt Berg's (2001: 28) perspective about the opportunity to draw a skeleton for the research project: "If you locate the problem now, while the project is still on the drafting board, there is no harm done. After the project has begun, if you find that concepts have been poorly conceived, that the wrong research questions have been asked, or that the data collected are inappropriate or from the wrong group of people, the project may be ruined".

⁶ In a qualitative, interpretivist research it would be better to use terms such as credibility, transferability, dependability and confirmability for the usual more positivist criteria of internal and external validity, reliability and objectivity (Denzin and Lincoln 1994, Stake 1994). Nevertheless, we chose to employ more common terms in order to make it easier reading our research reports.

⁷ The final decision as negotiated order can turn into a formal agreement among all the claim-makers involved; nevertheless, it can turn into an informal agreement as well. Consequently, the final decision as negotiated order can be reached before the formal decision is ratified.

⁸ In this perspective, Yin (1984) justifies the use of a single case-study when it is a revelatory case, i.e., a case that allows to observe and analyse a phenomenon previously not considered.

The retrospective analysis allowed us to focus on decision-making processes as developed in the past; in particular, the combination between retrospective and real time analysis allows capturing time in our analysis (Pettigrew 1990).

The longitudinal perspective allowed us to observe interactive temporal patterns and contextual influences (Pettigrew 1990). Firstly, it permits to take into account "the time, history, process and action" in each process. Thus it allows examining the development of processes in context and drawing the significance of the interdependence among single levels. Secondly, it allows considering their interactions over time (introducing the effect of the history and past experience in the decision-making).

In this perspective, we selected one Italian local utility with multiple alliances (see *infra* § 2), and studied all the decision-making processes through which it decided to form an alliance⁹. We chose to collect data through documentary analysis and interviews (see *infra* § 3). In particular, for each decision-making process, firstly we reconstructed the decision-making arena within which the interaction process developed, in term of context-related factors, firm-related factors and issue-related factors (What questions). Secondly, we reconstructed the interaction process among coalitions of claim-makers within the decision-making arena (considering also its interaction with other arenas and past decision) (How questions). Then we focused on the final decision in order to understand whether it was reached through consensus or not (Why questions). Data collected are constituted by actions and sides taken by actors in particular situations.

For each alliance we had many stories, building on the base of documentary data and a standard set of interview questions (see *infra* § 5)¹⁰.

To transform data we chose to develop an interactive system, following Miles and Huberman (1984), Wolcott (1994) and Berg (2001)^{11,12}.

Firstly, such interactive system starts with data collection (Huberman 1984, Wolcott 1994, Berg 2001): data collection develops together with the first phase of data transformation (see *infra* § 5). Contact summary sheets and document summary sheets replaced original documents and interviews (see *infra* § 5). Then first level codes replaced longer paragraphs and sentences (see *infra* § 4). Starting to reduce data during their

⁹ In this perspective, the design used is a multiple case-study. In particular, Stake (1994) distinguishes three types of case-study: (1) intrinsic case-study (i.e., study undertaken because of the interests of the researcher for that particular situation), (2) instrumental case-study (i.e., study undertaken to provide insights into an issue or refinement of a theory), (3) multiple case-study (i.e., instrumental case-study extended to more cases).

¹⁰ We studied also the decision-making process leading to perform a merger, as better explained in next paragraphs. Such a decision-making process allows comparing case-studies analysed along a different dimension as well: not only comparison among vertical alliance, horizontal alliance and diversification alliance, but also comparison between alliance and merger.

¹¹ Fieldwork steps are indicated with different names by different researchers. In particular, Miles and Huberman (1984) speak about: data collection and data analysis. They distinguish data analysis into three steps: data reduction, data display and conclusion drawing and verification. Data reduction refers to the process of selecting, focusing, simplifying, abstracting and transforming the data collected. Data display refers to presentation of data in an organized, compressed and assemble way (in such a way to permit conclusion drawing and action). Conclusion drawing and verification regards conclusions that arise from data. Miles and Huberman focus their attention on the output expected from each step. Wolcott (1994) prefers speaking about data transformation (instead of data analysis) and distinguishing among description, analysis and interpretation. Description involves staying close to data as originally collected. Analysis involves the identification of key factors in the study and relationships among them. Interpretation occurs when the researcher "transcends factual data and caution analysis and begins to probe into what is to be made of them" (Wolcott 1994: 36). Wolcott focuses on the nature of the activity that characterizes each step (and the researcher's work in such steps). Then Berg (2001) distinguishes among data collecting, data storing, data managing and data processing. Berg focuses on the actions that characterize each step. Nevertheless, all researchers agree about considering all these phases as interdependent: they are four concurrent flows of activity

¹² Data transformation does not imply the use of specific software for qualitative analysis: Excel is just use to store and reduct data. "The computer is a tool for executing the mechanical or clerical tasks of qualitative research. It can help to

collection we could grasp actions, analyse such actions according to our conceptual model and make some ideas about what happened. Such ideas could be tested and further developed during the following documentary analysis and interviews meeting.

Secondly, such interactive system develops through three phases¹³. Combining Miles and Huberman (1984), Wolcott (1994) and Berg (2001) perspectives, such phases can be distinguished according to: (1) the actions that characterize each phase (Berg 2001); (2) the nature of this activity (Wolcott 1998), (3) the output expected from each activity (Miles and Huberman 1984). A different set of instruments and a different level of coding system characterize each phase (Exhibit 4.2).

In this perspective, the first phase of data transformation is a storing phase. It is mainly descriptive in nature (even if early analysis and interpretation are also present). Its aim is to reduce data. We chose to use a chronological list of actions to focus on data. First level codes are employed (see *infra* § 4, 5). The second phase of data transformation manages data, according to our conceptual model. It is mainly analytical in nature (even if late description and early interpretation are also present). Its aim is to categorize data into concepts. Table and graphs were used to build categories of concepts. Second level codes are employed (see *infra* § 4, 6). The third phase of data transformation processes data. It is mainly interpretative in nature. Its aim is to grasp relationships among the concepts previously identified. Matrices and networks are used to highlight such relations and draw conclusions. Third level codes are employed (see *infra* § 4, 7).

Such conclusions represent the results of each single case (see *infra* § 8): "within-case analysis allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases. In addition it gives investigators a rich familiarity with each case which, in turn, accelerate cross-case comparison" (Eisenhardt 1989: 150).

In the end the conclusions of each case are compared both in a cross-cases and longitudinal perspective (see *infra* § 8); this allowed us to check for their sustainability and formulate propositions: "Cross-case comparison force investigators to go beyond their initial impressions, improving the likelihood of accurate and reliable theory, that is a theory with a close fit with the data. Also cross-case searching enhances the probability that investigators will capture the novel findings which may exist in the data" (Eisenhardt 1989: 153).

Summing up, our research developed through a multiple, retrospective and longitudinal case-study based on the experience of one local utility with multiple alliances. Data are collected through documentary analysis and extensive interviews. A coding system is also employed. Data are transformed through four steps: data collection, data storing, data managing and data processing. Conclusions are drawn by each case; then they are compared both in a cross-case and in a longitudinal perspective. In the end a set of propositions is formulated.

Insert Exhibit 4.2 about here

make the researcher's work less tedious, more accurate, faster and more thorough. It does not, however, think for the researcher" (Glenc 1999: 149).

¹³ Once reached the theoretical saturation (Glaser and Strauss 1967), data collection ended and data transformation started, or better continued. The general rule when building theory is to gather data until each category is saturated. "This means until (1) no new or relevant data seems to emerge regarding the categories considered, (2) the category considered is well developed in terms of its properties and dimensions demonstrating variation and (3) the relationships among categories are well established and validated" (Strauss and Corbin 1998: 212).

4.2. Setting, population appropriateness and case selection.

Our research setting as data collection site derived directly from our research question (Pettigrew 1985b and 1990b, Glesne 1999)¹⁴: it was constituted by Italian local utilities.

Italian local utilities are very heterogeneous under many respects, such as legal status, size, public services provided etc. (Elefanti 2003). In particular, there are more than 1,000 enterprises, spread all over the national territory. On one side, they are joint stock companies (typically, local Government is their majority shareholder); on the other side, they are still city-owned enterprises¹⁵. The turnover of the three largest utilities is below 1 billion euros (compared to an overall turnover of sixteen billions euros). Then the most of utilities are multi-services and can provide at once either water, gas, power ect. and social services¹⁶.

This heterogeneity can be related to the relationships among local utilities, local Government and local community (Cristofoli 2001). In this perspective, we can identify two polar situations. On one side, we have local utilities owned by the major local Governments: they are joint-stock companies (some of them are also listed on the Stock Exchange), of relatively large size (with a turnover around 200 millions of euros yearly), focused on the more profitable public services (such as gas and electricity). On the other side, we have local utilities owned by the minor local Governments: they are city-owned enterprises of little size (with a turnover around 50 millions of euros), focused on the less profitable public services (such as water and waste management); often they provide social services as well. Between these two cases, we have also utilities related to the medium size local Governments: they are joint-stock companies (typically local Governments is their only shareholder), of medium size, that provide many unrelated public services.

Since the end of the '90, Italian local utilities have been involved in a reform process: the aim was to reduce this heterogeneity. On one side, the reform obliged local Governments to transform their utilities in joint-stock companies, on the other side, it induced local Government to increase the size of their utilities.

Based on these premises, we restricted our population of potential subjects, in such a way to have a population of firms homogeneous and appropriate¹⁷. We considered only the thirteen Italian local utilities listed (or near to be listed) on the Stock Exchange¹⁸. The focus on listed utilities constrained variations due to the differences in legal status, size and services provided and clarify the domain of the findings. By focusing on listed utilities we could also deal with enterprises characterized by the maximum level of complexities: i.e., the maximum level of interaction among economic, political and social dimensions of the enterprise activity. The importance of the social dimension is granted by the nature of services provided: they are services that satisfy public needs. The importance of the political dimension is granted by the role of local Government: it is the main or controlling shareholder (in addition to be the local authority in charge to satisfy

¹⁴ "During the research design phase of a project, the investigator needs to consider a rational for identifying and using a particular setting as a data collection site" (Berg 2001: 29).

¹⁵ As showed in Chapter one, we use "city-owned enterprise" to indicate local utilities with a particular legal status: they are incorporated but they are still public corporation.

¹⁶ These data are based on the annual reports of the utilities' federation (i.e., Confservizi).

¹⁷ "Selection of an appropriate population controls extraneous variation and helps to define the limits for generalizing the findings" (Eisenhardt 1989).

¹⁸ The local utilities listed on the Italian Stock Exchange in April 2004 are: Amga Genova, Acea Roma, Accgas Trieste-Aps Padova, Aesm Como, Aem Milano, Aem Torino, Asm Brescia, Hera, Metc Modena, Agam Monza, Amps Parma, Agsm Verona are still expected. When the utilities reform was passed in December 2001, only Amga Genova, Acca Roma, Accgas Trieste, Aesm Como, Aem Milano, Aem Torino were listed on the Stock Exchange. Reform obliged local utilities to hive off their network: this would have reduced shareholders' value of local utilities. As a consequence, utilities listed were not obliged to comply to this mean. Even utilities that would have been listed by the end of ... were excluded. Many utilities announced their upcoming listing. They were Aps Padova, Asm Brescia, Scabo Bologna, metc Modena, Agam Monza, Amps Parma, Agsm Verona.

public needs). Then the importance of the economic dimension is granted by many factors such as the profitability of the services provided and the number of the inhabitants served. The importance of the economic dimension is also increased by the fact that listed utilities are accountable for their performances towards many different shareholders¹⁹.

Then listed utilities were more accessible, thus complying both the conditions highlighted by Glesne (1999: 28): appropriateness and accessibility²⁰.

Within this population we selected one "interesting" local utility: "qualitative researchers neither work with populations large enough to make random sampling meaningful, nor is their purpose that of producing generalization. Rather, qualitative researchers tend to select each of their cases purposefully" (Patton 1990)²¹. The choice of case is made because it is expected to advance our understanding of the issue questioned (Glaser and Strauss 1967, Eisenhard 1989, Strauss and Corbin 1990, Stake 1994, Glesne 1999). In this perspective, the case selected has to be an information-rich case: i.e., "(a case) from which one can learn a great deal about issues of central importance to the purpose of the research" (Patton 1990: 59).

It can be a typical case (i.e., a case that illustrates or highlights what is typical, normal within the population considered), but this is not necessary (Stake 1994). As Pettigrew (1990b) states, given the limited number of cases that can usually be studied, it can make sense to choose situations in which the process of interest is transparently observable.

Based on these premises, we fixed a set of criteria to identify an "information-rich" case, even not necessarily a typical one²². The aim was to identify one local utility for which alliances are relevant within the corporate strategy.

These criteria are²³: date when the first alliance was formed, number of alliances established during the time considered, number of partners involved, number of partners involved in each alliance, heterogeneity in the objectives of alliances, availability and interest of managers for our study.

The data when the first alliance was formed and the number of alliances established allowed us to introduce the history and past experience effect in our study. In particular, since the early alliances were established by local utilities in 1997 and the average number of alliances for each utility is equal to three, we considered

¹⁹ Regards the purpose of our research, listed utilities look more appropriate with than smaller utilities. In smaller utilities the economic dimension of enterprise activity is not so relevant and managerial issues lack; smaller utilities are often an instrument that local government uses to sustain the development of local community (e.g. to solve unemployment problem).

²⁰ In particular, Berg (2001) identifies four questions to answer in order to check for the accessibility of the case considered: (1) entry or access is possible, (2) the appropriate people are likely to be available, (3) there is a high probability that the studies' focuses, processes, people, programs, interactions and or structures that are part of the research question will be available to the investigator, (4) the research can be conducted effectively by an individual or individuals during the data collection phase of the study.

²¹ Glaser and Strauss (1967) speak about theoretical sampling, Patton (1990) speaks about purposeful sampling and Yin (1984) speaks about analytical sampling. However, cases are chosen for theoretical and not statistical reasons. Within experiment, hypothesis-testing relies on statistical sampling: researchers randomly select the sample from the population. The goal of the sampling processes is to obtain accurate statistical evidence on the distribution of variables within the population. Within theory building, research relies on theoretical sampling: researchers select an information-rich case. The purpose is to go to places, people, or events that will maximize the opportunities to discover variations among concepts and density categories, in term of their properties and dimensions (Strauss and Corbin 1998: 201).

²² In particular, Eisenhardt (1989) considers many criteria to select the case to study in a theory building context, but she suggests to look for a case with an high informative power to extend prior theory.

²³ In particular, as showed in Chapter two we adopt a broad definition of alliances as "a mechanism for the governance of interfirm relationships aimed at coordinating the behaviours of the firm in order to satisfy complementary interests. Alliances are characterized by the autonomy of the partners involved, the sharing of control between them and a high degree of flexibility. They can take a plurality of forms, according to the balancing of its characteristics inside the common framework".

local utilities that (1) established their early alliances between 1997 and 1998 and (2) have at least three alliances for the time being.

The number of partners involved allowed us to introduce the network effect in our study. In particular, as the media of partners involved in each alliance is equal to three, we considered alliances with at least three partners²⁴.

The variety of the objectives of alliances allowed us to keep their heterogeneity under control; then comparing them we were able to understand both what was common and what was particular about each decision-making process. It seems possible, in fact, that different reasons are at play in different alliances, according to their objective. Otherwise, there are grounds to think that the same reasons can have a different weight in decision-making process according to the objective of the alliance set up²⁵. Since three clusters of alliances can be identified (i.e., alliances with national utilities to stabilize supplier-client relationships, alliances with other local utilities to increase market power and alliance with private enterprises to enter new industries), we considered utilities with at least one vertical integration alliance, one horizontal integration alliance and one diversification alliance.

The last two criteria allowed us to check for the availability of the management of the firm.

On the basis of the criteria established both to define the population and select the experience to study, we could identify one Italian local utility where conduct the fieldwork. It is the experience of the utility of the city of Bologna: Seabo Bologna is the name of such a local utility.

Seabo was instituted by the Municipality of Bologna and the Municipalities of Bologna province in 1995, through the merger of other two local utilities: i.e., a city-owned enterprise that provided local community with waste management and a consortium that provided local community with gas. The Municipality of Bologna was the majority shareholder; the Province of Bologna and the other Municipalities of Bologna province were the minority shareholders. Seabo was entrusted to provide gas and waste management to the local communities of Bologna and its province. With the institution Seabo took the status of a joint-stock company.

In 1999 a right-wing party won the local election: a rightist candidate become Mayor of Bologna. It was the first time after the Second World War that a rightist Mayor runs the Municipality of Bologna.

It was a political, cultural and social shock for Bologna community. Emilia Romagna is typically a leftist region: all the minority shareholders of Seabo were run by left-wing parties. It was also a turning point for Seabo life: the majority shareholder changed, the Chairman of the company and its Board of Directors changed; even the relationships between the majority and rightist shareholder and the minority and leftist shareholders changed. In 2001 Bologna Municipality announced Seabo would be listed on the Stock Exchange by the end of 2001. In November 2002 Seabo merged with other eleven local utilities sited in the Emilia Romagna region. This merger gave life to a holding called Hera and led by Seabo. In the summer of 2003 Hera was listed on the Stock Exchange. Exhibit 4.3 shows how Seabo met all the criteria we identified to select the experience to study.

Insert Exhibit 4.3 about here

²⁴ All the data reported about the alliances of local utilities are presented and analysed in Chapter two.

²⁵ In this perspective, the fact of analysing alliances of the same local utilities allows to conduct the studies "ceteris paribus". Firm-related factors are in fact the same for all the decision-making process considered. As a consequence, a variation of reasons at play (or their weight) can not be dependent on the characteristic of the firm considered.

In particular, until 2002 Seabo was a joint-stock company owned by Bologna Municipality as majority shareholder (with a 76,6% stake) and other 48 Municipalities of Bologna province (with a 33,4% stake). Seabo had a turnover around 200 millions of euros yearly; it provided local community with many services: i.e., gas, waste management, water, and social services. It was characterized by a strong relationship both with local Government and local community, as it is typical in the corporative culture and history of the Emilia Romagna region²⁶.

Based on these premises, Seabo presented the maximum level of interplay among the economic, social and political dimensions of the enterprise activity.

Additionally, Seabo formed its early alliance in 1998 during the tenure of the leftist Mayor. Ares was the name of this consortium. It involved the utilities of the city of Forlì, Imola and Reggio Emilia. Its aim was to diversify Seabo activity into new geographical market, above all in gas industry.

Until 2003 Seabo set up other three alliances, involving seventeen partners in all. In particular, in June 2000 Seabo established a joint venture with the utilities of the cities of Forlì, Imola and Ravenna (plus a TLC company). The aim was to enter into the new and profitable telecommunication industry; Casa.Web was the name of such a joint venture. In February 2001, Seabo joined another joint venture. It involved private partners and the aim was to strengthen Seabo activity within power industry. Such a joint venture purported to join the competition for acquiring the three "Generation Companies" that the leading domestic producer had to put out to tender. Energia Italiana was the name of such a joint venture. In May 2001 Seabo established another alliance. It involved other eleven local utilities of the Emilia Romagna region, including again the utilities of the cities of Forlì, Imola and Ravenna. Its aim was to defend Seabo activity in gas industry in front of the industry liberalization. Eos Energia was its name.

Based on these premises, alliances looked important for Seabo corporate strategy.

Seabo management was also available to support our studies. We spent May and June 2003 to contact and check the availability of all the thirteen local utilities considered. Some of them were excluded immediately; they did not satisfy all the criteria fixed for the selection (Exhibit 4.3). Other utilities were excluded because they were not easily accessible. In the end we checked for the availability of the three remaining local utilities: we conducted a set of interviews with the top management of such utilities. One of these utilities was not an interesting case at the end of the day. The other utility was a very interesting case, but it was a wrong time: a merger with other three local utilities was in fact at hand. Only the management of Seabo Bologna was available to support our studies.

On top of it, Seabo Bologna performed a merger as well. Hera was the name of the resulting company. In this perspective, it was possible to check for the reliability of the conclusions drawn about alliance formation, even through a comparison with the conclusions drawn about a merger formation. On one side, the decision-making processes to form an alliance could be compared each other (both in a cross-case and longitudinal perspective): i.e., we could compare the process of forming a diversification, vertical and horizontal alliance. This allowed us to strengthen our conclusions about alliance formation; we could in fact check that our conclusions were not dependent on the objective of the alliance. On the other side, the decision-making

²⁶ Emilia Romagna is the Italian region where socialist values are more embedded. About all the municipalities are led by left-wing parties. Bologna Province and Emilia Romagna Region are also led by left-wing parties.

processes to form an alliance could be compared with the decision-making process to choose an alternative solution: i.e., perform a merger (both in a cross-case and longitudinal perspective). This offered us the opportunity to test our conclusions about the alliance formation.

To sum up, Seabo was a relevant experience for our purpose: it was characterized by a high degree of complexity on one side, and it was an "information-rich" case, on the other side. It was also an accessible case. On top of it, it gave us the possibility to make a comparison between the decision-making processes behind an alliance formation and the decision-making process behind a merger formation, thus increasing the reliability of our conclusions.

As a consequence, we focused on Seabo activity from 1999 to 2003. 1999 represents a turning point both in the life of Bologna community and in the life of Seabo. We considered the alliances established by Seabo from 1999 to 2003. A merger was also considered.

In this perspective, we reconstructed the decision-making processes that led to take the decision to form Casa.Web, Energia Italiana, Eos Energia and Hera both in their structural and dynamic dimension. Each process was analysed from the early talks about it up to the ratification of the final decision. Then we developed a multiple case-study on two levels. Firstly, we compared the conclusions about the three decision-making processes to form an alliance, by confirming or disconfirming each conclusion. Secondly, we compared the conclusions about the decision-making to form alliances with the conclusions about the decision-making to perform a merger. This allowed us to test the conclusions drawn and formulate propositions. Even longitudinal analysis was conducted (Exhibit 4.4).

Insert Exhibit 4.4 about here

4.3. Data collection techniques.

Data for our study were collected through different sources in different phases. In particular, data collected are constituted by (1) actions and sides taken by actors towards the issue at hand on one side, (2) elements surrounding such actions on the other side.

Different sources are useful to test, study in depth and go beyond what seemed to come out from a single source. Different phases allow facing fieldwork with a growing level of knowledge about what happened.

We employed documentary analysis by studying both external and internal documents to collect data: over 1,000 documents were considered. In addition, we employed a standard set of in-depth interviews: we conducted 13 extensive interviews with the actors involved. Other five interviews are scheduled in the next months.

Documentary analysis involved articles of newspapers and documents prepared by the actors involved. In particular, we collected articles and other documents dealing with Seabo from January 1999 to December 2003.

434 articles of newspapers were collected and analysed (Exhibit 4.5).

In particular, we collected all the articles published about Seabo by four different newspapers. Firstly, articles of a national newspaper sited in Bologna (i.e., *Il Resto del Carlino*) were considered: we collected 131 articles. Typically, "*Il Resto del Carlino*" devotes a great attention to local issues. In this perspective, it allowed us to grasp elements of the context-related factors at local level and firm-related factors, often

neglected by national newspapers. Above all, it allowed us to grasp in a systematic way the interaction among different claim-makers about the issue we were interested in. Nevertheless, "Il Resto del Carlino" is a newspaper supporting the rightist Bologna Mayor. To keep this effect under control, we collected even articles from another national newspaper (considering the local edition) with a different political stance: i.e., "La Repubblica, edizione Bologna". Typically, "La Repubblica" is a leftist newspaper: we collected 100 articles. Exhibit 4.6 shows the way in which the two newspapers reported the same fact about Seabo privatisation: "Per Seabo la strada è in discesa" is the title of the article appeared on "Il Resto del Carlino" of November 11th, 2000, whereas "Il Comitato dei soci: la Borsa può attendere" is the title of the article appeared the same day on "La Repubblica". Then other two newspapers were considered. The former is the national economic newspaper leader in Italy: "Il Sole 24 Ore" is its name. 187 articles were collected from il Sole 24 Ore. Typically, "Il Sole 24 Ore" devotes a great attention to the industry of the Italian utilities, above all after the beginning of the liberalization process. In particular, it analyses local utilities at the industry level. In this perspective, it allowed us to focus mainly on context-related factors at supranational, national and regional level. Exhibit 4.6 shows how the same fact about Casa.Web setting up is reported by "Il Sole 24 Ore" and "Il Resto del Carlino". The latter newspaper considered is an economic weekly with a managerial approach (i.e., "Il Mondo"). 16 articles were collected from "Il Mondo". Il Mondo analyses utilities issues as well, but it analyses them from the point of view of the managers involved. Exhibit 4.6 shows how the same actions about the setting up of Eos Energia are reported in a different way by "Il Sole 24 Ore" and "Il Mondo".

Based on these premises, documents collected from the four newspapers can be grouped into three categories, based on extant polarities: (1) local and national newspapers; (2) right-wing or left-wing newspapers at local level; (3) industry-focused or manager-focused newspapers at national level. They complemented each other and check each other reliability.

In addition, 734 documents were collected from all the actors involved.

Firstly, we collected documents by different actors (Exhibit 4.5): i.e., Seabo, Shareholders of Seabo and Trade Unions. This allowed us to collect information from different points of view, thus keeping different perceptions under control. Exhibit 4.6 shows how the same fact is reported to in a different way by documents of different claim-makers. Since categories of actors are not homogeneous, we collected documents by all the extant polarities: i.e., (1) majority and rightist shareholder (i.e., Bologna Municipality) on one side and minority and leftist shareholders (i.e., Municipality of Casalecchio sul Reno and Bologna Province)²⁷ on the other side, (2) left-wing Union (i.e., Cgil Union) on one side and Unions with a more moderate left-wing view (i.e., Cisl and Uil Unions) on the other side.

Secondly, we collected documents of different kinds by the same claim-maker (Exhibit 4.5). Typically documents are written in a different way according to whom they are addressed; collecting documents of different kinds we can keep such an effect under control. Exhibit 4.6 shows how the same facts are presented in a different way by documents belonging to the same actors, according to their task. In this perspective, we

²⁷ In particular, the Municipality of Casalecchio and the Province of Bologna are the most active shareholders. The Municipality of Casalecchio is one of the leading minority shareholders: on one side, it owns the higher share among minority shareholders, on the other side the Mayor of Casalecchio was the Chairman of Acoser (one of the two local utilities merged in Seabo). As well as, Province of Bologna has a mediator role: it represents the interests of all the Municipalities of Bologna province.

collected 10 press releases and 87 internal documents from Seabo (involving rationales for the alliances, strategic and operating plans, budgets and balances, decisions of the Board of Directors Meeting, decisions of the Shareholders Meeting, informal agreements among shareholders, formal correspondences among the actors involved, articles of associations, memorandum of association and general agreement for all the alliances considered). We also considered the 1.525 minutes of Bologna City Council Meeting debating issues about Seabo from 1999 to 2003. We considered even the resolutions of Bologna City Council Meeting. Then we collected 25 press releases both by the Municipality of Casalecchio and the Province of Bologna. In the end we collected by the Trade Unions 20 minutes of the meetings between Seabo Shareholders (or Seabo Management) and Trade Unions, 6 formal correspondences with Seabo Shareholders and Management, 15 press releases, 30 flyers and 2 newsletters.

Such documents allowed us to grasp above all firm-related factors and claim-makers interaction.

On one side, they allowed us to complement and check each other reliability. On the other side, they allowed us to complement and check the reliability of data collected through newspapers' articles. On top of it, such documents allowed us to focus on particular actions in the decision-making processes²⁸.

Insert Exhibit 4.5 and 4.6 about here

Despite this system of checking and balancing among different documentary sources, documentary analysis is an "imperfect" data generation techniques for our purposes, as it is often manipulated: documents are written in such a way they can transmit the message that a specific actors wants to be transmitted.

On these premises, it seemed necessary to collect data through another data collection technique: extensive interviews with the actors involved were developed, following Mason (1996) and Berg (2000)²⁹. In particular, we conducted 13 extensive semi-structured interviews with the important actors (others five interviews are scheduled in the next months). Exhibit 4.7 shows the list of persons we met, their job when the issue considered developed and their present job. In particular, we met (1) the Chairman of Seabo, the controller of Seabo, the personnel manager of Seabo and the manager for legal affairs of Seabo; (2) the members of the Board of directors of Seabo; (3) the Privatisation Commissioners of Bologna Municipality and the management in charge with keeping under control Bologna-owned enterprises; (4) the Mayors of more important Municipalities as minority shareholders; (5) the union representatives for each Trade Unions involved with the issue³⁰. Other interviews are scheduled in the next months; they will involve the Chief Executive of Seabo, the Mayors of other minority shareholders and the Mayor of one of the Romagna Municipality. Exhibit 4.8 shows how different people give a different view of the same situations.

Such interviews were articulated into three sections, based on our conceptual and working model. The first section aimed at allowing the interviewer to familiarize with the interviewee (Glesne 1996). The second section aims at making interviewees remember what happened while the process unfolding; it is based on the research questions that constitute our working model. The third section asked interviewee his/her perception about the result of the decision-making process. Exhibit 4.9 shows the outline for our interviews. However

²⁸ In this perspective, for example, minutes of trade unions meetings or resolutions of city councils meetings shed lights on such meetings, whose announce we can find in newspaper articles.

²⁹ Qualitative interviews are usually intended to refer to in depth-semi-structured forms of interviewing. Burges call them "conversation with a purpose" (1984: 102). Typically qualitative interviews are characterized by: (1) informal style; (2) topic-centred, biographies or narrative; (3) data generated through interaction.

³⁰ It is worth precisising that we used the expression "Privatisation Commissioner" as a simplification of "Assessore al Bilancio, Programmazione Economica, Entrate e Patrimonio, Assetti Societari e Privatizzazioni" of Bologna Municipality.

the structure of our interviews changed, according to the elements emerging from the fieldwork. Interviews were conducted from June 2003 to May 2004 as reported in Exhibit 4.7. For each interview we spent on our and half in average. In particular, three phases can be identified in collecting data through interviews. The first phase was conducted in the spring 2003; we aimed at familiarizing with the actors involved. The second phase was conducted from autumn 2003 to winter 2004; we aimed at collecting data. The third phase will be conducted in the spring 2004; we aimed at checking the reliability of the conclusions that seemed to come out from the fieldwork. Interviews allowed us to (1) investigate how claim-makers behave during the decision-making process in order to gain support for their claims, and (2) understand how they perceive the impact of the evolution of contextual and firm-related factors on the interaction process. On one side, different interviews allowed us to check each other reliability; on the other side, they allowed us to complement and check the reliability of data collected through documentary analysis.

Insert Exhibit 4.7, 4.8, 4.9 about here

Generally speaking, data collection seems to develop on three phases.

Firstly, we collected data from the newspaper articles, in such a way to draw the chronological list of actions that characterized each decision-making process. Secondly, we collected data from claim-makers' documents, in such a way to build a parallel story on one side, and focus on particular action in the decision-making process on the other side³¹. Thirdly, we collected data from interviews, in such a way to build another parallel story to compare with the story built on the basis of newspapers' articles and claim-makers' documents.

Nevertheless, it is worth noting that such a distinction among different phases in data collection process is an analytical simplification, just useful to identify a starting point for the analysis. Interviews highlighted new relevant elements for our research, and through their analysis new persons to interview were identified. In the same way, documents highlighted new persons to interview or new documents to consider. The whole process was interactive and circular in nature; it has to continue until the theoretical saturation is reached (Glaser and Strauss 1967, Strauss and Corbin 1998: 212): the general rule when building theory is to gather data until each category is saturated. "This means until (1) no new or relevant data seems to emerge regarding the categories considered, (2) the category considered is well developed in terms of its properties and dimensions demonstrating variation and (3) the relationships among categories are well established and validated".

4.4. Data Coding System.

According to data collection, we had many stories about each decision to form an alliance by Seabo (i.e., stories built on the basis of newspapers' articles, claim-makers' documents and interviews. They were very rich stories built on the basis of qualitative data, in the form of written words of documents or taped words of interviews. Qualitative data are sources of well-grounded, rich descriptions and explanations of the processes in local context (Patton 1990): they were difficult to manage³². As a consequence, stories based on qualitative

³¹ For example, the minutes of meetings, resolutions of City Council meetings etc. allows focusing on what happened during those meetings.

³² In particular, Milcs and Huberman (1984: 2) highlight as qualitative data have advantages and disadvantages: "Qualitative data are sexy. They are source of well-grounded, rich descriptions and explanations of processes in identifiable local context. With qualitative data one can preserve chronological flow, see precisely which events led to which consequences, and derive fruitful explanations. Then, too, good qualitative data are more likely to lead to

data abound of information and “struck by the stories, (...) you may sometimes allow them to assume an importance beyond their worth to the purposes of the project. Making sense of the stories as a whole comes harder. (...) What is being illuminated? How do the stories connect? What themes and patterns give shape to your data? Coding helps you to answer these questions” (Glesne 1999: 133). In this perspective, Miles and Huberman (1984: 65) highlight as: “the ultimate power of field research lies in the researcher’s emerging map of what is happening and why. So any method that will force more differentiation and integration of that map, while remaining flexible, is a good idea. Coding, working through iterative cycles of induction and deduction to power the analysis, can accomplish these goals”. In particular, a coding system allows maintaining data anchored to the conceptual and working model, thus facilitating the understanding of the stories data tell.

On these premises, we drew a coding system based on our conceptual and working model, following Miles and Huberman (1984) (Exhibit 4.10)³³. Such a coding system is built on three levels, according to the three dimensions of our conceptual and working model: i.e., structural dimension (What questions), dynamic dimension (How questions) and interplay between the structural and dynamic dimensions (Why questions).

Insert Exhibit 4.10 about here

The first level is mainly descriptive: it entails little interpretation. Rather first level codes were useful to attribute a segment of text from written documents and typed interviews to a class of elements of our conceptual model. Such a level of coding allows reducing data from written document or taped interview to single quotations, in the forms of phrase or words. First level codes identify the elements of our conceptual model among data collected. Each code is related to one of the “What questions” of our working model; in particular, it is related to the third level “What questions” (Exhibit 4.10). In this perspective, such codes identify data related to: context-related factors (code CF); stakeholders and their interests, contributions and rewards (code FF-SS-STK-INT, CRB, RWD); stakeholders and their relationships (code FF-SS-STK-REL(-)STK); corporate strategy (code FF-CS); policy of alliance (code FF-PA); claims brought towards the issue at hand, claim-makers behind these claims and arguments why claim-makers support that particular claim (code IF-CS-Why-CLK-CL). Exhibit 4.11 synthesizes the first level coding system and give an explanation of each code.

At that time a group of quotations for each code is available (Miles and Huberman 1984).

The second level of coding system is mainly analytical and highlights categories of concepts at each level of the conceptual model. In particular, firstly it identifies categories of concepts related to: (1) the contextual forces that can affect (and can be affected by) the position of different claim-makers towards the issue at hand and the interaction among them; (2) the stakeholders of the firm, the nature of their interests and the nature of the relationships among them; (3) the coalitions of claim-makers joining the decision-making arena and the reasons behind the sides they took towards the issue at hand. Such categories of concepts are related

serendipitous findings and to new integrations; they help researchers to get beyond initial conceptions and to generate or revise conceptual frameworks (...) Yet, in the flurry of this activity, we should be mindful of some pervasive issues that have not gone away. These issues include the labour-intensiveness (and extensiveness over months or years) of data collection, frequent data overload, the distinct possibility of research bias, the time demands of processing and coding data, the adequacy of sampling when only a few cases can be managed, the generalizability of findings, the credibility and quality of conclusions, and their utility in the world of policy and action”.

³³ Following Miles and Huberman (1984: 56) codes are tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes usually are attached to “chunks” of varying size – words, phrases, sentences, or whole paragraphs, connected or unconnected to a specific setting. For our purpose, it is not the word themselves but their meaning that matters”.

to the second level of “What questions”. Secondly, the second level of coding system identifies the categories of concepts related to the interactions among claim-makers during the decision-making process. Such categories of concepts are related to the “How questions” (Exhibit 4.10).

Some of these categories of concepts could be assumed as “literature-drawn constructs, useful to shape the initial design of our research” (Eisenhardt 1989). Other categories of concepts could not be supposed before conducting the study. They came out of the field. Exhibit 4.12 reports the second level codes: nevertheless, we do not explain the categories of concepts that are linked to. A comment and explanation of such categories of concepts are available in the following chapters.

The third level is mainly interpretative: it illustrates emergent trends or patterns. In particular, third level codes identify the interplay among structural and dynamic elements of the decision-making process. It identifies inter-relationships among categories of concepts: i.e., context-related factors and firm-related factors (and vice versa), context-related factors and issue related factors (and vice versa); firm-related factors and issue-related factors (and vice versa); context-related factors, firm-related factors and issue-related factors (and vice versa). Such level of coding system is related to the “Why questions” of our working model (Exhibit 4.10). Exhibit 4.13 shows possible codes in terms of proposition³⁴.

To sum up, data collected are codified according to a coding system based on three levels. Each level is characterized by a different dimension. Thus first level codes are descriptive; second level codes are analytical; third level codes are interpretative in nature. As a consequence, each level was employed in a different step of data transformation (Exhibit 4.2): first level codes were employed in storing data, second level codes were employed in managing data, third level codes were employed in processing data. In particular, during data storing first level codes were attached to single chunks of documents and typed interviews, coming out from the data collection and data description; during data managing, second level codes were attached to categories of concepts coming out from the data analysis; during data processing, third level codes were related to the relationships among categories of concepts, coming out from the data interpretation.

Insert Exhibit 4.11, 4.12, 4.13 about here

4.5. Data storing process: collection and reduction.

As data collection developed, we simultaneously reduced data. It is what Glesne (1996) calls early analysis. It coincides with the first step in data storing process. In particular, written documents and typed interviews were reduced into single paragraphs and identified by first level codes; then early analysis and interpretation were also developed.

Following Miles and Huberman (1984) and Glesne (1996), we employed three instruments on this purpose: i.e., analytical files, memo writing and monthly reports.

In particular, firstly we employed document summary sheets and contact summary sheets as analytical files: “After a field contact (from one to several days) and the production of write-ups, there is often a need to pause and ponder: What were the main concepts, themes, issues, and questions that I saw during this contact? Without such reflection, it is easy to get lost in a welter of detail” (Miles and Huberman 1984: 51). Our aim

was to (1) maintain all track of useful information collected from the fieldwork; (2) start to analyse data in term of concepts that characterise our conceptual model; (3) start to interpret data in term of what we learn from that contact with the fieldwork; (4) focus on new information we collected and information that were not still clear enough³⁵.

To achieve such goals, we articulated our document summary sheets and contact summary sheets into four sections. In this perspective, the first section forced us to a brief summary of the data collected: "Write a brief summary of the story you got from this document/interview". It is descriptive in nature. The second section asked us to refer the written text of our documents or typed interviews to the first level codes: "Summarize the information you got on each of the target questions of your working model". In particular, we attached first level codes to single paragraphs of the written texts: such quotations filled the second section of our summary sheets. This section is analytical. The third section forced us to focus on what we learned from the fieldwork: "What did you learn from this document/interview?" This section is interpretative in nature. It forced us to report all data collected to our research questions. The fourth section obliged us to focus on what came out from the fieldwork, but it was still not clear enough, "What were the main issue or themes that struck you in this document/contact? What new or remaining target question do you have to consider in the next contact with this site?" An example of a summary sheet is reported in Exhibit 4.14. We filled out document summary sheets just after reading single documents (Miles and Huberman 1984). We tried to fill out contact summary sheets no later than the day after the interview conducted (Lofland and Lofland 1984). In particular, we filled 52 contact summary sheets. As well as, we filled 65 document summary sheets: we do not have one document summary sheet for each document. To make it easier to reduce data, we grouped data related to the same action gathered from different sources. In this way, we move from about 1,000 documents to 65 document summary sheets³⁶.

Secondly, we employed a note-book and a flash-book as memo writing: "by writing memos you develop your thoughts; by getting your thoughts down as they occur, no matter how preliminary or in what form, you begin the interpretation process. Memo writing also frees your mind for new thoughts and perspectives" (Glesne 1996: 131). We employed note-book in order to record our feelings and sensations about the stories we were discovering: it was useful to keep trace of both what happened in the fieldwork and how our feeling and attitudes changed during the fieldwork. We recorded such feeling after each contact with the fieldwork. Flash-book was employed during all the research process: it recorded flashes about ideas, doubts, interpretations, possible explanations, theoretical issues etc. coming out during the research process. Note-book and flash-book are analytical and interpretative in nature.

Thirdly, we employed monthly report about each decision-making process. They allowed us to stop and think about the information we got in order to respond to our research questions in different steps of the fieldwork.

Insert Exhibit 4.14 about here

When theoretical saturation was reached, we stopped focusing on data collection and started focusing on data transformation: "knowing when to end this phase is difficult. It may be that you have exhausted all sources

³⁴ The system of coding at third level takes a form similar to a linear regression. Nevertheless, it does not imply necessarily that such a relationship links the elements of the conceptual model; this is just a coding system.

³⁵ In this perspective, they are paramount for making the following contact with the fieldwork more fruitful as possible. New information can be related to new persons to interview or new documents to collect.

on the topic – that there are no new situations to observe, no new people to interview, no new documents to read” (Glesne 1999: 132).

In particular, we used the data codified in the second section of our summary sheets to build a chronological flow of events (Exhibit 4.15): we called it “Chronological list of actions”. The aim was to reconstruct the process of decision-making based on all the elements that characterized it (i.e., context-related factors, stakeholders, stakeholders’ interests, contribution and rewards, relationships among stakeholders, corporate strategy, policy of alliance, claims, claim-makers and arguments for the sides that claim-makers took), without any interpretation. It is descriptive in nature; just an early analysis is conducted, based on referring data to the elements of our conceptual model through the first level codes.

At that point, following the chronological flow of events we identified some actions: i.e., moments in which the actors involved took sides towards the issue at hand. In those moments it is possible to observe behaviours of actors towards the issue at hand, thus grasping their decisions. Actions reveal the reasons behind the decisions without the necessity of discovering actors’ mental processes: i.e., observing actors’ actions it is possible to understand their decisions and grasp the reasons behind them (Stauss 1978, Mintzberg and Waters 1990, Pettigrew 1990). Based on such actions, we divided the story about each alliance into phases, useful for taking into account the longitudinal dimension of the decision-making process (Exhibit 4.15).

Summing up, in the end of data storing a chronological flow of events were reconstructed and data for the concept building were prepared; on top of it, actions were identified and the decision-making process were divided into phases: data for the longitudinal analysis were prepared as well.

Insert Exhibit 4.15 about here

4.6. Data managing process: display.

After reducing data into chronological list of events we started to manage them. In particular, we developed data managing both in a structural and in a dynamic perspective at each level of our conceptual model (i.e., context-related factors, firm-related factors and issue-related factors). The structural perspective allowed us to build categories of concepts about context-related factors, firm-related factors and issue-related factors. The dynamic perspective allowed us either to categorize the interaction among claim-makers or to identify critical events, i.e., transformation in categories of concepts from one phase to the other (...). In particular, following Pettigrew (1990) we defined critical events as transformation in the elements of our conceptual model. In this perspective, they represent the turning points of our decision-making processes.

Data managing has its roots in the first level codes. In particular, firstly we considered all the paragraphs, phrases and words associated with a specific first level codes (i.e., CF, STK, INT, CRB, RWD, REL, CS, PA, CL, CLK, Why). Secondly, we classified such elements according to the dimensions of our conceptual model; such classification is related to the second level of the research questions in our working model. Thirdly, we focused on elements within each of these classes and look for commonalities among them: categories of concepts came out. Fourthly, we looked at the development of such concepts over the decision-

³⁶ In this perspective, we do not follow Miles and Huberman (1984) for all the data collection and reduction phase: Miles and Huberman suggest writing summary sheets no more than one page longer. We used summary sheets to condense all the data related to a particular action: as a consequence, our summary sheets can be more than one page longer.

making process; in particular, we identified transformation in these categories of concepts from one phase of the decision-making process to the other: turning points were identified. Examples of data managing are described below. Some extracts of tables and matrices used to display data are also inserted.

In this perspective, firstly we took context-related factors and all the paragraphs attached to the code CF. We classified them along two dimensions according to our conceptual model: (1) supranational (cod. UE), national (cod. NAT), regional (cod. REG) and local (cod. LOC) levels and (2) normative (cod. NRM), economic (cod. ECO) and socio-cultural (cod. SCT) frameworks. Combining these two dimensions, twelve classes of contextual factors could be identified. Then we focused on elements within each of these classes and looked for commonalities. Categories of concepts were identified. They came out from the field. New categories of concepts can come out. An example of them is reported in Exhibit 4.16; nevertheless an explanation of the categories of concepts can be found in the following chapters. Such categories of concepts represent the output of the analysis in a structural perspective.

Secondly, we attached such categories of concepts to paragraphs, phrases and words dealing with context-related factors in each phases of our decision-making process. In this way we could grasp their development over time and identify the turning points in the decision-making process (Exhibit 4.16).

Insert Exhibit 4.16 about here

In the same way, we focused on firm-related factors.

In particular, firstly we considered all the paragraphs, phrases and words associated with the codes STK-INT and STK-REL-STK. On one hand, we classified stakeholders into seven different classes and interests into three different classes. Stakeholders were classified according to the contributions they brought to the activity of the firm and the rewards they expected in exchange. The resulting classes were: local governments, shareholders (divided into majority and minority shareholders), trade unions, clients, suppliers, management and partners in previous alliances. The interests that stakeholders aim at satisfying through Seabo activity were classified according to whether they concerned (1) the interests of individuals (economic interests), (2) the interest of the whole community (social interests) and (3) the interests of single constituencies within the whole community (political interests). In this perspective, we identified eight categories of concepts, based on the combination ACT-STK-INT as reported in Exhibit 4.17. A detailed explanation of these categories can be found in the following chapters. On the other hand, we classified relationships among stakeholders according to the degree of trust behind them and the strength of the mechanisms to govern them: high levels of trust are followed by low levels of control and vice versa. Five classes of relationships can be identified, according to our conceptual model. In this perspective, we identified different categories of concepts, based on the combination STK(ACT)-REL()-STK(ACT) (Exhibit 4.17).

Such categories of stakeholders, interests and relationships represent the output of the analysis in the structural perspective at firm-related level.

Secondly, we attached such categories of concepts to paragraphs, phrases and words dealing with firm-related factors in each phases of our decision-making process. In this perspective, their evolution over time could be drawn and turning points could be grasped (Exhibit 4.18).

Insert Exhibit 4.17 and 4.18 about here

In the end we focused on issue-related factors.

In particular, firstly we considered all the paragraphs, phrases and words linked to codes such as Why-CLK-CL. We classified the arguments claim-makers brought to support the side they took (code Why) on two levels. In particular, firstly we distinguished between: (1) arguments supporting the achievement of the goal that constituted the expected outcome of the alliance (i.e., entering the TLC industry, strengthening Seabo activity in power industry, increasing Seabo market power); (2) arguments supporting the choice to prefer alliance over alternatives instruments to achieve the goal established. Consistent with our theoretical model we called the former "goal" (code GL) and the latter "reasons" (code RSN). Secondly, we classified reasons along two dimensions, consistent with our literature review about the alliance formation: i.e., economic reasons along the competitive and efficiency dimensions and legitimacy reasons along the dimensions of isomorphic behaviour and fashion effects. We were also opened to the coming out of different reasons. Such reasons did not deal with the economic dimension. We tried to classify them according to whether they highlighted the advantages of alliance for single individuals, the whole community or single groups within it. We called them economic reasons (classified along the dimensions of competitive, efficiency, isomorphic and fashion effects), social reasons and political reasons. To check the sustainability of this categorization we looked whether actors acting as claim-makers were stakeholders as well. In that case we compared the nature of the reasons behind the sides that claim-makers took towards the issue at hand with the nature of the interests that characterized them as stakeholders. They should correspond: claim-makers join the decision-making arena as affected in their interests by the decision at hand. In the end, different coalitions of claim-makers supporting a particular claim and different categories of reasons behind the sides they took could be identified (Exhibit 4.19).

Such categories of issue-related factors represent the output of the analysis in the structural perspective.

Looking at the evolution of coalitions of claim-makers over time we could grasp the dynamic dimension of the decision-making process and identify its turning points: moments in which the coalitions of claim-makers developed (Exhibit 4.19).

Summing up, in the end of data managing we identified categories of concepts at each level of our conceptual model (i.e., context-related factors, firm-related factors and issue-related factors). In particular, the reasons at play and the way of their interaction were grasped. We drew their development over the decision-making process; in the end turning points were identified.

Insert Exhibit 4.19 about here

4.7. Data processing: conclusion drawing and verification.

Once concepts were categorized, we started to process data. We developed data processing along the dynamic perspective, involving all the levels of our conceptual model.

In particular, we focused on the turning points grasped at each level of our conceptual model and tried to understand whether there was a correspondence among them: i.e., whether a variation in one of the categories of concepts of our conceptual model was met by a variation in other categories of concepts, within single phases of the decision-making process and over time (Exhibit 4.20).

This allowed us to understand decision formation in the interplay between the structural (decision-making arena) and dynamic (development of claim-makers' coalitions) dimensions of the decision-making process.

In particular, a set of propositions about the interrelationships among context-related factors, firm-related factors and issue-related factors could be expressed. Exhibit 4.21 shows these sets of interrelationships and gives an interpretation of them according to our conceptual model.

The first set concerns interrelationships between couples of factors of our conceptual model: each factor is expressed as a function of the other factor, according to a different coefficient. It means that a variation in one factor implies a variation in the other factor, according to the strength of their relationships. The second set concerns interrelationships between one factor and all the other factors, according to different coefficients and considering even the possibility of jointly effects. The third set express the decision to form an alliance as a function of all the three levels of our conceptual model, according to different coefficients and considering even the possibility of jointly effects.

In this perspective, data processing allows us to draw conclusions about alliance formation: i.e., why some categories of reasons are behind alliance formation and what is the role of alliance in the corporate strategy of the firm.

Then, it allowed us to shed lights over decision-making in a constructivist and process-based perspective: i.e., where decision-making comes from and how it develops along the interplay between its structural and dynamic dimension.

Eventually, it allowed us to grasp the role of manager within a decision-making process, that unfolds through the interaction among different actors bringing different claim in different moments.

Insert Exhibit 4.20 about here

4.8. Within-case and cross-case comparison: proposition formulation.

Within case-analysis was developed along the three phases described above: each phase has its roots in previous phase and contributes to the following phases (Exhibit 4.21).

Data storing allowed us to reconstruct the chronological list of events taking place along the decision-making process, identify actions and divided the decision-making process into phases. This phase of data transformation allowed us to prepare data for the following data managing, both in the structural and dynamic dimension.

Data managing has its roots in the first level codes: it allowed us to identify categories of concepts about each level of the decision-making model. In particular, it allowed us to grasp the categories of reasons at play and the way of their interaction over time. In this perspective, we could identify reasons behind the decision to form an alliance and their evolution over the decision-making process up to the final decision.

As well as, data managing has its roots in the scheduling of the decision-making process: it allowed us to identify the turning points of the decision-making process³⁷.

Data processing used the turning points previously identified and looked for relationships among them: it allowed us to grasp interrelationships among the concepts of the conceptual model. At that point, we could

³⁷ In this perspective, the identification of the turning points and the existence of relationships among them seem to depend on the scheduling of our decision-making process (i.e, on the identification of the actions based on which we divided the process into phases). Nevertheless, as the four decision-making processes overlapped, we can have the same turning point belonging to different phases according to the decision-making process considered. In this perspective, we can look for the existence of relationships among turning points even with a different scheduling of the process, thus keeping the effects of the scheduling under control.

try to give an explanation about why specific reasons are behind the decision to form an alliance and why they develop in that way over the decision-making; thus we could try to understand what is the role of alliances within the corporate strategy.

In the end a set of proposition can be expressed about the alliance formation, the decision-making process in a constructivist and process-based perspective, the managerial role within such a process.

To test the reliability of these propositions, we developed a comparison across the four case studies analysed (Exhibit 4.22).

In a static perspective, we compared data on three levels.

The first level is based on comparison about the reasons behind the decision to form an alliance: i.e., what reasons are at play, how they developed over the decision-making process, what reasons are behind the final decision to form an alliance.

The second level is based on comparison about the decision-making process: i.e., how the process of making the decision to form an alliance develops, in the interplay between its structural and dynamic dimension. Propositions about where the decision to form an alliance comes from can also be compared; as well as propositions about the role of the alliance within the corporate strategy can be compared.

The third level is based on the managerial role within a decision-making process, that unfolds through the interaction among different actors, bringing different claim in different moments.

In the longitudinal perspective, we look for relationships among different alliance over time, thus grasping historical and learning effects.

Insert Exhibit 4.21 and 4.22 about here

4.9. Writing the research report.

We chose to report our four case-studies as autonomous cases. In this perspective, we developed data transformation from data storing to conclusion drawing for each case. Sometimes this forced us to repeat data; nevertheless it allowed us to reach a twofold objective. Firstly, we could provide the readers with all the data necessary to enter the field and draw their own conclusions about each case (Perlow et al. 2002). Secondly, we could increase our understanding of each case, thus avoiding data contamination and strengthening the power of the following cross-case comparison (Miles and Huberman 1984)³⁸.

In this perspective, we developed the report of each case following the three phases of data transformation. In particular, we emphasized the nature of the actions developed in each phase. Following Wolcott (1994) we articulated our report on three sections, i.e., description, analysis and interpretation; the aim is to help the reader to move from data organization to their meaning.

The first section aims at answering the question "What is going on here?" It aims at leaving data speaking for themselves and "the narratives of descriptive analysis often move in and out like zoom lenses, selecting and portraying details that resonate with the study's purposes" (Glesne 1998: 149).

The second section aims at answering the question "What are the main and key concepts of our decision-making process?" It aims at classifying and categorizing data in such a way to grasp concepts at play at each

³⁸ All documents were written in Italian and all the interviews were developed in Italian. As a consequence, in order to manipulate data as little as possible we choose to insert data within the text in their original language, without translation. Description, analysis and interpretation of data are written in English (Denzin and Lincoln 1994).

level of our conceptual model, both in the structural and dynamic dimension. In particular, it allows us to highlight the categories of reasons at play and the ways of their interaction over the decision-making process, up to the final decision.

The third section aims at answering the question "Why do the strategic decision develop in that way?" It aims at looking for interrelationships among different levels of our conceptual model in such a way to grasp the interplay between the structural and dynamic dimension of the decision-making process. In this perspective, it allows us to highlight a possible explanation about where the decision to form an alliance comes from, thus increasing our understanding of the role of alliances within the corporate strategy of the firm.

In this perspective, the following chapters firstly describe the sites where the fieldwork were conducted; secondly present the results for each case studied; thirdly compare such results across different cases, thus discussing them. The last chapter contains the conclusion of the study and sheds lights over further researches. It ends with three sets of propositions, about alliance formation, decision-making process and managerial role. Some managerial prescriptions are also provided.

4.10. Validity and reliability of the study.

The aim of qualitative research in a constructivist perspective is a deeply understanding of the case studied, within a particular context. In this perspective, "meanings do not transfer intact, but take on some of the conceptual uniqueness of the reader" (Stake 1994: 241). In this perspective, the researcher is the main instrument of data collection and data analysis (Patton 1990). Nevertheless "there is an expectation that the meanings of situation, observation, reporting, and reading have a certain correspondence" (Stake 1994: 241). To grant reliability in qualitative research, Denzin (1978) and Strauss and Corbin (1990) suggest using triangulation. Triangulation allows capturing and reporting multiple perspectives, rather than seek singular one: different data collection techniques are sensible to different aspects of the issue at hand. Consequently, they can enrich our comprehension of the phenomenon. In the same way, different researchers can grasp different perspectives of the phenomenon studied. In particular, Denzin (1978) suggests four types of triangulation: (1) methods triangulation, (2) triangulation of sources, (3) researcher triangulation and (4) theory triangulation.

We used triangulation of sources, triangulation of data collection techniques, and triangulation of the process of collection. Triangulation of sources means (1) collecting data from articles of different newspapers, thus keeping different political stance, different focuses and different perspectives under control; (2) collecting data from the documents of different actors involved, thus keeping different perceptions under control; (3) collecting data even through interviews with all the actors involved. In particular, collecting data through both documentary analysis and interviews allows keeping the researcher's role under control: qualitative data exist through the interaction between the researcher and the field. Then we tried to use researcher triangulation: meeting to discuss data analysis with colleagues, and with different claim-makers involved and analysed. Also we tried to look for data that support alternative explanations and search for the best fit. Then to minimize problem of recollection, we developed an extensive triangulation during data collection and analysis: we confronted data and interpretation across documents and interviews.

In the end, qualitative research highlights ethics problems (Patton 1990, Pettigrew 1990b, Mason 1996). They concern with possible negative consequences of the research conducted, false representations, low respect for privacy etc. To overcome all these problems we reached an agreement with the management of

Hera about the protocol of the research and agreed with each claim-maker interviewed about the result of their interview.

Exhibit 4.1. Case study: strategy and process.

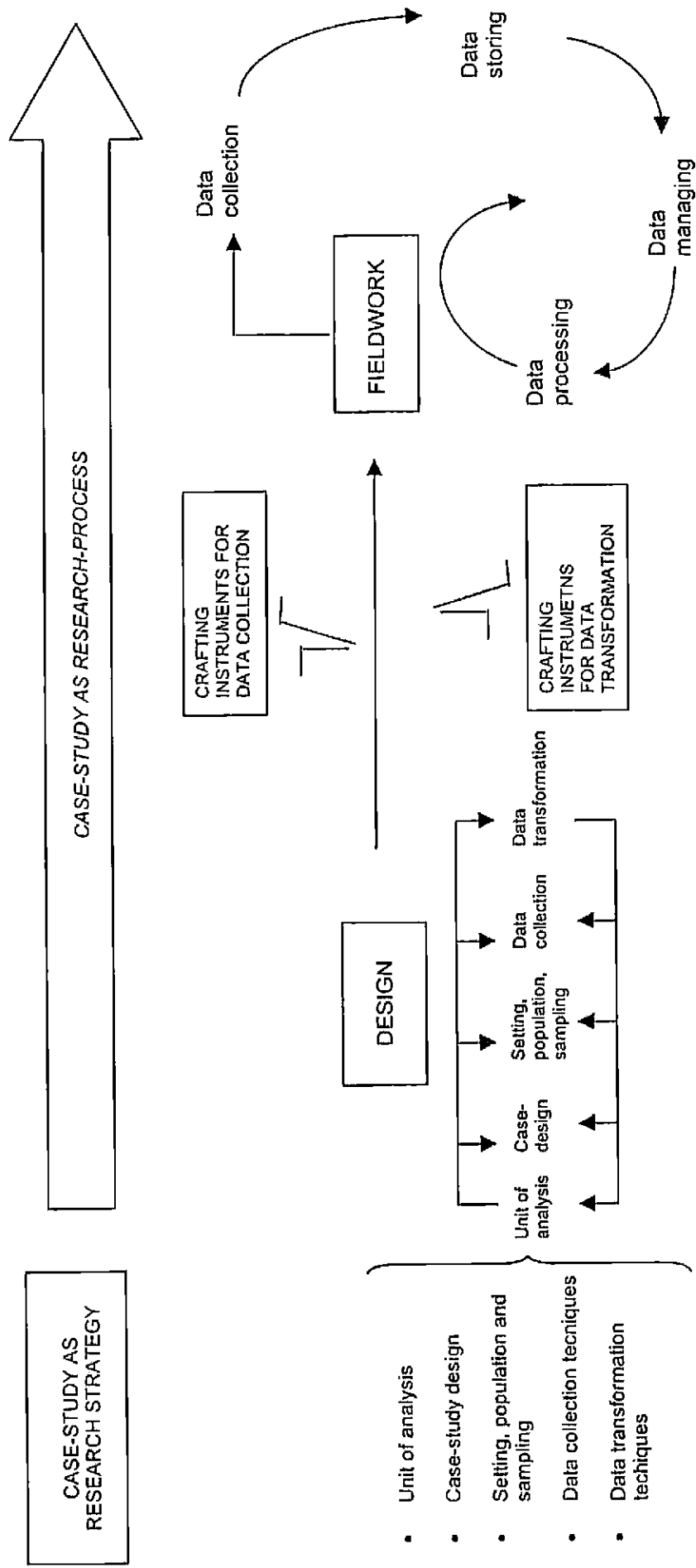


Exhibit 4.3. Setting, population and case-selection.

	Amga Genova	Acea Roma	Acegas Trieste	Aps Padova	Aem Milano	Aem Torino	Asm Brescia	Mela Modena	Seabo Bologna	Agam Monza	Amps Parma	Agsn Verona
Legal status	LJSC	LJSC	LJSC	JSC	LJSC	LJSC	JSC	JSC	LJSC	JSC	JSC	JSC
Turnover								189,815	351,190		136,496	
Services provided								GAA	GAA		GAP	
Date first alliance	1997	1999	1998	2000	1997	1998	1998	2001	1998		1997	1998
# alliances established	8	14	6	6	11	7	3	1	4		5	3
# partners involved	17	46	15	8	31	19	9	2	18		16	9
Partners involved in each alliance (average)	2	3	2	1	2	2	3	2	4		3	3
Goals of each alliance	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D	VI,HI,D		VI,HI,D	VI,HI,D

Availability of
managers

LJSC Listed Joint Stock Company

VI Vertical Integration

HI Horizontal Integration

D Diversification

Exhibit 4.4. Seabo Bologna: multiple, retrospective, longitudinal case-study.

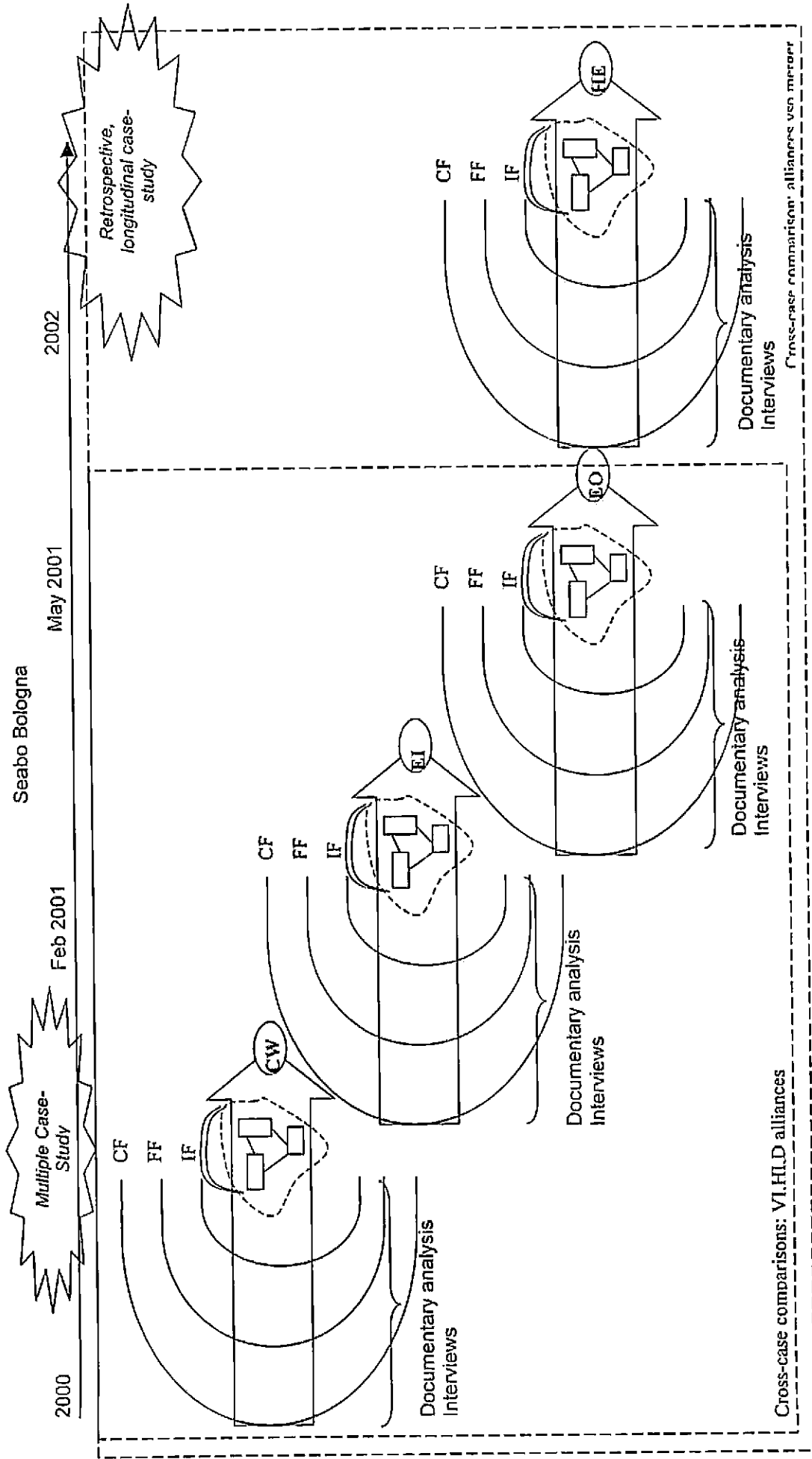


Exhibit 4.5. Documentary Analysis: data sources.

Sources	Author	Code of Source	#
Press Review	Il Resto del Carlino	DPRRC3	131
Press Review	Repubblica di Bologna	DPRRep	100
Press Review	Il Sole 24 Ore	DPRS24	187
Press Review	Il Mondo	DPRMND	16
Press Release	Municipality of Casalecchio	DPRMuCs	20
Press Release	Province of Bologna	DPRPrBo	5
Press Release	Seabo	DPRSB	10
List of Seabo Shareholders	Seabo	DSSHLSB	
General Agreement among Shareholders	Seabo	DSPSSB	
Articles of Association (Statuto)	Seabo	DSAAssSB	
Memorandum of Association (Atto Costitutivo)	Seabo	DSMAssSB	
General Agreement (Accordo quadro/Lettera di intenti)	Seabo	DSGAgSB	
Minute of the Shareholders' Meeting	Seabo	DSMSMSB	
Decision of the Shareholders' Meeting	Seabo	DSDSMSB	
Business Plan	Seabo	DSBPSB	
Rationales of Alliances	Seabo	DSRATSB	
Strategic and Operating Plans	Seabo	DSSTPSB	
Budget and Balances	Seabo	DSBALSB	Tot 86
Documento contenente gli indirizzi per le nomine degli amministratori*	Shareholders	DSGLAMuBo	1
Minute of the City Council Meeting	Municipality of Bologna	DSMCCMuBo	55
Resolution of City Council	Municipality of Bologna	DSRCCMuBo	3
Minute of the meeting between Trade unions and Shareholders	Uil	DSMMTUJIL	26
Mail to Shareholders	Uil	DSMailUJIL	6
Press Release	Cgil, Cisl, Uil	DPRCGIL, Cisl, Uil	15
Flyer (Comunicati ai lavoratori e Locandine) and Newsletter	Uil	DSPhtUJIL	32

Exhibit 4.6. Documentary analysis: articles of newspapers.

Local Newspapers: "Il Resto del Carlino" and "La Repubblica"

Per Seabo strada in discesa

IL RESTO DEL CARLINO - 11 Novembre 2000

SEABO continua la sua corsa verso la privatizzazione. Ieri, sotto la presidenza di Vittorio Prodi, si è riunito il comitato dei soci costituito dall'assessore al bilancio Gian Luca Galletti in rappresentanza di Palazzo d'Accursio e dai sindaci Luigi Castagna (Casalecchio), Giacomo Simoni (Minerbio), Gianni Gamberoni (Crespellano), Aldo Bacchiocchi (San Lazzaro), Andrea Marchi (Monzuno) e Pasquale Colombi (Vergato). La Provincia di Bologna, oltre che dal presidente Prodi, è stata rappresentata anche dall'assessore all'ambiente Forte Clò. Durante la seduta, cui hanno partecipato anche il presidente di Seabo Stefano Aldrovandi e il direttore generale Roberto Barilli, i soci istituzionali hanno dato mandato al consiglio di amministrazione della società di preparare uno scenario complessivo dei recenti sviluppi dell'azienda e delle sue prospettive in vista di una possibile apertura al mercato. Mentre è in corso il procedimento di valorizzazione dell'azienda, che ha nella costituzione di Casa.web la sua punta di diamante, iniziano ad essere prese in considerazione le varie modalità di accesso al mercato del capitale Seabo. «Le ipotesi — spiega l'assessore Galletti a margine della seduta in consiglio in cui, ieri sera, ha illustrato il bilancio comunale per l'anno prossimo — sono varie. Per ora, con questa procedura, si vuole individuare tutte al fine di scegliere poi la più interessante». Tra le strade che Seabo potrà imboccare per arrivare alla privatizzazione ci sono quelle della quotazione in Borsa, l'individuazione di un partner privato strategico o la privatizzazione di società di scopo create ad hoc. L'elencazione, ovviamente, non è esaustiva: spetterà ora al Cda completare il ventaglio di ipotesi. «Una cosa è comunque importante — aggiunge Galletti —: non si può prescindere dalla concertazione con le parti sociali e il rispetto degli accordi esistenti». Rispondendo così alle perplessità dei sindacati, che nei giorni scorsi avevano storto la bocca di fronte all'accelerazione dell'iter di privatizzazione, è stato proposto di convocare un incontro con i rappresentanti dei lavoratori per discutere del futuro di Seabo ed è stato deciso di intensificare le riunioni del comitato soci per seguire nel dettaglio l'evoluzione del settore.

Supporting the rightist Mayor

Local Newspaper

Il comitato dei soci: "La Borsa può attendere"

LA REPUBBLICA - 11 Novembre 2000

Dopo le polemiche scoppiate in seguito all'annuncio del sindaco Giorgio Guazzaloca («Oggi Seabo è nelle migliori condizioni per essere privatizzata») ieri mattina il comitato soci dell'azienda dell'acqua del gas e dei rifiuti ha delato acqua sul fuoco. In particolare i soci si sono preoccupati di tranquillizzare i sindacati che in marzo avevano avuto la garanzia che nessun cambiamento degli assetti societari sarebbe intervenuto senza una preventiva discussione e che nessuna privatizzazione all'ordine del giorno. Il comitato soci di Seabo, la società di servizi ambientali di Bologna, ha dato mandato al consiglio di amministrazione di «preparare uno scenario complessivo degli sviluppi dell'azienda e delle sue prospettive a breve e medio termine anche in vista di una possibile apertura al mercato». Non c'è, insomma, alcun progetto di privatizzazione, ma solo l'avvio di una discussione sui possibili sviluppi dell'azienda dopo importanti operazioni come la società sull'inceneritore, quella di telecomunicazioni Casa.Web e quella che sta per nascere nell'energia. La decisione è stata presa in una riunione tra il presidente della provincia Vittorio Prodi, l'assessore Gianluca Galletti in rappresentanza del comune di Bologna, i sindaci Luigi Castagna (Casalecchio), Giacomo Simoni (Minerbio), Gianni Gamberoni (Crespellano), Aldo Bacchiocchi (San Lazzaro), Andrea Marchi (Monzuno) e Pasquale Colombi (Vergato). All'incontro hanno partecipato anche il presidente di Seabo Stefano Aldrovandi, il direttore generale Roberto Barilli e l'assessore provinciale all'ambiente Forte Clò. È stata anche proposta la convocazione al più presto di un incontro con i sindacati

Supporting the Left-wing parties

Seabo guida la cordata alla conquista della rete

IL RESTO DEL CARLINO – 24 maggio 2000

I servizi più moderni viaggiano sulle reti dei servizi più antichi. Una scoperta che sta facendo vivere una seconda, lussureggiante giovinezza alle municipalizzate o alle aziende pubbliche delle grandi città da cenerentole vivacchianti più o meno all'ombra di assessori o funzionari di partito a fine carriera. E' successo che le società di telecomunicazioni hanno scoperto le doti delle aziende locali, fatte di tubi, dalle fognature al gas e all'acqua, di fili e cavi, di servizi e soprattutto di una grande dettagliatissima conoscenza del territorio. E da qui i matrimoni, i lanci in Borsa, la nuova giovinezza. E' sulla base di queste considerazioni che è nata Casa.Web, la società per i servizi telematici e oltre nata da Seabo, l'azienda ambientale di Bologna, Ami Imola, l'azienda Ravennate Area e Cis di Forlì. La nuova società è stata presentata ieri da Stefano Aldrovandi, presidente di Seabo azienda che controlla il 50% di Casa.Web; l'altro 50% è suddiviso tra le altre aziende romagnole. "Noi abbiamo già pronto un progetto esecutivo di comunicazioni che parte dal cablaggio in fibra ottica, passa per i servizi tradizionali di interconnessione e sfocia nell'area dei nuovi servizi ad alto valore aggiunto". In pratica si tratta di sviluppare una rete di 1500 Km da Bologna a Ravenna, in cinque anni, con un investimento di 450500 miliardi e il lavoro di circa 400 persone. Ora Casa.Web cerca un partner tra le grandi imprese di Tlc che porti finanziamenti e conoscenze, Sono già partite una decina di lettere e i tempi sono molto stretti. "Attendiamo una manifestazione di interesse entro metà giugno, spiega Aldrovandi, per poter aprire una gara formale in luglio e diventare operativi da settembre". L'obiettivo è fare di CasaWeb una società da mille miliardi nella quale le aziende pubbliche conferiranno infrastrutture e il nuovo socio almeno 500 miliardi, conoscenze tecniche e parte del personale. La forza di questa nuova realtà è in un mercato di circa due milioni di persone. Nelle province interessate 750 mila persone sono già utenti dei servizi tradizionali, ma oltre ai cittadini ci sono i grandi clienti potenziali: si va dalle imprese alle Ausl locali. E Aldrovandi ricorda che l'area coperta da Casa.Web è la stessa sulla quale è attiva l'Università Multicampus di Bologna: un rapporto tutto da inventare, ma ricco di prospettive. Nel futuro matrimonio le "quattro sorelle" conserveranno però le chiavi di casa, ossia il 51%. (...). "Infine la Borsa. "il nostro obiettivo, precisa Aldrovandi, non è la quotazione a piazza affari. Nella grande corsa in questo settore c'è che vuole soltanto venderci al meglio e chi vuole vincere. Noi abbiamo deciso che vogliamo vincere ed essere il seme dal quale potrà germogliare il grande albero delle tante attività che saranno rese possibili sul nostro territorio dalla fibre ottiche. L'Emilia Romagna ha già dato, nel campo delle imprese tante prove di intelligenza e fantasia, noi vogliamo aiutarle in questa nuova sfida".

Local Newspaper

Newspaper

MUNICIPALIZZATE Tlc, maxi-accordo romagnolo

BOLOGNA LANCIA CASA.WEB ASSIEME A IMOLA, RAVENNA E FORLÌ

IL SOLE 24 ORE – 24 maggio 2000

BOLOGNA * Dai rifiuti alle telecomunicazioni sfruttando, eventualmente, anche le canalizzazioni fognarie. Le aziende di servizi pubblici di Bologna (Seabo), Imola (Ami), Ravenna (Area) e Forlì (Cis) scommettono sulla fibra ottica a banda larga e danno vita alla società Casa.web, felice acronimo dai nomi delle rispettive imprese. Una scommessa che ha buone probabilità di successo visto che le aziende dispongono di canalizzazioni esistenti, di diritti di passaggio e banche dati che offrono loro un vantaggio iniziale competitivo per accelerare la realizzazione dei progetti. Casa.web ha un capitale sociale di due miliardi ed è stata presentata ieri alla stampa da Stefano Aldrovandi, presidente di Seabo, l'azienda bolognese che della nuova società controlla il 50% (l'altro 50% spetta in parti uguali alle altre socie). <Vogliamo realizzare un progetto integrato di comunicazioni - ha spiegato Aldrovandi - che parta dal cablaggio in fibra ottica, passi per i servizi tradizionali di connessione e sfoci nell'area dei nuovi servizi a valore aggiunto>. Tradotto in pratica si tratta di sviluppare una rete di 1.250 chilometri, da Bologna alla Romagna, in cinque anni, con un investimento di 450-500 miliardi e il lavoro di circa 400 persone. I promotori cercano adesso un partner in grado di portare soldi e conoscenza: l'obiettivo è fare di Casa.web una società da mille miliardi nella quale le aziende pubbliche conferiscono infrastrutture e il nuovo socio i 500 miliardi di investimenti, le conoscenze tecniche e parte del personale. <Stiamo cercando un partner tecnologico - ha detto ancora il presidente di Seabo - che abbia capacità di investimento e know-how specifico nel settore e intendiamo mantenere il 51% dell'azienda. Abbiamo già consegnato ai potenziali partner il progetto esecutivo, attendiamo una manifestazione di interesse per metà giugno, per concludere una gara formale entro luglio, affinché Casa.web sia operativa da settembre e possa partire con i servizi in primavera-estate 2001>. Bocche cucite invece sugli interlocutori tra cui figurano secondo indiscrezioni giornalistiche, Pepper.com, Tiscali, Acea-Telefonica, Albacom, Blu-tel, e.Biscom. I potenziali clienti di Casa.web sono i cittadini delle province interessate (1,8 milioni), tra cui i 750mila utenti dei servizi tradizionali delle aziende (acqua, gas, rifiuti). Nel mirino c'è il mercato dei grandi utenti istituzionali (enti locali, università, sanità) da conquistare al 100% in un lustro, partendo dal 20% il primo anno; ci sono inoltre il mercato del business (dal 3% al 30%), quello dei professionisti (dal 3% al 40%), quello residenziale (dal 3% al 30%). Maria Teresa Scorzoni

National Newspaper

National Journal: "Il Sole 24 Ore" and "Il Mondo"

Gas, 11 aziende alleate per un gruppo d'acquisto

IL SOLE 24 ORE – 31 maggio 2001

Industry-centered Newspaper

RAVENNA *c Il mercato del metano in Italia si arricchisce di un nuovo concorrente, frutto di un'alleanza tra undici aziende concentrate in tre regioni adriatiche (Veneto, Emilia-Romagna e Marche) che dà un ulteriore scossa agli scenari competitivi che si vanno delineando con la liberalizzazione del settore energetico, introdotta dal decreto Letta. Ieri è stata costituita a Ravenna <Eos Energia Spa>, società finalizzata all'approvvigionamento sia sul mercato interno sia all'estero di gas naturale. Azionisti di Eos sono Seabo Bologna, Area Ravenna, Agea Ferrara, Amga Cesena, Ami Imola, Asm Rovigo, Aspes Multiservizi Pesaro, Aura Savignano, Cis Forlì, Metano S.Clemente Rimini, Società Gas Rimini. Fino a oggi queste aziende si rifornivano di gas direttamente dalla Snam. Obiettivo dell'alleanza è quello di ottimizzare il costo degli approvvigionamenti: grazie alla nuova società acquisteranno d'ora in poi materia prima in Italia o sui mercati internazionali alle migliori condizioni per poi rivenderlo su un bacino che conta circa un milione di utenze servite nei territori di competenza, compresi tra le province di Rovigo, Bologna, Ravenna, Forlì-Cesena, Rimini e Pesaro. Oltre al servizio di approvvigionamento e vendita di gas naturale alle utenze abitative, Eos punta anche al redditizio business delle forniture alle imprese. La società, che ha sede a Ravenna ed è presieduta da Stefano Aldrovandi, ha oggi una capacità di acquisto di circa due milioni di metri cubi di gas, un dato che la colloca al secondo posto tra le aziende italiane operanti nel settore. Le undici società partner attualmente sono distributrici in 133 Comuni e registrano un fatturato aggregato di circa mille miliardi di lire.

National Newspaper

Nasce a Bologna il polo del gas

PRIMO PIANO ACCORDO DI SEABO CON LE MUNICIPALIZZATE DELLA ROMAGNA

Management-centered Journal

IL MONDO – 18 gennaio 2002

Sarà un polo da almeno 620 milioni di euro di giro d'affari quello che nella seconda metà di quest'anno nascerà intorno alla Seabo, la multiutility di Bologna. Il progetto è guidato dal presidente Stefano Aldrovandi che, con l'advisor Abn Amro, sta seguendo tutte le fasi di elaborazione del piano a livello societario e di governance del nuovo gruppo. Il piano prevede infatti due fasi. In primo luogo la fusione di 12 municipalizzate della Romagna che hanno firmato la lettera di intenti nel mese di dicembre: tra queste Amga di Cesena, Amf di Faenza, Ami di Imola, Amia e Ami di Rimini. Subito dopo, sarà varata la fusione con la Seabo per dare vita al più grande polo nazionale della distribuzione di gas, acqua e del trattamento dei rifiuti, che sarà quotato all'inizio del 2003 con la regia di Abn Amro. Il primo tassello è già pronto. All'inizio dell'anno è stata costituita Unica spa che, con un capitale di 143,8 milioni di euro, è nata dalla fusione delle tre più grandi municipalizzate romagnole, Amga, Aura (Savignano) e Cis (Forlì). COSÌ L'AZIENDA 4400 milioni di euro capitale sociale 4781.165 la popolazione servita 42.777 kmq territorio servito 43.103 km di rete gas 46.417 km di rete acqua 4349.056 clienti gas 4130.510 clienti acqua 41.810 dipendenti 4351 milioni di fatturato 435 milioni di investimenti 471,7 milioni m3 di acqua potabile 460,4 milioni m3 di acqua depurata 4722,3 milioni m3 di gas distribuito 4146,8 Gwh di energia termica prodotta 484,9 Gwh di energia elettrica prodotta 421,37% di raccolta differenziata a Bologna 453.198 ton. di raccolta differenziata

Exhibit 4.7. List of the persons interviewed.

Interviewee	Date	Job (1999-2002)	Present Job
Management of Seabo			
	08-ott-03	1. Chairman of Seabo	CEO of Hera
	28-ott-03	2. Controller of Seabo	Controller of Hera Bologna
	4-dec-03	3. Personal Manager of Seabo	Personal Manager of Hera Bologna
	16-gen-04	4. Manager for Legal Affairs of Seabo	Chairman of Ami Imola Chairman of Aspes Pesaro
Board of Directors of Seabo			
	3-dec-03	5. Member of the Board of Director of Seabo	Chairman Hera.Com
	9-dec-03	6. Member of the Board of Director of Seabo, ex CEO Nomisma	Chairman Ervel
	10-dec-03	7. Member of the Board of Director of Seabo	Member of the Board of Director of Hera Bologna
Majority Shareholder: Municipality of Bologna			
	11-nov-03	8. Privatisation Commissioner of Bologna Municipality	Privatisation Commissioner of Bologna Municipality
	11-nov-03	9. Manager in charge with controlling Bologna-owned enterprises	Manager in charge with controlling Bologna-owned enterprises
Minority Shareholder: Municipality of Casalecchio sul Reno			
	26-nov-03	10. Mayor of the Municipality of Casalecchio sul Reno, ex Chairman of Acoser	Mayor of Casalecchio sul Reno
Trade Unions			
	10 dec-03	11. Representative of CISL	Representative of CISL
	11-dec-03	12. Representative of Uil	Manager of Hera.com
	07-gen-04	13. Representative of CGIL	Representative of CGIL
Management of Seabo	to be scheduled	CEO Seabo	
Minority Shareholders	to be scheduled	Environment Commissioner of Province of Bologna	Environment Commissioner of Province of Bologna
	to be scheduled	Mayor of San Lazzaro Municipality	Mayor of San Lazzaro Municipality
	to be scheduled	Mayor of Granarolo Municipality	Mayor of Granarolo Municipality
Partner in Hera	to be scheduled	Mayor of Ravenna Municipality	Mayor of Ravenna Municipality

Exhibit 4.8. Extracts from the Interviews with different actors involved.

Extracts from the interviews

A quanto ricordi da dove è nata l'idea di costituire Casa.Web, quindi, di fare un'alleanza per diversificare nelle TLC e da chi è stata promossa?

L'idea è nata quando abbiamo esaminato gli indirizzi da dare al Consiglio di Amministrazione. Nel 1999 gli enti pubblici che avevano la competenza della nomina del Cda hanno nominato questi amministratori con un mandato: vi chiediamo di fare questo. E in quel documento c'è un passaggio che dice che un'azienda come questa, come Seabo allora, deve cominciare a occuparsi anche di ... avevamo scritto addirittura telefonia, oltre che sistemi di comunicazione informatica. E quindi, deve cominciare a ragionare sia sulle reti che eventualmente anche sui servizi che un sistema informativo, l'uso delle nuove tecnologie, poteva dare a una azienda come Seabo.

Quindi l'input è venuto dai soci?

Dai soci.

Il progetto di Casa.Web nasce sulla base della nostra delibera di esternalizzazione, di concessione dell'illuminazione pubblica.

Il progetto iniziale di Casa.Web era quello di stendere le fibre ottiche e allora le fibre ottiche passavano sui nostri cavi, le fibre ottiche passavano attraverso i cavi della illuminazione pubblica. Allora l'atto con il quale è partita è stata la concessione da parte del Comune della gestione dell'illuminazione pubblica a quella che era Seabo; Seabo poi l'ha sub-concessa a Casa.Web.

Quindi l'idea di diversificare nelle TLC è partita dal management di Seabo?

Dal management di Seabo che l'ha proposta al Comune che l'ha recepita; questo era anche un nostro orientamento perché rientrava in quel procedimento di esternalizzazione che abbiamo portato avanti in questi anni: dismettere servizi in economia per gestirli con l'apporto di privati.

Exhibit 4.9. Outline of the interview.

Reasons behind decisions to form alliances: managing through stakeholders' interests.

Objective: Reconstruct the process of making the decision to form Casa.Web, Energia Italiana, Eos Energia, Hera.

Starting point: talks about the formation of Casa.Web, Energia Italiana, Eos Energia, Hera.

Final point: deed of association of Casa.Web, Energia Italiana, Eos Energia, Hera.

Data: actions performed by single actors in particular situations

1. A quanto Lei ricordi, da dove è nata l'idea di diversificare nelle TLC (rafforzare la propria attività nel mercato dell'energia elettrica/attivarsi per acquistare il gas sul mercato libero/aggiungersi con la Romagna)?
 2. Chi ne è stato il promotore?
 3. Quando Lei ne è venuto a conoscenza? Da chi? E in che modo?
E' venuto a conoscenza dell'idea di diversificare nelle TLC (rafforzare la propria attività nel mercato dell'energia elettrica/ attivarsi per acquistare il gas sul mercato libero/aggiungersi con la Romagna) o già di costituire un'alleanza (una fusione nel caso di Hera)?
 4. Che Lei sappia ne erano già stati informati altri? Chi? Quali posizioni avevano assunto? Perché? Quali vantaggi/svantaggi ravvisavano in questa operazione?
 5. Come Lei ha accolto questa idea? Perché? Quali vantaggi/svantaggi ravvisava in questa scelta?
 6. La Sua posizione si è modificata da quando è venuto a conoscenza dell'"idea" di allearsi/fondersi a quando l'idea si è concretizzata? Come? Quando? Perché?
 7. A quanto Lei ricordi come sono entrati in gioco i soci?
 8. Quale posizione hanno assunto? Perché?
 9. Tutti i soci hanno assunto la stessa posizione? Qualcuno ha caldeggiato in misura maggiore l'operazione? Qualcun altro ha avanzato perplessità? A che proposito?
 10. Che cosa è stato ritenuto imprescindibile nella realizzazione del progetto? Erano tutti d'accordo su questi punti? Chi non lo era? Perché?
 11. A quanto Lei ricordi ci sono stati soci il cui entusiasmo nei confronti del progetto si è raffreddato? Similmente, ci sono stati soci che hanno superato eventuali perplessità iniziali?
 12. Che Lei sappia hanno partecipato anche altri *stakeholder* (es. organizzazioni sindacali, associazioni industriali, clienti, fornitori, associazioni di consumatori etc)? Come? Quando?
 13. Quale posizione hanno assunto? Perché?
 14. La posizione è cambiata nel corso del processo decisionale? Quando? Perché?
 15. Che cosa hanno ritenuto imprescindibile nella realizzazione del progetto? Erano tutti d'accordo su questi punti? Chi non lo era? Perché?
 16. Si è mai trovato a dover interagire con gli altri *stakeholder* su questo aspetto? Con chi? Come? Come si è sviluppato il dialogo?
 17. In che modo il progetto ha contribuito alla crescita del territorio? Quali vantaggi ne ha tratto il territorio?
 18. Sono state prese in considerazione soluzioni alternative all'alleanza (fusione nel caso di Hera)? Da chi sono state proposte? Questi ultimi hanno cambiato idea nel corso del processo? Quando? Perché? Se non sono state prese in considerazione altre soluzioni, perché? Perché l'alleanza (fusione nel caso di Hera) è apparsa come l'unica soluzione possibile?
 19. Il contesto legislativo, sociale, politico, economico del momento ha influito sul processo decisionale? Come? Quando? Quando l'influenza si è fatta maggiore?
 20. La strategia di Seabo ha influito sul processo decisionale? In che modo? Come si inserisce nel quadro delineato l'obiettivo della quotazione?
 21. A suo avviso la decisione finale di costituire l'alleanza ha soddisfatto tutti i paletti posti? Se no, quali?
-

		RQs - 1 level	RQs - 2 level	RQs - 3 level	
W	STRUCTURAL COMPONENTS: DECISION-MAKING ARENA	FF	1.2 What are the features of the stakeholder systems?	SS	
			FIRM-RELATED FACTORS	<p>1.2.1 Who are the stakeholders of the firm? What are the interests towards the firm?</p> <p>1.2.2 What is the nature of the relationships among stakeholders?</p> <p>1.2.3 What stakeholders do count?</p> <p>1.2.4 What are the features of the corporate strategy of Seabo?</p> <p>1.2.5 What are the features of the policy of alliances of Seabo?</p>	<p>STK INT</p> <p>CRB</p> <p>RWD</p> <p>TRT</p> <p>FF-STK-REL-STK</p>
		IF	1.3 What are the features of the claim-makers system?	CS	
	ISSUE-RELATED FACTORS		<p>1.3.1 What are the reasons at play?</p> <p>1.3.2 What are the coalitions of claim-makers promoting each claim?</p> <p>1.3.3 What coalition of claim-makers do count? Who are the claim-makers involved in each coalition? Are they stakeholder too?</p> <p>1.3.4 Which claim-makers are contemporary involved in other decision-making arenas?</p> <p>1.3.5 Which claim-makers were involved in previous negotiations?</p>	<p>CL</p> <p>CLK</p> <p>Why</p>	<p>1.3.1.1 What are the claims at play in the decisions to form an alliance by firm?</p> <p>1.3.1.2 Who are the claim-makers supporting each claim?</p> <p>1.3.1.3 What are the arguments behind the claim supported by each claim-maker?</p> <p>CS-CL</p> <p>CS-CLK-CL</p> <p>CS-why-CLK-CL</p>

		RQs - 1 level	RQs - 2 level	RQs - 3 level
H	DVP	2.1 How do claim-makers' coalitions develop?		
DYNAMIC-COMPONENTS: DEVELOPMENTS OF DECISION-MAKING PROCESS			<p>2.1.1 How does each claim develop? Do new claim arise? Do extant claims disappear?</p> <p>2.1.2 How does each coalition of claim-makers develop? Do new coalitions arise? Do existent coalitions disappear? Do composition of each coalition change? How?</p> <p>2.1.3. How do the interactions among coalitions of claim-makers develop in the other arena where claim-makers are involved?</p> <p>2.1.4 How did the interactions among coalitions of claim-makers develop in previously negotiations?</p>	
		2.2 How do firm-related factors develop?	FD	
		2.3 How do context-related factors develop?	CD	
W	IPL	3.1. Why do claim-makers' coalitions develop in such a way?		
INTERPLAY BETWEEN STRUCTURAL AND DYNAMIC COMPONENTS			<p>3.1.1 How do context-related factors interact with the claim-makers and their interaction process?</p> <p>3.1.2 How do firm-related factors interact with claim-makers' position and their interaction process</p> <p>3.1.3. How do context-related factors, firm-related factors and issue-related factors interact?</p> <p>3.1.4 How do the interactions among coalitions of claim-makers in other arenas interact with their development within the arena considered?</p> <p>3.1.5 How do the interactions among coalitions of claim-makers in past arenas interact with their development within the arena considered?</p>	
D	FD	4.1 How do claim-makers perceive the final decision to form an alliance?		

Exhibit 4.10. Data coding system.

			Codes	Questions
DECISION-MAKING ARENA				1
CONTEXT-RELATED FACTORS				1.1
NORMATIVE FRAMEWORK				1.1.1
W	CF	NRM: supranational level	W-CF-NRM-EU	1.1.1.1
W	CF	NRM: national level	W-CF-NRM-NAT	1.1.1.2
W	CF	NRM: regional level	W-CF-NRM-REG	1.1.1.3
W	CF	NRM: local level	W-CF-NRM-LOC	1.1.1.4
ECONOMIC FRAMEWORK				1.1.2
W	CF	ECO: supranational level	W-CF-ECO-EU	1.1.2.1
W	CF	ECO: national level	W-CF-ECO-NAT	1.1.2.2
W	CF	ECO: regional level	W-CF-ECO-REG	1.1.2.3
W	CF	ECO: local level	W-CF-ECO-LOC	1.1.2.4
SOCIO-CULTURAL FRAMEWORK				1.1.3
W	CF	SCT: supranational level	W-CF-SCT-EU	1.1.3.1
W	CF	SCT: national level	W-CF-SCT-NAT	1.1.3.2
W	CF	SCT: regional level	W-CF-SCT-REG	1.1.3.3
W	CF	SCT: local level	W-CF-SCT-LOC	1.1.3.4
FIRM-RELATED FACTORS				1.2
STAKEHOLDER IDENTIFICATION				1.2.1
W	FF	SS: stakeholders identification and interests	W-FF-SS-STK-INT	1.2.1.1
W	FF	SS: stakeholders identification and contributes	W-FF-SS-STK-CRB	1.2.1.2
W	FF	SS: stakeholders identification and rewards	W-FF-SS-STK-RWD	1.2.1.3
STAKEHOLDERS' RELATIONSHIPS				1.2.2
W	FF	SS: relationships among stakeholders (and with Seabo management)	W-FF-SS-STK-REL()-STK	1.2.2.1
CORPORATE STRATEGY				1.2.4
W	FF	CS: corporate strategy	W-FF-CS	1.2.4.1
POLICY OF ALLIANCE				1.2.5
W	FF	PA: policy of alliance	W-FF-PA	1.2.5.1
ISSUE-RELATED FACTORS				1.3
CLAIM-MAKERS SYSTEM				1.3
W	IF	CS: claims at play	W-IF-CS-CL	1.3.1.1
W	IF	CS: claim-makers supporting each claim	W-IF-CS-CLK	1.3.1.2
W	IF	CS: arguments behind the sides claim-makers take	W-IF-CLS-CLK-Why	1.3.1.3
DEVELOPMENT PROCESS				2
DEVELOPMENT				
COALITION DEVELOPMENT				2.1
H	DVP	CD: claim development	H-DVP-CD-CL	2.1.1
H	DVP	CD: coalition of claim-makers development	H-DVP-CD-CCL	2.1.2
H	DVP	CD: interaction with the negotiation in other arenas	H-DVP-CD-OTH	2.1.3
H	DVP	CD: interaction with previous negotiation	H-DVP-CD-PAST	2.1.4
FIRM-RELATED FACTORS DEVELOPMENT				2.2
H	DVP	FD: firm-related factors development	H-DVP-FD	2.2.1
CONTEXT-RELATED FACTOS DEVELOPMENT				2.3
H	DVP	ID: context-related factors development	H-DVP-CD	2.3.1
INTERPLAY BETWEEN DECISION-MAKING ARENA AND THE DEVELOPMENT OF CCLK				3
W	IPL	IPL: interplay among different level of decision-making process	W-IPL	3.1
FINAL DECISION				4

Exhibit 4.11. First level codes: data collection.

CF	Context-related factors	External forces that can affect (or be affected by) the side that claim-makers take towards the issues at hand and their interaction process
CF-(EU,NAT,REG, LOC)-NRM	Context-related factors about the normative framework at supranational, national, regional and local level	External forces based on a political stance. They can translate into policies, norms, laws etc. They are characterized by a high degree of coercive power
CF-(EU,NAT,REG, LOC)-ECO	Context-related factors about the economic framework at supranational, national, regional and local level	External forces based on industry dynamics or stock market dynamics. They can be represented by phenomena of industry consolidation or the enthusiasm by stock market for the utilities' shares. They are characterized by autonomous assessment of cost-effectiveness by each actors
CF-(EU,NAT,REG, LOC)-SCT	Context-related factors about the socio-cultural factors at supranational, national, regional and local level	External forces based on shared values. They can translate into a network of social relationships and into a common culture in which single actors are embedded. They are characterized by personal support of single actors
FF	Firm-related factors	Features of the firm, i.e., stakeholder system, corporate strategy, alliance policy
STK	Stakeholder	Individuals and groups with a stake into the viability of the firm in the long term. They are depending on the firm in order to satisfy their personal interests and the firm is depending on them for its existence. They participate in the firm bringing contributions and expected rewards in exchange, in order to satisfy their interests
INT	Interests	Personal needs and wants that move stakeholders into action. Stakeholders aim at satisfying such interests through firm's activity
CRB	Contributions	Resources that stakeholders bring to the firm in such a way to participate in its activity and contribute to its viability in the long term. They can take the form of money, goods, information, status, power, prestige etc.
RWD	Rewards	Resources that stakeholders expect from their participation to the activity of the firm. Such resources are necessary to stakeholders to satisfy their personal interests. They can take the form of monetary-rewards (i.e., wages, dividends, interest etc.) or non monetary rewards (i.e., satisfaction of social needs)
STK-REL-STK	Relationships among stakeholders	Collaborative or adversarial relationships based on different degrees of trust and governance mechanisms
GS	Corporate strategy	Main strategic goals of the firm
PA	Policy of alliance	Attitude of the firm towards the setting up of alliance
IF	Issue-related factors	Factors strictly related to the issue addressed, i.e., coalitions of claim-makers and reasons behind each claim
CL	Claim	A demand for something due or believed to be due
CLK	Claim-maker	Individuals or groups that join the decision-making arena as affected in their interests by the issue at hand. They bring a specific claim towards the issue at hand. Such claim is an enacted interest
Why	Arguments	Reasons that claim-makers bring to support their claim; as well as, goals that claim-makers expect to be achieved through such a claim

Exhibit 4.12. Second level codes: categories of concepts.

CF		External forces that can affect (or be affected by) the side that claim-makers take towards the issues at hand and their interaction process
CF-(EU,NAT,REG, LOC)-NRM-LIB	Liberalization tendency	Normative tendency towards the introduction of competition in local utilities industry
CF-(EU,NAT,REG, LOC)-NRM-PRV	Privatisation tendency	Normative tendency towards the privatisation of local utilities
CF-(EU,NAT,REG, LOC)-ECO-IND	Industry-dynamics	Economic dynamics towards the industry consolidation
CF-(EU,NAT,REG, LOC)-ECO-STM	Stock market-dynamics	Financial dynamics towards the listing of utilities on the Stock Exchange
CF-(EU,NAT,REG, LOC)-SCT-SOC	Socialist values	Values based on appreciation of state activity, even in opposition with private activity
CF-(EU,NAT,REG, LOC)-SCT-CRP	Corporative culture	Cultural attitude based on the tentative to join forces in order to face common threats
CF-(EU,NAT,REG, LOC)-SCT-POLSHF	Political shift: from left-wing Mayor to right-wing Mayor	Political, cultural and social shock following the shift from left-wing parties to right-wing parties
CF-(EU,NAT,REG, LOC)-SCT-NOPTG	No party patronage	Attitude to appoint managers for publicly-owned enterprises and not politicians
FF		Features of the firm, i.e., stakeholder system, corporate strategy, alliance policy
STK-LG	Local government	Actors interested that publicly-owned enterprises satisfy citizens' needs, by providing local community with a good level of services both in quality and quantity. In this perspective, publicly-owned enterprises are instruments through which Municipalities can gain part of the consensus necessary to legitimise themselves in front of their communities
STK-MJRSHR	Majority shareholder	Actors interested to finance parts of their activities, usually loss-making public services, by making dividends from the publicly-owned enterprises' activity
STK-MINSHR	Minority shareholder	
STK-TU	Trade Unions	Actors serving employees' interests. They are interested that publicly-owned enterprises satisfy employees' needs, by granting steady levels of employment and good labour conditions. In this perspective, publicly-owned enterprises are an instrument through which Trade Unions can earn the consensus necessary to their own survival
STK-CL	Client	Actors interested that publicly-owned enterprises satisfy their consumption needs, by providing them with good level of services, both under the qualitative and quantitative dimension
STK-SUP	Supplier	Actors interested that publicly-owned enterprises satisfy their productive capacity, by buying the resources they need by them
STK-MNG	Management	Actors interested that publicly-owned enterprises develop their activity in such a way to increase its viability, thus supporting the development of local community too
STK-PRT	Partner	Actors interested to gain new opportunities of development from other partners and their network of social relationship.
INT-ECO	Economic interest	Individual interests, by satisfying thorough an exchange relationship

INT-SOC	Social interest	Interests benefiting the whole community
INT-POL	Political interest	Interests of specific constituencies within the whole community
STK-REL(1,2,3,4,5)-STK	Relationships among stakeholders	(1) Conflict-based relationship (2) Relationships based on systematic contrasts and minimum level of trust (3) Relationships based on low level of trust and strong forms of control (4) Relationships based on high level of trust and weak forms of control (5) Collaborative relationships
IF		Factors strictly related with the issue addressed, i.e., coalitions of claim-makers and reasons behind each claim
CCLK	Coalitions of claim-makers	Groups of claim-makers supporting the same claim. They are identified by the claim they try to promote; they are made up by all the actors sharing visions of the issue at hand and they are committed to act for that claim
GL	Goal	Objective that claim-makers envisage to satisfy through the claim they promote
RSN	Reasons	Driving forces behind the claim-makers' position towards the issue at hand. They are related to the claim-makers' interests affected by the issue at hand
RSN-ECO	Economic reasons	Achieving competitive advantage or increasing efficiency
RSN-LGS	Legitimacy reasons	Gaining legitimacy through isomorphic behaviours or the adoption of fashionable practices
RSN-POL	Political reasons	Ensuring the existing power niches and interests equilibrium
RSN-SOC	Social reasons	Defending relationships with the local community and pursuing public interest
DV P		Conflict, competition, cooperation, exchange or negotiation aimed at establishing or maintaining boundaries between coalitions of claim-makers and at gaining social legitimacy for one's claim
INT-CNF	Interaction based on conflict	Power struggles among claim-makers at hand; in the end the most powerful actors prevail
INT-NEG(WHT)	Interaction based on negotiation within the decision-making arena	Conversational interaction among claim-makers: through their talks claim-makers try to reach a shared understanding of the issue at hand. In the end a negotiated order is reached: it is not the best solution for everyone, it is the solution with which everyone thinks it is possible to live, at least in the short time
INT-NEG(OP)	Interaction based on negotiation on the operational arrangements for the implementation of the decision	Conversational interaction among claim-makers about the operational arrangements for the implementation of the decision. All the claim-makers support the same claim, they join the same coalition: it is a negotiation among subgroups within the same coalition
INT-NEG(OTH)	Interaction based on negotiation in other arenas	Conversational interaction among claim-makers joining simultaneously more than one arena
INT-NEG(PST)	Interaction based on past negotiation in the same arenas	Conversational interaction among claim-makers who joined the same arena in the past

Exhibit 4.13. Third level codes: relationships among concepts.

IPL		
CF-IPL-FF	$CF = K + \beta_1 FF + \varepsilon$ $FF = K + \alpha_1 CF + \varepsilon$	Context-related factors and firm-related factors are interdependent: i.e., contextual forces are able to influence the stakeholder system, the corporate strategy and the alliance policy of the firm on one side, and firm-related factors are able to modify the features of the normative, economic and socio-cultural framework on the other side.
CF-IPL-IF	$CF = K + \gamma_1 IF + \varepsilon$ $IF = K + \alpha_2 CF + \varepsilon$	Context-related factors and issue-related factors are interdependent: i.e., contextual forces are able to influence the coalitions' formation and the interaction among them on one side, and issue-related factors are able to modify the features of the normative, economic and socio-cultural framework on the other side.
FF-IPL-IF	$FF = K + \gamma_2 IF + \varepsilon$ $IF = K + \beta_2 FF + \varepsilon$	Firm-related factors and issue-related factors are interdependent: i.e., firm-related factors are able to influence the coalitions' formation and the interaction among them on one side, and issue-related factors are able to modify the features of the stakeholder system, the corporate strategy and the alliance policy of the firm on the other side.
CF-IPL-FF-IPL-IF	$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 FF$ $\gamma_1 IF + \varepsilon$ $FF = K + \alpha_1 CF + \gamma_2 IF +$ $\alpha_1 CF \gamma_2 IF + \varepsilon$ $IF = K + \alpha_2 CF + \beta_2 FF +$ $\alpha_2 CF \beta_2 FF + \varepsilon$	Context-related factors, firm-related factors and issue-related factors are interdependent; some jointly effects develop and influence the interaction among the elements of the decision-making process.
FD		
FD	$Y = K + \alpha CF + \beta FF + \gamma IF +$ $\alpha CF \beta FF + \beta FF \gamma IF + \alpha CF \gamma IF$ $+ \alpha CF \beta FF \gamma IF + \varepsilon$	The decision to form an alliance is the result of the interaction among contextual forces, the stakeholder system of the firm, the corporate strategy of the firm, its predisposition to set up alliances and the development of coalitions of actors affected in their interests by such a decision. It is also influence by some jointly effects between context-related factors and firm-related factors, context-related factors and issue-related factors, firm-related factors and issue-related factors.

Exhibit 4.14. Document Summary Sheet.

DOCUMENT SUMMARY SHEET

Document Form: Press Review Il Resto del Carlino

Document: DPRRCN120701SB(qt)

Date received: 31-10-03

1. Write a brief summary of the story you got from this document.

La Romagna chiede a Bologna di rimandare la quotazione di qualche mese e di non procedere alla nomina del General Coordinator durante l'Assemblea dei soci del 12luglio01, in vista di una più ampia aggregazione. Galletti sottolinea la volontà del Comune di Bologna di continuare sulla strada dell'aggregazione, ma ribadisce altresì che procederà alla nomina del General Coordinator. Serve però una maggioranza qualificata dell'80% dei voti. Tutto dipende dalle alleanze tra i soci. (DPRRCN120701SB(qt))

2. Summarize the information you got on each of the target questions of your working model.

Questions		Quotations
110701SB(qt)	CF	Rinvio, una scelta che però si scontra con l'invito a "far presto "avanzato da Adn Ambro. (DPRRCN120701SB(qt))
	STKMngAld-REL-STKMus	Il Presidente di Seabo giudica positivamente le dichiarazioni dei romagnoli, però sta alla proprietà prendere le decisioni. (DPRRCN120701SB(qt))
	Why-CLKMuRmg-CL(time)	I sindaci della Romagna ribadiscono la loro ferma volontà ad andare avanti nel progetto di integrazione con Seabo. Ma chiedono tre o quattro mesi di tempo per definire il piano industriale e qualificare le risorse necessarie per lo sviluppo. (DPRRCN120701SB(qt))
	Why-CLKMuRmg-CL(noGenCrd)	All'ordine del Giorno c'è la nomina del General Coordinator: i sindaci romagnoli chiedono che la nomina sia sospesa in vista dell'integrazione con la Romagna. (DPRRCN120701SB(qt))
110701HE	Why-CLKMuBo-CL(He)	Galletti: "Ribadiamo la nostra volontà ad arrivare a una integrazione con i Romagnoli, operazione che riteniamo strategica per Seabo. Siamo pronti a mettere in piedi ogni iniziativa per raggiungere questo obiettivo. (DPRRCN120701SB(qt))
110701SB(qt)	Why-CLKMuBo-CL(notime)	Galletti: "Ribadiamo la nostra volontà ad arrivare a una integrazione con i Romagnoli, operazione che riteniamo strategica per Seabo. Siamo pronti a mettere in piedi ogni iniziativa per raggiungere questo obiettivo. Non crediamo invece che la nomina del General Coordinator costituisca un atto ostile nei confronti delle aziende della Romagna: anzi è un ulteriore passo verso l'aggregazione. (DPRRCN120701SB(qt))
110701SB(qt)	Why-CLKMuBO-CL(GenCrd)	Galletti: "Ribadiamo la nostra volontà ad arrivare a una integrazione con i Romagnoli, operazione che riteniamo strategica per Seabo. Siamo pronti a mettere in piedi ogni iniziativa per raggiungere questo obiettivo. Non crediamo invece che la nomina del General Coordinator costituisca un atto ostile nei confronti delle aziende della Romagna: anzi è un ulteriore passo verso l'aggregazione. (DPRRCN120701SB(qt))

3. What did you learn from this document?

Tutti gli attori sinora in gioco (Comune di Bologna, Comuni della Romagna e Management di Seabo) supportano l'aggregazione e si dichiarano disposti a perseguirla. Mentre però i sindaci della Romagna legano l'operazione di aggregazione a quella della quotazione (i.e., ci alleiamo e andiamo in Borsa insieme), il Comune di Bologna intende mantenere distinte le due arene (i.e., in modo da non subire rallentamenti nel processo di quotazione).

La relazione tra il Management di Seabo e i soci si basa sul rispetto dei rispettivi ruoli, o almeno questo è quello che emerge dalle dichiarazioni delle parti.

4. What new (or remaining) target questions do you have in considering the next contact with this site?

Cosa succede nell'Assemblea dei soci del 12 luglio 01?

Quale è il legame tra l'operazione di quotazione e quella di aggregazione?

Exhibit 4.15. Chronological list of actions.

DOCUMENT SUMMARY SHEET			
Document Form: Press Review Il Resto del Carlino		Date received: 31-10-03	
Document: DPRRCB300100SB(pr)			
1. Write a brief summary of the story you got from this document.			
A sei mesi dall'inizio del suo mandato, Guazzaloca sottolinea come in privatizzazione della società partecipata uno degli obiettivi più importanti della sua Amministrazione. In questo modo, il sindaco, da un lato, chiarisce la posizione della sua Amministrazione, dall'altro, ne rinuncia i conflitti d'azione. (DPRRCB301000SB(pr))			
2. Summarize the information you got on each of the target questions of your working model.			
Questions	CF	Quotations	
300100SB(pr)	CF	La privatizzazione della società partecipata è uno degli obiettivi più importanti di questa Amministrazione" (DPRRCB300100SB(pr))	
	CLXMuBo-CL(pr)	La privatizzazione della società partecipata è uno degli obiettivi più importanti di questa Amministrazione" (DPRRCB300100SB(pr))	
300100CW	CLXMuBo-CL(Tic)	Aggiunge Guazzaloca: "L'obiettivo primario della società, in vista di un'apertura del mercato alla concorrenza, è accelerare un processo di valorizzazione della propria capacità. E parla di "nuovi mercati da esplorare, ad esempio nelle telecomunicazioni con un piano di investimento di circa mille miliardi in cinque anni". (DPRRCB300100SB(pr))	

Chronological list of actions - CasaWeb (Jan/03-Oct/03)				visita di processo di
Action	Quotation (exemplar)	Car		di
1 Press Conference by the Mayor of Bologna 30/01/03 During the traditional four-monthly press conference, the Mayor of Bologna promotes the diversification of Senbo actively into Tic industry	"La privatizzazione della società partecipata è uno degli obiettivi più importanti di questa Amministrazione" (DPRRCB300100SB(pr)).	Sb(pr) CF		primo costrin
2	Aggiunge Guazzaloca: "L'obiettivo primario della società, in vista di un'apertura del mercato alla concorrenza, è accelerare un processo di valorizzazione della propria capacità. E parla di "nuovi mercati da esplorare, ad esempio nelle telecomunicazioni con un piano di investimento di circa mille miliardi in cinque anni". (DPRRCB300100SB(pr))	CW CLXMuBo-CL(Tic)		sa
3	Mentre il disegno di legge sulla riforma dei servizi pubblici locali continua ad essere sotto il tiro incrociato dei franchi tiratori, alcuni visibili, altri occulti, il mercato sembra disinteressarsi della legge politica. I titoli delle aziende quotate in Borsa continuano a faticare. (DPRRC24210200SD(pr))	CW CLXMuBo-CL(Tic)		in della
4		SD(pr) CF		
5 25/03/03 After the definitive approval of "Documento di Indirizzo" by Shareholders Meeting, the leader of leading parties writes a press release: he promotes diversification of Senbo into Tic industry, even through partnerships with private enterprises	Legge sul governo che alcune proposte si stanno attivando ed è augurabile che siano presto attivati anche altri progetti, come l'affidamento a Senbo della gestione della rete fognaria, eventualmente in partnership con soggetti privati. (DPRRC25250300SD)	CW CLXMuBo-CL(Tic)		
6 Senbo considers the possibility to diversify its activity into Tic industry Board of Directors thinks it is a great opportunity to develop the activity of the company	In linea con i processi di globalizzazione e liberalizzazione che attorniano, a cascata, coinvolgono diversi settori dei servizi pubblici nazionali, Senbo Spa si propone sul mercato della multiutilities, con una nuova strategia mirata alla definizione di elementi tra competitor o partnership. (...) La costituzione della società CasaWeb si è resa necessaria per ottemperare agli obblighi previsti dalla legge n. 248/1997 in materia di telecomunicazioni. (DSRATS0090602CW)	CW CF		
7 Senbo Chairman exchanges views with Partners of Senbo in Area about what course of action choosing to diversify activity in Tic industry: idea to form an alliance develops	Più precisamente il CdA di Senbo Spa, attraverso la formula innovativa della società di scopo, ha individuato nel settore delle telecomunicazioni nuove possibilità di crescita e di sviluppo imprenditoriale, e ha deliberato la costituzione di una infrastruttura telematica in ambito locale attraverso la costituzione di una società per azioni. (DSRATS0090602CW)	CW CLXMuBo-CL(Tic) Why-CLXMuBo-CL(Tic)		
8	Il Akrovinvi trova che l'idea di CasaWeb è interessante su cui è attiva l'investita Mulicompul di Bologna nel mercato italiano. Trovare un ricco di prospettive (DPRRCB24500CW)	CW CF		
9	"Questo progetto fu abbandonato in favore della scorporazione... però era rimasto nel DNA e rimane, riciamo, il momento per ora del denaro (inca) perché il vero problema del progetto Optubi era di trovare i soldi e veniva l'idea di riprendere il vecchio progetto Optubi, di immaginare se trovassero sul mercato i soldi per finanziare questa colossale infrastrutturazione. Quindi, diciamo, sono state riprese tutte le specificità positive del progetto Optubi: la capacità, il rapporto la clientela che noi abbiamo la capacità di..." (AUG0061000CW)	CW CF		
10	"Dalle municipalizzate che hanno costituito una società, gli allora 50 a 50 quindi con parità tra Bologna e la Romagna. Quindi con una ottica di condivisione, di partnership, non con una ottica di leadership; il concetto del primus inter pares". (AUG0061000CW)	CW CF		
11	L'alternativa è stata l'unica soluzione. Si trattava di un settore in cui noi non avevamo delle nostre presenze; l'alternativa è stata vista come l'unica maniera di entrare nel settore. (AUG0061000CW)	CW CF		
12	In realtà questo lo vedevamo anche in CdA; Akrovinvi aveva cercato di aprire un discorso a tutto campo (gli allora con la rete municipalizzate della Romagna. Questo delle telecomunicazioni è stato uno dei primi temi. Era chiaro a tutti che nessuno di solo poteva fare una cosa del genere non era il core business di nessuno e, quindi, era opportuno vedere se fra questo tipo di operazioni. Questo tipo di ragionamento si fa in pratica in quelle che ha detto l'inizio, cioè nella fase di grande cultura rispetto al tema telecomunicazioni. E ora, l'idea quale è? Senbo si fa carico di un percorso di aggregazione fra le società della Romagna di fatto a proporre, va alla ricerca, di un partner privato. (DPRRCB24500CW)	CW Why-CLXMuBo-CL(Tic)		
13 Meeting between Senbo Chairman and partners Area				
14 Meeting between Senbo Chairman and Shareholders				
15 Senbo Chairman proposes the project CasaWeb to Shareholders	Il progetto (tecnico economico) sviluppato da Senbo e altre aziende della Romagna, che sarà anche utilizzato per realizzare un partner tra gli operatori regionali del settore. (DPRRCB230500CW)	CW CF		
16	CasaWeb, anche se ha un padre indiscusso nell'ing. Akrovinvi, è il frutto di un'operazione corale che ha coinvolto tutti in città, afferma Guazzaloca (DPRRCB111000CW)	CW CLXMuBo-CL(Tic)		
17	"Il nostro obiettivo, precisa Akrovinvi, non è la quotazione a Piazza Affari. Nella grande corsa in questo settore c'è chi vuole vendersi al meglio e chi vuole vincere. Noi abbiamo deciso che vogliamo vincere ed essere il seme da cui potrà germogliare il grande albero di forte novità che saranno rese possibili sul nostro territorio dalle fibre ottiche. L'Emilia Romagna ha già dato nel campo delle imprese, l'area prova di intelligenza e fantasia, noi vogliamo andare in questa nuova area". (DPRRCB24500CW)	CW Why-CLXMuBo-CL(Tic)		

Research method: multiple, retrospective, longitudinal case-study

Exhibit 4. 16. Classifying, building categories of concepts and identifying turning points: context-related factors.

Context-related factors: classifying and building categories of concepts (Casa, Web, Jan100-Oct00)

CFI-ACTION	PHRASE	VIDEOS	COD	WE	NAT	REG	LDC	HRM	ECO	SCT	CAT	COD3-	NOTE
0	Press conference 2 by the Mayor of Bologna	Protezione ss politica tendenza by the Mayor di Bologna: estimazione della	CF-POLITDC- MUEO-PRV	X								CF-LOC- HRM-PRV	
0	Se abbo, come tutte le aziende di servizio pubblico locale, è interessata da un forte processo di frammentazione (Uff)	Trend in competitive environment; enhanced dynamism and expectation for tender competition (by Uff)	CF-ECOTRD- DYH									CF-PRC- ECO-CMP	
0	In primo luogo un percorso di liberalizzazione dei settori a oltre attività cui è interessata Seabo, (Uff)	Trend in legislative environment towards liberalization (by Uff)	CF-LOGSTRD- LIB									CF-PRC- LOGS-LIB	
0	Il decreto 222 ha stabilito l'obbligo della separazione socialista	Liberalization in gas industry, Legislative Decree	CF-LDCGAS	X								CF-NAT- NRM-LIB	
0	Esiste inoltre una proposta di legge approvata dal Senato	Introducing liberalization in public utilities industry: start bill debated in Italian Parliament	CF-AS4014	X								CF-NAT- NRM-LIB	
0	In applicazione della legge Galli e del Ronchi, la Regione Emilia Romagna ha dichiarato...	Liberalization in water and waste management industry: Legislative Decree	CF-LWTR	X								CF-NAT- NRM-LIB	
0	La Regione Emilia Romagna ha sviluppato le nuove regole della gestione del ciclo integrato delle acque e del rifiuto	Liberalization in water and waste management industry: Regional laws	CF-LREC-WAT	X								CF-REG- NRM-LIB	
4	Il nuovo contratto di lavoro della Seabo è stato approvato dal Consiglio di Amministrazione	Approval of the Seabo contract: decision and implementation	CF-CONTR- LIB	X								CF-CONTR- LIB	
4	I titoli delle aziende quotate in Borsa continuano a scendere	Supreme of Stock Market: record share price for the stocks of the public utilities	CF-GOODSM	X								CF-NAT- ECO-STM	
0	In linea con i processi di globalizzazione e liberalizzazione che a cascata coinvolgono diversi settori dei servizi pubblici (SP)	Trend in competitive environment: enhanced dynamism and expectation for tender competition (by SP)	CF-ECOTRD- CW									CF-PRC- ECO-CMP	
0	La costituzione della società Casa-Web è la terza necessaria per ottimizzare gli outputs previsti dalla legge n. 249/1997 in materia di telecomunicazioni	Liberalization in telecommunication industry: national law	CF-NATLTC	X								CF-NAT- NRM-LIB	
Meeting between Seabo Chairman and its partners of Area	L'area composta da Casa, Web e la stessa su cui è stata firmata la costituzione di Seabo è stata inventata ma ricco di prospettive e di opportunità	Seabo and Romagna relationship: top of a meeting of a joint university	CF-BOARNG-JOINTUNI									CF-LOC- SCT-CRP	

Context-related factors: identifying the turning points (Casa, Web, Jan00-Oct00)

CFI-ACTION	PHRASE	VIDEOS	COD	WE	NAT	REG	LDC	HRM	ECO	SCT	CAT	COD3-	NOTE
0	Press conference by Mayor of Bologna	Protezione ss politica tendenza by the Mayor di Bologna: estimazione della	CF-POLITDC- MUEO-PRV	X								CF-LOC- HRM-PRV	
0	Se abbo, come tutte le aziende di servizio pubblico locale, è interessata da un forte processo di frammentazione (Uff)	Trend in competitive environment; enhanced dynamism and expectation for tender competition (by Uff)	CF-ECOTRD- DYH									CF-PRC- ECO-CMP	
0	In primo luogo un percorso di liberalizzazione dei settori a oltre attività cui è interessata Seabo, (Uff)	Trend in legislative environment towards liberalization (by Uff)	CF-LOGSTRD- LIB									CF-PRC- LOGS-LIB	
0	Il decreto 222 ha stabilito l'obbligo della separazione socialista	Liberalization in gas industry, Legislative Decree	CF-LDCGAS	X								CF-NAT- NRM-LIB	
0	Esiste inoltre una proposta di legge approvata dal Senato	Introducing liberalization in public utilities industry: start bill debated in Italian Parliament	CF-AS4014	X								CF-NAT- NRM-LIB	
0	In applicazione della legge Galli e del Ronchi, la Regione Emilia Romagna ha dichiarato...	Liberalization in water and waste management industry: Legislative Decree	CF-LWTR	X								CF-NAT- NRM-LIB	
0	La Regione Emilia Romagna ha sviluppato le nuove regole della gestione del ciclo integrato delle acque e del rifiuto	Liberalization in water and waste management industry: Regional laws	CF-LREC-WAT	X								CF-REG- NRM-LIB	
4	Il nuovo contratto di lavoro della Seabo è stato approvato dal Consiglio di Amministrazione	Approval of the Seabo contract: decision and implementation	CF-CONTR- LIB	X								CF-CONTR- LIB	
4	I titoli delle aziende quotate in Borsa continuano a scendere	Supreme of Stock Market: record share price for the stocks of the public utilities	CF-GOODSM	X								CF-NAT- ECO-STM	
0	In linea con i processi di globalizzazione e liberalizzazione che a cascata coinvolgono diversi settori dei servizi pubblici (SP)	Trend in competitive environment: enhanced dynamism and expectation for tender competition (by SP)	CF-ECOTRD- CW									CF-PRC- ECO-CMP	
0	La costituzione della società Casa-Web è la terza necessaria per ottimizzare gli outputs previsti dalla legge n. 249/1997 in materia di telecomunicazioni	Liberalization in telecommunication industry: national law	CF-NATLTC	X								CF-NAT- NRM-LIB	
Meeting between Seabo Chairman and its partners of Area	L'area composta da Casa, Web e la stessa su cui è stata firmata la costituzione di Seabo è stata inventata ma ricca di prospettive e di opportunità	Seabo and Romagna relationship: top of a meeting of a joint university	CF-BOARNG-JOINTUNI									CF-LOC- SCT-CRP	

Exhibit 4.17. Classifying and building categories of concepts: stakeholders, interests and relationships among them.

FIRM-RELATED FACTORS (Casa.Web Jan00-Oct00)

FF-ACTION	ACTORS/WORDS	COD-CRB	COD-RWD	COD-INT	LG (CTZ)	MAJUS	MINUS	TU	MNG	CLI	SUP	FIN	PRT	COD2-CATINT
Meeting among Seabo Chairman and Comitato soci	Ciz		RWD-UTZ-SERV	INT-SAT-NEED-CONS					X					INT-ECO
BBs			RWD-UTZ-SERV	INT-SAT-NEED-CONS					X					INT-ECO
BBs			RWD-REV-SUPP	INT-GAIN-MON					X					INT-ECO
MingS-Mus			RWD-DEV-LOC-SYS	INT-CSR				X						INT-SOC
MingS-Mus			RWD-DEF-EMPL-LEV	INT-SAT-EMPL-LEV				X						INT-POL

FIRM-RELATED FACTORS (Energia Italiana Jun00-Feb01)

FF-ACTION	ACTS	PHRASE	WORDS	COD	COD-CAT
Seabo invites should how to enter the power industry					
Meetings to make CE entered in Casa.Web exchange of views among Seabo Chairman and CE management about liberalization in power industry	MingS-Mus	le aziende debbono diventare sempre più imprese; gli Enti Locali uscite da un ruolo di semplice diretta o indiretta per concettuali, obiettivi della Alercia, sul campo di sviluppo, programmazione dello sviluppo, ruolo dell'ente infrastrutturale, di vigilanza e controllo dell'attività del privato, essere il garante della esperienza di società e di qualità del servizio		REL-SEP-ROLE	COLL
Chiusa-MuSo		Il sindaco di Guazzaloca, una borghetta Guazzaloca: "La sua è una dichiarazione unilaterale di un socio, seppur di maggioranza, ma è affrontata e presentata. Avrebbe dovuto presentarsi la sua proposta al presidente del sod"	Minor Shareholders arise against Municipality of Bologna.	REL-CRT	ADVCOLL
MingS-Mus		Parla il suo collega Castagna che ha un chiarimento: "Poi quello che sta lo dice Seabo non è ancora pronta per la Borsa", più data che Guazzaloca abbia alle dimissioni, ma in questo caso è pregato di porre l'attenzione sul sod"	They (investors) have rights and ask to reconstruct the debate in the appropriate field	REL-SEP-ROLE	COLL
MingS-Mus		"Tocca all'assemblea del sod capolare su privatizzazioni la strategia future, il mio compito è management have to achieve strategie fallanda e di fatto creare"	Political defines goal and management have to achieve them	REL-SEP-ROLE	COLL

Firm-related factors (Casa.Web Jan00-Jun00: concepts building (STK-INT).

ACTORS	LOG (C)	MNGSH	TU (EMP)	MNG	CLI	SUP	PRT
MuSo	SOC	SCO					
MUSL	SOC	SCO					
MUGr	SOC	SCO					
PFBu	SOC	SCO					
OihMu	SOC	SCO					
CEI				POL			
ChA				POL			
UII				POL			
MingSb					ECO-SOC		
Ciz					SCO	SCO	SCO
BBs					SCO	SCO	SCO
Cia FL							SCO
Ami IM							SCO
Area R.V							SCO
Ciz Group							SCO

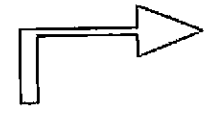
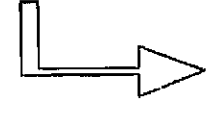
Firm-related factors (Casa.Web Jun00-Jun01: concepts building (REL).

ACTORS	MNG	CLI	SUP	PRT
MuSo	2	2	2	2
MUSL	2	2	2	2
MUGr	2	2	2	2
PFBu	2	2	2	2
OihMu	2	2	2	2
CEI	2	2	2	2
ChA	2	2	2	2
UII	2	2	2	2
MingSb	2	2	2	2
Ciz	2	2	2	2
BBs	2	2	2	2
Cia FL	2	2	2	2
Ami IM	2	2	2	2
Area R.V	2	2	2	2
Ciz Group	2	2	2	2

Exhibit 4.19. Classifying, building categories of concepts and identifying turning points: issue-related factors.

Issue-related factors (Casa.Web Jan00-Oct00)

IF-ACTION	WHY	CLK	CL	bat	SAT	PHRASE	WORDS	COD	OL	RSN	EFF	CNP	IPH	FH	COD2- CATRSN	NOTE	COD3- CATRSK	COD4- CATRSK	COD5- CATRSK	COD6- CATRSK
Press conference by the Mayor of Bologna	Why	MingAlid	all				Qualità con una carica di confidenza, di partnership, non con una carica di leadership il concetto di prima di prima in un paese	MOT-JOINT-BOARDING-PP	X							RSN- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
10 Newspaper	Why	MingAlid	all				Era un settore in cui noi non avevamo delle notizie presentate a, quindi, diciamo è stata vista come un'idea maniera di entrare nel settore.	MOT-CMPL-RES-RSK	X		X					RSN-ECC	MingAlid	STKMag5b	INT-ECC	INT-SOC
11 and 11	Why	MingAlid	all				Aldebrandi aveva cercato di aprire un discorso a tutto campo anche già allora con le altre municipalizzate della Romagna però questo delle telecomunicazioni è stato uno dei primi tentativi.	MOT-JOINT-BOARDING-PP	X							RSN- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
12	Why	MingAlid	all				Era chiaro e tutti che nessuno da solo poteva fare una cosa del genere, quindi era opportuno, non era il caso business, di nessuno e quindi che era opportuno vedere se fare questo tipo di operazione.	MOT-CMPL-RES-RSK	X		X					RSN-ECC	MingAlid	STKMag5b	INT-ECC	INT-SOC
13	Why	MingAlid	all				Non abbiamo deciso che vogliamo vincere ed essere il seme del quale potrà germogliare il grande albero di tante attività che saranno rese possibili sul nostro territorio dalle fibre ottiche.	MOT-CNR	X							GL- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
17 and 18	Why	MingAlid	all				Ma il fatto perché puntiamo al cablogramma di società ad operatori locali per la realizzazione degli impianti è per la gestione dei servizi.	MOT-CNR	X							GL- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
19	Why	Sb	all				Verifica della situazione dell'impresa nel processo di privatizzazione che non andava a buccia l'intera struttura di Scabo.	MOT-INT-STADUO	X							RSN- POL	Sb	STKMag5b	INT-ECC	INT-SOC
23	Why	MilBo	all				Una ristrutturazione moderna ed essenziale per lo sviluppo economico del territorio.	MOT-DEV-CV-INTFR	X							GL- SOC	MilBo	STKMag5b	INT-ECC	INT-SOC
25	Why	MilBo	all				si di la della quota del corrispettivo per la cessione del 49% di Casa.Web.	MOT-CNR-RVS	X							GL- ECC	MilBo	STKMag5b	INT-ECC	INT-SOC
29	Why	MilBo	all				si di la della quota del corrispettivo per la cessione del 49% di Casa.Web.	MOT-CNR-RVS	X							GL- ECC	MilBo	STKMag5b	INT-ECC	INT-SOC



Issue-related factors (Casa.Web Jan00-Oct00)

CLK	WHY	CLK	CL	bat	SAT	PHRASE	WORDS	COD	OL	RSN	EFF	CNP	IPH	FH	COD2- CATRSN	NOTE	COD3- CATRSK	COD4- CATRSK	COD5- CATRSK	COD6- CATRSK
MingAlid	Why	MingAlid	all				Qualità con una carica di confidenza, di partnership, non con una carica di leadership il concetto di prima di prima in un paese	MOT-JOINT-BOARDING-PP	X							RSN- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
Sb	Why	Sb	all				Era un settore in cui noi non avevamo delle notizie presentate a, quindi, diciamo è stata vista come un'idea maniera di entrare nel settore.	MOT-CMPL-RES-RSK	X		X					RSN-ECC	MingAlid	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				Aldebrandi aveva cercato di aprire un discorso a tutto campo anche già allora con le altre municipalizzate della Romagna però questo delle telecomunicazioni è stato uno dei primi tentativi.	MOT-JOINT-BOARDING-PP	X							RSN- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				Era chiaro e tutti che nessuno da solo poteva fare una cosa del genere, quindi era opportuno, non era il caso business, di nessuno e quindi che era opportuno vedere se fare questo tipo di operazione.	MOT-CMPL-RES-RSK	X		X					RSN-ECC	MingAlid	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				Non abbiamo deciso che vogliamo vincere ed essere il seme del quale potrà germogliare il grande albero di tante attività che saranno rese possibili sul nostro territorio dalle fibre ottiche.	MOT-CNR	X							GL- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				Ma il fatto perché puntiamo al cablogramma di società ad operatori locali per la realizzazione degli impianti è per la gestione dei servizi.	MOT-CNR	X							GL- SOC	MingAlid	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	Sb	all				Verifica della situazione dell'impresa nel processo di privatizzazione che non andava a buccia l'intera struttura di Scabo.	MOT-INT-STADUO	X							RSN- POL	Sb	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				Una ristrutturazione moderna ed essenziale per lo sviluppo economico del territorio.	MOT-DEV-CV-INTFR	X							GL- SOC	MilBo	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				si di la della quota del corrispettivo per la cessione del 49% di Casa.Web.	MOT-CNR-RVS	X							GL- ECC	MilBo	STKMag5b	INT-ECC	INT-SOC
MilBo	Why	MilBo	all				si di la della quota del corrispettivo per la cessione del 49% di Casa.Web.	MOT-CNR-RVS	X							GL- ECC	MilBo	STKMag5b	INT-ECC	INT-SOC

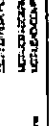
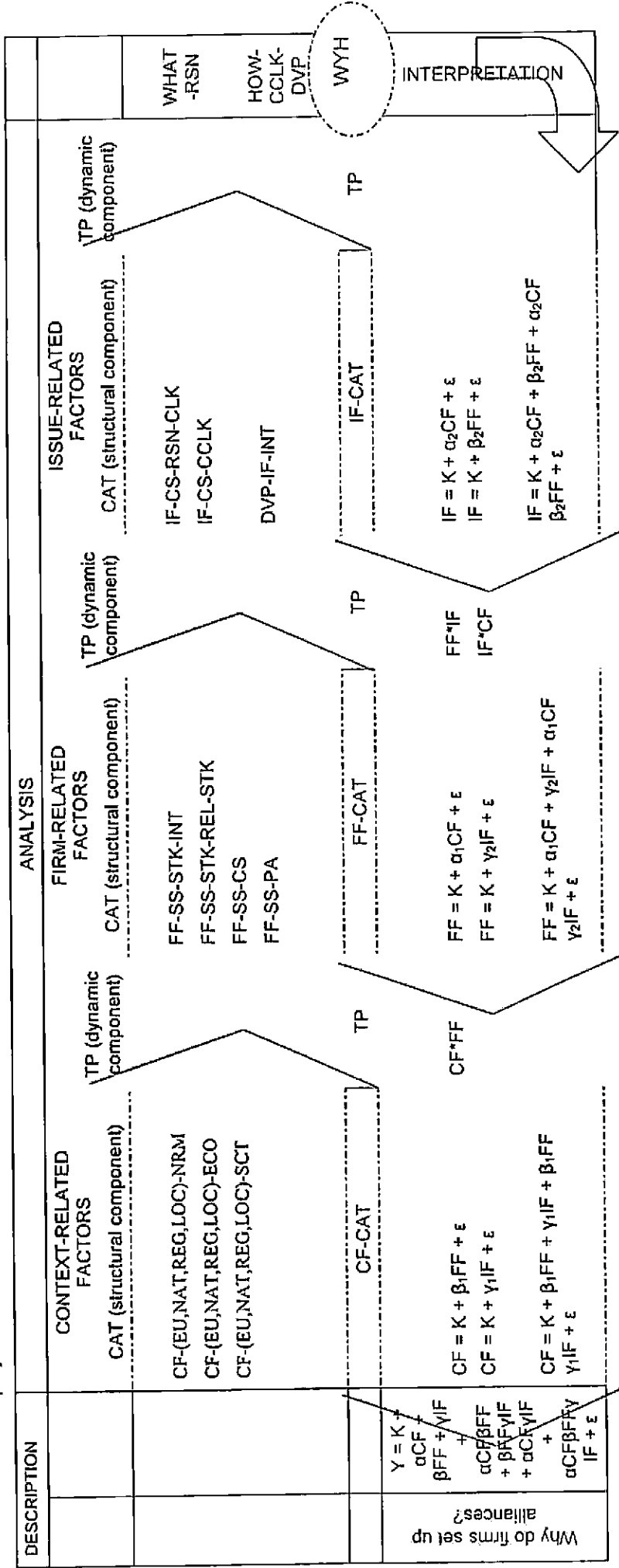


Exhibit 4.21. Interplay between the structural and dynamic components of decision-making: looking for an explanation of where strategic-decisions come from.



4.22. Cross-Case comparison.

	Claim-maker	Stakeholder	Interests
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Reasons

Interaction

$$CF = K + \beta_1 FF + \epsilon$$

$$CF = K + \gamma_1 IF + \epsilon$$

$$FF = K + \alpha_1 CF + \epsilon$$

$$FF = K + \gamma_2 IF + \epsilon$$

$$IF = K + \alpha_2 CF + \epsilon$$

$$IF = K + \beta_2 FF + \epsilon$$

$$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 \gamma_1 FFIF + \epsilon$$

$$FF = K + \alpha_1 CF + \gamma_2 IF + \alpha_1 \gamma_2 CFIF + \epsilon$$

$$IF = K + \alpha_2 CF + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$$

$$Y = K + \alpha CF + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \alpha \beta \gamma CFFFIF + \epsilon$$

5. The experience of Seabo Bologna in the end of the Nineties (1999-2003): towards listing on the Stock Exchange

Introduction. 5.1. Interests towards Seabo activity: Seabo stakeholder system. 5.2. Seabo corporate strategy. 5.3. Seabo policy of alliance. 5.4. Seabo from 1999 to 2003: towards listing on the Stock Exchange.

Introduction

Our study aims at understanding why Italian local utilities set up alliances. In particular, we aim at understanding what are the reasons behind the decisions by individual local utilities to form alliances, without any a-priori restriction. On this purpose, firstly we developed a theoretical framework based on a constructivist and process-related perspective. A conceptual and working model is also drawn. Secondly, we chose to develop a multiple, longitudinal, retrospective case-study based on such conceptual and working models. The experience of one local utility is considered for the case-study. In particular, we assumed the process through which an individual Italian local utility decided to form an alliance as unit of analysis.

In this perspective, we selected the experience of the utility of the city of Bologna: Seabo Bologna.

Seabo Bologna is the main utility of the Emilia Romagna region¹.

Emilia Romagna region is characterized by a socialist and corporative culture based on solidaristic values (Arbizzani 1970). Emilia Romagna is the Italian region where in the XIX century important "Gran Ducati" developed (...). Then it is the Region where at the beginning of the XX century the ideology of "comunismo" took its roots with major force (Berselli 1979): the idea was to reform local governments with a bottom up approach, through alliances among different constituencies. This ideology revitalized the tradition of Emilia Romagna Municipalities, by moving it beyond parochialism. It favoured the merger between the pride of local autonomy and solidaristic mechanisms among workers, based on a socialist and communist stance. Consistent with this culture, Emilia Romagna Region is traditionally a left-wing party region under the political point of view. A left-wing party Mayor has run Bologna Municipality since the end of the Second World War; about all the Municipalities of the region are run by left-wing parties as well (Arbizzani 1970).

Within this framework, Emilia Romagna local utilities developed as strongly rooted in local community; they are aware of their role, as enterprises promoter of local development. They are accustomed to orchestrate and mediate among social, political and economic interests. Local utilities know their importance and value for local community and are proud of it (Dematteis 1997). In this perspective, it is worth noting as this attitude came out during the interviews, although any specific question was asked².

¹ Others important utilities of the region are the utilities of the cities of Reggio Emilia, Parma, Modena and Piacenza in the Emilia area. For the Romagna area the utilities of the cities of Ravenna and Ferrara can be considered.

² In particular, the Chairman of Seabo spoke about local utilities as "aziende con un doppio DNA: una matrice pubblica che dà loro una precisa responsabilizzazione in termini di contributo allo sviluppo del territorio, e una matrice aziendale che obbliga a una valutazione del loro operato sulla base dei normali parametri di funzionamento delle imprese". He also referred to Seabo as having a social responsibility towards not only Bologna community, but the community of the whole Romagna area: "Essendo l'azienda più grande della regione, Seabo aveva, da un lato, la responsabilità di essere

On top of it, Emilia Romagna region is characterized both by autonomist tensions and continuous tentative to go beyond the jurisdiction of single Municipalities, based on common values and traditions (Hohenberg and Lees 1987). In particular, an historical contraposition characterizes the relationship between the cities of the Emilia area and the cities of the Romagna area. At present Emilia and Romagna still claim to be two separate regions. In this perspective, Emilia Romagna system looks like a multi-polar system (Dematteis 1997). Bologna is the regional capital; at east of Bologna a trick network of cities can be found: they are the cities of the Romagna area. At west of Bologna, two groups of cities can be identified: they developed around the former Gran Ducati of Modena and Parma. In this system a strong relationship links Bologna to Romagna: there is a custom to consider Bologna as the capital of Romagna (...). Romagna and Bologna Municipalities have a long tradition of tentative aggregations; the need to join their forces to face common troubles had characterized their activity since the XIX century: a joint transport system was created; a project to realize a joint waterworks was planned, and at the beginning of the XX century a project to provide power was developed³.

Based on these premises, it looks in the nature of things that Emilia Romagna region is the Italian region with the highest number of alliances established to face the liberalization process. Since 1997 more than twenty alliances have been established, involving more than fifteen Emilia Romagna local utilities. Emilia utilities set up alliances each other, thus Romagna utilities. Bologna utilities is in the mid, even if it is nearer to Romagna utilities. In this perspective, it is worth noting as Romagna utilities set up an alliance: Perimetro Romagnolo was its name; then Perimetro Romagnolo joined Bologna and set up Hera. In the same way, a merger among the utilities of the cities of Parma, Piacenza, Reggio Emilia and Modena is at issue.

Within this socio-cultural framework Seabo was set up. It was the result of a merger between two Bologna utilities: i.e., Amiu, the municipality-owned enterprise that provided Bologna community with waste management, and Acoser, a consortium provided the communities of Bologna province with gas. The process of setting up Seabo started in 1995; in 1997 Seabo was formally set up. Nevertheless in 1999 the process was not still concluded. On one side, according to some people interviewed it was not so easy to merge two different organizational cultures⁴. On the other side, according to other people interviewed, such delays were a Trade Unions' fault⁵. Trade Unions joined the decision-making process to define the corporate structure and the corporate organization of Seabo, co-planning it.

Seabo was owned by Bologna Municipality and forty-six Municipalities of Bologna province. Bologna Municipality was the majority shareholder with a 76% stake: the relationship between Bologna Municipality and Seabo was a strong relationship. The relationship between the minority shareholders and Seabo was governed by the "Comitato Soci": it was an informal board made by the Mayors of six Municipalities

l'aggregatore, il catalizzatore di un'alleanza, dall'altro lato, aveva anche la responsabilità di essere un *primus inter pares*. In questi processi è inimmaginabile che esista un *leader* che compri altri, deve esserci un processo che in qualche maniera porta a sedersi intorno a un tavolo". Expression such as "primus inter pares", "responsabilità", "ciascuno è leader nel suo territorio" can be found across all the interview.

³ These projects did not perform. Nevertheless, they are signals of a corporative culture based on the idea to face common troubles through alliances with partners sharing common values.

⁴ "A cinque anni dalla decisione di istituire Hera, e a tre anni dalla fusione, i dipendenti avevano ancora un forte senso di appartenenza e di attaccamento a Amiu e Acoser: si presentavano come ex Amiu o ex Acoser, come se fossero diversi"

⁵ Seabo had a strong Union tradition, as typically is for publicly-owned enterprises in Italy and consistent with the socialist and corporative culture of Emilia Romagna region. Trade Unions had a great responsibility in the process to set up Seabo: they had and an active role. Trade Unions joined management and shareholders in defining the corporate organization and strategy. Typically, stakeholders' participation in the decision-making process is a time consuming

shareholders of Scabo, acting for all the shareholders of the company. As majority shareholder, the Municipality of Bologna had the right to (1) appoint three of the members of the Board of Directors, including the Chairman of the company (other two members were appointed by the minority shareholders) and (2) prepared the strategic document including the strategic goals that Seabo management had to achieve. From 1995 to 1999 Seabo established an alliance with other local utilities of the region: i.e., Ami Imola, Cis Forlì and Agac Reggio Emilia. Ares was the name of such a consortium. The aim was to enter into new geographical markets. On top of it, the Mayor of Bologna started the project of listing Scabo on the Stock Exchange, in order to realize the city metro.

In 1999 a right-wing party candidate won the local election. It was the first time after the end of the Second World War that a right-wing Mayor got the tenure. The shift from a left-wing parties society to a right-wing parties society was a cultural shock for Bologna community: left-wing culture was embedded in Bologna society. In particular, such political shift imposed a relevant cultural change in the Administration of Bologna Municipality and in the management of all the publicly-owned enterprises. The new Bologna Mayor spent all his electoral campaign on two pillars: (1) Bologna Administration would have been driven by a new culture, different from the party-patronage culture; (2) Seabo would have been privatised, in such a way to obtain resources necessary to realize the infrastructures local community needed.

From 1999 to 2003 Seabo established four alliances with private and public partners; it merged with other eleven utilities of the Romagna area in November 2002; the resulting company Hera was listed on the Stock Exchange in June 2003. Local elections are scheduled for June 2004.

Based on these premises, we assumed 1999 as the starting point for our study. Such cultural, social and political shock represented a turning point for Seabo life and for the life of all Bologna community as well. We assume 2003 as the ending point for our study. The listing of Seabo-Hera represents the final point of the Mayor tenure.

The chapter aims at reconstructing the life of Seabo during the tenure of the right-wing party Mayor from 1999 to 2003. In this perspective such a chapter aims at achieving a twofold purpose within the overall framework of the dissertation: on one side, it specifies the setting where the study is conducted, on the other side, it highlights the feature of the firm-related factors that frame the decision-making process to form Casa.Web, Energia Italiana, Eos Energia and Hera⁶.

The chapter develops as follow. The first paragraph describes the stakeholder system of Scabo, during the tenure of the right-wing party Mayor. The second paragraph presents Scabo corporate strategy, as designed by the new shareholders. The third paragraph focuses on Scabo policy of alliance. The chapter ends describing Scabo life from 1999 to 2003.

5.1. Interests towards Seabo activity: Seabo stakeholder system.

Seabo Bologna is a publicly-owned enterprise: it provides Bologna community with public services, such as gas and waste management. In this perspective, the activity of Seabo is characterized by the simultaneous presence of a multitude of dimensions: i.e., economic dimension, political dimension and social dimension. The performance of Seabo activity can also be evaluated according to all these three dimensions.

activity. It is useful to share responsibility about the result of the decision-making and increase the level of agreement about it; nevertheless it reduces the efficiency of the process.

⁶ Some elements of the contextual framework framing the decision-making process were highlighted in Chapter one.

Based on these premises, different actors are interested that Seabo carries out its activity in the long term. They in fact benefit from Seabo activity from different points of view: Seabo activity ensures them the satisfaction of their individual interests. For this purpose such actors contribute to Seabo activity, by bringing different resources such as money, work, goods, information, status, power, prestige, etc. They expect rewards in returns, such as wages, dividends, public services etc. These rewards are necessary to satisfy their individual interests (Exhibit 5.1).

Consistent with the theoretical model described in Chapter three we call the actors having a stake towards the viability of Seabo in the long term: stakeholders of Seabo. They depend on Seabo for the satisfaction of their interests and Seabo depend on them for its own survival. We determine their salience according to the importance of the contributions they bring for Seabo activity and the importance of the rewards they expect in return for their own survival. Such actors are related to Seabo by a collaborative relationship: it is through Seabo activity that they ensure themselves the satisfaction of their own interests. On the contrary, relationships among themselves can be collaborative or adversarial in nature. Seabo management have to engage stakeholders in the activity of Seabo.

Based on these premises, during the time span considered different actors are involved with Seabo activity. They are the Municipality of Bologna, the Province of Bologna, the Municipalities of Bologna province, the employees of Seabo and the Cgil, Cisl and Uil Unions, Seabo Chairman, Seabo Board of Directors and Seabo management, the citizens and the enterprises of Bologna province, the partners of Seabo in prior alliances⁷.

These actors bring a different interest towards the activity of Seabo.

In particular, the Municipalities act for their citizens. They contribute to Seabo activity entrusting Seabo with the provision of public services; they expect that Seabo provides Bologna communities with high quality services. In this way Municipalities are interested that citizens are satisfied, thus earning the legitimacy they need to govern their communities. On top of it, the Municipalities contribute to Seabo activity by investing financial resources, as well; they expect enough dividends in return to finance other parts of their activity, such as the provision of loss-making public services to the local community. In this perspective, Municipalities are interested that Seabo activity ensures high revenues. Municipalities have a stake towards the viability of Seabo in the long term: Seabo activity is the instruments to satisfy their own interests. Municipalities depend on Seabo for the provision of public services to local communities; nevertheless, Seabo depends on them for the right to provide such a services. In the same way, Municipalities depend on Seabo for additional earnings and Seabo depends on them for additional financial resources.

Cgil, Cisl and Uil Unions act for Seabo employees. They contribute to Seabo activity bringing the consensus of its employees; they expect good labour conditions in return. In this way Trade Unions are interested that employees are satisfied, thus earning the legitimacy they need to exist. Their survival depends on Seabo and Seabo can have advantages from a good relationship with its own employees. In this perspective, they have a stake towards the viability of Seabo in the long term.

Seabo Chairman, Seabo Board of Directors and Seabo management contribute to Seabo activity bringing both their labour and their managerial competencies; they expect either a good wage or high quality services in return. In this way they ensure themselves the satisfaction of their interests as employees of Seabo and as

⁷ As showed in the following Chapters, other actors at stake deal with a particular decision by Seabo. They are just claim-makers.

citizens of Bologna. In this perspective, they are interested in the viability of Seabo in the long term both under the economic and social point of view.

The citizens and the enterprises of Bologna province contribute to Seabo activity by acquiring the services they need; they expect high quality services. In this perspective, they are interested in satisfying their needs of consumption. Since Seabo carries out its activity under a legal monopoly system, Bologna citizens are strictly interrelated to Seabo for the satisfaction of their needs and Seabo depend on them. Enterprises of Bologna can contribute to Seabo activity by bringing the goods it needs; they expect money necessary to carry out their own activity in return.

The utilities partners of Seabo in prior alliances contribute to Seabo activity through collaborative relationships, useful to stabilize Seabo environment; they expect a collaborative behaviour by Seabo, thus exploiting each other resources.

Based on these premises, all these actors involved have a stake towards the viability of Seabo. They are characterized by a mutual interdependence relationships with Seabo: they depend on Seabo and Seabo depends on them. In this perspective, they are stakeholder of Seabo.

Firstly, they can be clustered into seven main categories of stakeholders, according to the interests they bring. Municipalities interested that Seabo satisfies the needs of their communities act as Local Governments, having the responsibility to ensure local communities with public services. Municipalities interested in high revenues from Seabo activity act as shareholders; in particular the Municipality of Bologna acts as majority shareholders, whereas the Province of Bologna and the other Municipalities of Bologna province act as minority shareholder. Cgil, Cisl and Uil interested in employees' satisfaction act as Trade Unions. The Chairman, Board of Directors and management of Seabo have an interest in high wages and high quality services: they act as Seabo management. Bologna citizens and enterprises have an interest in satisfying their need of consumption: they act as client. Enterprises interested to sell their goods to Seabo act as supplier as well. In the end, enterprises having interest in the economic advantages of collaborative relationships with Seabo act as partners in prior alliances.

Secondly, the interests such stakeholders bring can be classified into three categories according to whether they satisfy individual interests through the economic dimension, the interests of the whole community or the interests of single constituencies within it. We call them economic, social and political interests. The interests in high revenues, high wages, services at low costs and advantages of collaborative relationships are economic interests. The interests in the satisfaction of a public need through the provision of public services by Seabo are social interests; the interests in the satisfaction of the employees are political interests.

Based on these premises, eight categories of concepts can be identified. They are based on the combination stakeholder-interest (Exhibit 5.1): (1) Local Governments involving Municipalities; they bring social interests and can be divided into two categories according to their political stance (i.e., central-right for the Municipality of Bologna and central-left for the other Municipalities); (2) Shareholders involving Municipalities and Bologna province; they bring economic interest and can be divided into two categories according to their stake in Seabo (i.e., majority shareholder for Bologna Municipality and minority shareholders for all the other Municipalities); (3) Trade Unions involving Cgil, Cisl and Uil; they bringing political interests and can be divided into two subgroups according to their link with political parties (i.e.,

moderated for Cisl and Uil and stronger for Cgil); (4) Scabo management involving Scabo Chairman, Board of Directors and management; they bring economic and social interests; (5) Clients involving Bologna citizens and enterprises; they bring economic interest, (6) Supplier involving Bologna enterprises; they bring economic interest, (7) partner in prior alliances involving Cisl Forlì, Ami Imola and Area Ravenna; they bring economic interests. Actors can simultaneously belong to different categories or can bring different interests at the same time.

The most salient stakeholders are local governments: without their authorization Scabo could not provide local communities with services. On the other hand, without Scabo activity the Municipalities of Bologna province could not facing local communities' needs. Other salient stakeholders are the shareholders, the Trade Unions, the management, clients and supplier. The less salient stakeholders are the partners of Scabo in prior alliances: the relationship among them is not so strong.

Insert Exhibit 5.1 about here

Relationships between stakeholders and Scabo are collaborative in nature: stakeholders are engaged in the decision-making process by Scabo management.

On the contrary, the relationships among Scabo shareholders can be collaborative and adversarial in nature. The relationships between Bologna Municipality and other Municipalities are typically characterised by low level of trusts, both because Bologna Municipality is the majority shareholder and it is a right-wing party Municipality. Based on these premises such a relationships are typically characterized by governance mechanisms. Such mechanisms are the instruments through which minority Shareholders try to keep the behaviour of Bologna Municipality under control. Such a relationship can evolve towards systematic contrasts or effective conflicts.

The relationships among Trade Unions are characterized by high collaboration between Cisl and Uil: they share the same political stance and so they often interprets problems in the same way. The relationship between Cils and Uil, on one side, and Cgil, on the other side is typically based on contrasts, being Cgil more politically oriented.

The relationship between the Municipality of Bologna and the management of Scabo is characterized by high trust: Municipality of Bologna appoints the Chairman of Scabo and can dismiss him. In this perspective, Municipality of Bologna is not interested in controlling the managers' decision in every time. On the contrary, the relationship between other Municipalities and the management of Scabo is characterized by a lower trust. They are worried that the management of Scabo acts following the interests of the Municipality of Bologna. In this perspective, other Municipalities aim at keeping the managerial decision under control through the "Comitato Soci": it is the meeting where even managerial decisions are debated by shareholders.

The relationships between Trade Unions and Municipalities are typically characterized by systematic contrasts; they are kept under control through a set of governance mechanisms such as meeting, general agreements etc. Similarly the relationship between Trade Unions and Scabo Management is characterized by a set of governance mechanisms.

The relationship between clients and suppliers of Scabo and Municipalities is governed through the electoral mechanisms, by which citizens confirm or not confirm their trust to Bologna Municipality.

Based on these premises, relationships among Scabo shareholders can be classified according to the level of trust and the strength of the governance mechanism characterising them (Reed 2001): "trust" is taken to signify and represent a co-ordinating mechanism based on shared moral values and norms supporting

collective co-operation and collaboration within uncertain environments. In sharp contrast, 'control' is taken to refer to a co-ordinating mechanism based on asymmetric relations of power and domination in which conflicting instrumental interests and demands are the overriding contextual considerations". Nevertheless, Luhmann (1979) shows how "trust and power are functionally equivalent, but alternative, media of communication through which dominant and subordinate groups can co-ordinate and control their social interaction" (Luhmann 1979). In the same perspective, Giddens (1990) highlights as trust/control relations are coping mechanisms based on abstract systems of expert knowledge and power, reflexively, if sporadically, monitored by participants engaged in a struggle to dominate their design, application and evaluation. On top of it, Reed (2001) highlights as trust/control relationships are symmetric relationships.

Based on this premises, trust and control are two sides of the same coin: higher levels of trust match with weaker forms of control and vice versa. In this perspective, six categories of relationships characterize the interaction among Seabo stakeholders: they vary according to the level of trust and the strength of the governance mechanisms behind them.

A relationship based on maximum trust and no control characterizes the interaction among the minority shareholders of Seabo, Cisl and Uil, Seabo management and Seabo partners in existing alliance: it is a collaborative relationship (grade 5). A relationship based on high level of trust and weak forms of control characterizes the interaction between the Municipality of Bologna and Seabo management: it is a relationship based on the distinction among roles and responsibility (grade 4).

Typically, relationships based on low levels of trust and strong forms of control govern the interactions between the Municipality of Bologna and the other Municipalities, the other Municipalities and Seabo management, Trade unions and Municipalities, Trade Unions and Seabo management, Seabo clients and suppliers and the Municipality of Bologna: they are relationships based on suspicious (grade 3).

Systematic contrasts and minimum levels of trust characterize the relationship between Cgil on one side and Cisl and Uil on the other side (grade 2).

Grade 1 is associated to relationships where there is no trust and conflict governs the actors' interaction.

Summing up, the stakeholder system of Seabo is made up by seven classes of stakeholders; they bring three categories of interests. They are related to Seabo by a collaborative relationship, whereas they are related each other by collaborative or adversarial relationship.

Seabo stakeholder system can develop due to the evolution of the actors involved, their salience, their relationships or the managerial role.

Insert Exhibit 5.2 about here

5.2. Seabo corporate strategy.

The process to set up the main strategic goals for Seabo management unfolds through three embedded levels. The first level is constituted by the definition of the electoral platform of the candidate Mayor; it is a political step that establishes the main goals concerning Bologna-owned enterprises. The second level is constituted by the definition of the "Documento contenente gli indirizzi per gli Amministratori" by Bologna

Municipalities; such a document is then passed by all the Shareholders of Seabo⁸. This document is a political in nature, even if the goals it establishes are more detailed and are the results of a negotiation with the other shareholders. The third level is constituted by the definition of Seabo business plan: it represents the translation of the strategic goal established by shareholders into managerial objectives.

In this perspective, the more important step for the definition of Seabo corporate strategy is constituted by the "Documento contenente gli indirizzi per gli Amministratori": it is the result of a general agreement among shareholders and fixes the rules of the game for the management.

In this perspective, the "Documento contenente gli indirizzi per gli Amministratori 1999-2003" identified four main strategic goals for Seabo management. Seabo management had to "avviare una corretta e coerente strategia di presenza sui mercati di sbocco, individuando e selezionando le aree e i settori di servizio su cui concentrare gli sforzi e gli investimenti, anche con opportune alleanze con soggetti esterni, individuando e indicando alla proprietà nuovi settori sinergici con i tradizionali". They have also to "affiancare e supportare gli enti proprietari nella definizione e realizzazione delle strategie di riassetto societario e proprietario, secondo gli indirizzi che saranno messi a punto a livello politico-amministrativo.

In particular, concerning the gas industry Seabo management had to explore each possibility to exploit the new opportunities of the upcoming liberalization. They can also consider the possibility to set up joint-venture with gas producer or gas distributor.

Concerning the power industry, Seabo management had to consider the possibility to set up consortia with clients to buy electricity.

Concerning to water industry, Seabo management had to support the reform of the industry at regional level.

In the end, Seabo management had to evaluate and propose to shareholders strategies to transform the corporate organization of Seabo and its shareholder structure. The possibility to privatise Seabo was considered, even if it was necessary to increase the shareholders value of Seabo before. It was then stated that each step of the privatisation process had to be analysed through meetings with the Trade Unions.

5.3. Seabo policy of alliance.

Seabo policy of alliance started in 1997 with the setting up by the former Chairman of a consortium with other three Emilia Romagna utilities. They were the utilities of the cities of Imola, Forlì and Ravenna. Such a consortium was set up to diversify Seabo activity into new geographical markets above all in gas industry. In the 1998 Ares tender for the provision of gas in the Sardegna region and got the upper hand. Nevertheless, the consortium was not very active up until 1999.

The new Mayor highlighted the policy of alliance as an important strategy for Seabo, both with public and private partner. Even left-wing parties invited Seabo management to strengthen the policy of alliance of the company.

At the beginning Seabo set up an alliance with a private partner to implement a co-generation station.

In June 2000 Seabo set up a joint-venture with Ami Imola, Cis Forlì and Area Ravenna to enter into the TLC industry.

⁸ Such document represents the first operationalization of the electoral platform of Bologna Mayor; it has to be translated into a business plan as well. Such document is prepared by a Committee within Bologna Municipality; it has to be passed by Bologna City Council and then transferred to other shareholders (five days before the shareholders meeting arrange to approve it).

In February 2001 Seabo joined another alliances with Cir Group to strengthen its activity in the power industry.

In the end in May 2001 Seabo set up an alliance with the utilities of nine cities of Romagna to defend their activity in the gas industry going to be liberalised. Such an alliance involved the utilities of the city of Forlì, Imola and Ravenna as well.

After one year Seabo set up a merger with the same utilities partners of Seabo in Eos Energia.

5.4. Seabo from 1999 to 2003: towards listing on the Stock Exchange.

In the spring of 1999 a right-wing party candidate won the local election for Bologna Mayor. It was the first time after the end of the Second World War. The immediate tasks that the new Administration had to face were (1) establishing the strategic goals that Seabo management should have achieved, (2) appointing Seabo Chairman, and (3) appointing the members of the Board of Directors.

The brief term of the extant Chairman and the extant Board of Directors expired at the end of 1999. Nevertheless, extant Chairman asked that such appointment was annulled before its expired date: a left-wing party Mayor appointed him and the Board of Directors, so he was delegitimized now. The occasion could be the Shareholders' Meeting scheduled for the end of October. The analysis of the 1999 Seabo performance was on agenda for that meeting; in this perspective, such meeting could be a good opportunity to appoint the new Chairman as well.

Before appointing the new Chairman and the new Board of Directors, Seabo shareholders had to approve the document about the strategic goals that Seabo management should have achieved: i.e., "Documento contenente gli indirizzi per gli Amministratori". It stoke off Seabo corporate strategy. It was a task for the Bologna Municipality drawing such a document and proposing it to other shareholders. General agreements among Seabo shareholders set that the Municipality of Bologna had to forward the document to other shareholders five days before the meeting arranged to analyse it.

After the claim of the extant Chairman of Seabo, the Municipality of Bologna started to work immediately to the document. The document was packaged by a special Committee and analysed by Bologna Commissioners. It had to be passed by Bologna City Council. On 25th October, 1999 Bologna City Council was convened to analyse and pass such a document. In particular, right-wing parties proposed many claims, i.e. (1) strengthening Seabo activity in gas and power industry, (2) supporting the water industry reform, (3) transforming Seabo in a holding with subsidiaries, (4) establishing alliances with public and private partners to face the liberalization process, (5) privatising Seabo, maybe listing it on the Stock Exchange. Debate developed among constituencies about Seabo privatisation.

Right-wing party identified many advantages in privatising Seabo, such as earning the financial and industrial support necessary to face the liberalization threats. Left-wing party supported Seabo privatisation; nevertheless, it claimed that employees were not dismissed, systematic meetings were arranged with Trade Unions to discuss the matter and privatisation was used to increase the shareholder value of Seabo. On the other side, extreme left party set itself against Seabo privatisation. In particular, it did not understand why it was useful for Bologna community to sell the enterprise whose activity could finance welfare services, usually loss-making services. The three constituencies agreed about the other claims. In the end, a document was passed. Such document established many strategic goals for Seabo management: (1) strengthening Seabo activity in gas and power industry, (2) supporting the water industry reform, (3) transforming Seabo in a

holding with subsidiaries, (4) establishing alliances with public and private partners to face the liberalization reform. Even privatisation was included in such a document, but it was put off. Firstly, it was necessary to increase the shareholder value of Scabo. Secondly, a set of meetings with the Trade Unions should have been arranged about each step of the liberalization process.

On 29th October, 1999 Shareholders' Meeting developed. Nevertheless, minority shareholders asked not to debate the "Documento contenente gli indirizzi per gli Amministratori"; they needed more time to analyse it. They ask to put it off until the next meeting, scheduled for December. However, during such a meeting the extant Chairman of Scabo highlighted as Scabo bad performance was due to the behaviours of the Trade Unions, more focused on satisfying political parties' interests than the interests of the firm. In particular, he highlighted the adversarial nature of the relationships between the Trade Unions and Scabo

The "Documento contenente gli indirizzi per gli Amministratori" was analysed and approved by "Comitato Soci" in Novembre 1999. After such an approval the document was presented to the Trade Unions. Trade Unions did not like to idea to set up subsidiaries, as able to fragment the activity of Scabo. In particular, Cgil Union set itself against the idea to privatise Scabo. It was just after three days of systematic meetings among Trade Unions that Cgil accepts the idea to privatise Scabo: there were extant agreements about this matter and it was necessary to comply with them. Nevertheless, Cgil claimed that Municipalities owned a 51% stake in Scabo and a share of Scabo stakes was put aside for Scabo workers and Bologna citizens. The other Trade Unions agreed with Cgil claims and asked that the development of all the services provided by Scabo was ensured.

After some days the Shareholders' Meeting approved the "Documento contenente gli indirizzi per gli Amministratori".

Meanwhile the Chairman of Scabo was appointed. He could take the office at the beginning of the 2000. Nevertheless, in the last days of December 1999 he visited one of the plants of Scabo, by highlighting as Scabo was not an enterprise governed by political-party and trade unions. It was an enterprises made by employees, conscious of their role for the whole community.

In January 2000, during one of the traditional four-monthly press conferences, the Mayor of Bologna reminded that the privatisation of Scabo was one of the main goal of his Administration. He also highlighted how it was necessary to increase the value of Scabo, in such a way to enable it to compete within the liberalized market of public utilities. In this perspective, the Mayor promoted the idea to diversify the activity of Scabo into new and profitable industries, such as telecommunications.

The idea to set up an alliance with the utilities of the cities of Forlì, Imola and Ravenna to diversify Scabo activity into the TLC industry arose. On June 29th, 2000 Scabo Bologna, Cis Forlì, Ami Imola and Area Ravenna signed the deed of association of Casa.Web: Casa.Web was formally set up. It was then necessary to identify the private partner.

While Casa.Web project was being implemented, Scabo started to think about how to enter the power industry. Liberalization in the power industry forced the national leading producer to sell part of its power stations: three Generation Companies were set up and put out to tender for this purpose.

In the same time Scabo strategies to face the upcoming liberalisation in the gas industry started to be debated. A general agreement among Scabo and local utilities of Forlì, Imola and Ravenna to set up a consortium to buy and sell gas across the region started to develop.

At the end of September 2000 a private partner was selected for Casa.Web: it was the consortium led by Cir Group, and including one venture capitalist and one Swedish hi-tech company.

During the same period, the privatisation debate developed. In particular, in November 2000 the Mayor of the city of Bologna announced to the press that Seabo was ready to be privatised. This announcement raised many reactions: the left wing parties, the minority shareholders and the Cgil Union all rose up against that proposal. In particular, Cgil threatened initiatives in case prior agreements were broken. For the first time, even the Chairman of Seabo joined such a debate: he underlined as Seabo was not in the same conditions of one year before; Seabo increased its shareholders value and so Seabo was ready for the market. Nevertheless, Seabo Chairman underlined as such a decision was a task of the shareholders of the company.

In November 2000 during one of their monthly meetings, Seabo shareholders charged the Board of Directors with the task to draw different scenario for the development of Seabo, thus including even the hypothesis to privatise it.

The agreement with Cir Group joining Casa.Web was performed at the beginning of February 2001. After some week Seabo acquired a 11% stake in Energia Italiana, the company set up by Cir Group to tender for the acquisition of the Enel Generation Companies. Other partners were an Austrian company and an Italian bank. Seabo entered Energia Italiana on its own, but Seabo Chairman offered Cis Forlì, Ami Imola and Area Ravenna the possibility to join such an alliance in case of the acquisition of one of the three Enel Generation Companies.

While the talks with Cir Group unfolded, Seabo explored the opportunity to form an alliance with the utilities of the cities of Romagna to face the liberalization in gas industry. On May 18th, 2001 a general agreement with Romagna utilities was signed. On 30th May, 2001 the deed of association for Eos Energia was definitively signed; Eos Energia was formally set up.

Meanwhile, on May 3th, 2001 after five years of disagreements the Shareholders' Meeting of Seabo agreed on the opportunity to privatise the company. In particular, the Advisor entrusted to draw different scenarios for Seabo privatisation suggested to list Seabo on the Stock Exchange: the stock market rewarded with high revenues the local utilities that list their shares.

Bologna Municipality needed resources to finance the underground network and other investments benefiting local community. Even the province of Bologna and the other Municipalities of the Bologna province, minority shareholders of Seabo, agreed on the idea to list the company on the Stock Exchange. In June, 2001 the City Councils of Seabo shareholders passed the resolution to list Seabo on the Stock Exchange. In particular, it was stated that: Municipalities would have owned the 51% of Seabo stakes at least, a part of Seabo stakes would have been reserved to Seabo employees and Bologna citizens.

In this perspective, on the 28th June 2001 the Shareholders' Meeting ratified the decision to list Seabo: the aim was to list Seabo on the Stock Exchange by the end of 2001. The next step was the appointment of the General Coordinator, entrusted to support Seabo shareholders in this effort. Its appointment was scheduled for the Shareholders' Meeting in July.

Meanwhile, the Mayors of the cities of Ravenna, Forlì, Imola, Cesena and Rimini wrote a mail to the Mayor of Bologna: they proposed a merger between Seabo and the utilities of Romagna. The Municipality of Bologna and the other Municipalities of Bologna province entrusted Seabo management with the task to make their most to favourite the merger between Seabo and the utilities of Romagna.

At the beginning of July 2001, during one of his traditional press conferences the Mayor of Bologna announced that Seabo would have been listed on the Stock Exchange by the end of the 2001.

The Mayors of Romagna rose up against such an announcement; they claimed to put off the listing of Seabo of some months. They suggested performing the merger between Seabo and the utilities of Romagna before, and then listing the resulting company at the Stock Exchange. Emilia Romagna Region, Seabo minority shareholders and left-wing parties agreed with this idea. The Municipality of Bologna did not agree.

The Shareholder's Meeting of the 12th July 2001 appointed the General Coordinator and did not put off the listing of Seabo.

Some days after, the Chairmen of Seabo and Romagna utilities met: they stopped their talks about the merging of the utilities. There were in fact shared views and objectives, but the deadlines were different.

The process to list Seabo went on. During the traditional Meeting of "Comunione e Liberazione" in Rimini at the end of August 2001 the Chief Executive Officer of Seabo announced that Seabo was ready to be listed. Nevertheless, on the 18th September, 2001 Bologna Municipality accepted the proposal to perform a merger by the Romagna Municipalities, thus putting off the listing. The Municipality of Bologna inserted a clause: listing by 31st March, 2002, otherwise each one could go for different ways.

In this perspective, the Municipality of Bologna tried to go on with the process to list Seabo by 31st March, 2002, but the other Municipalities and the left-wing parties set themselves against. During the shareholder meeting of October 2001 the end of March 2002 became the deadline for an agreement with Romagna utilities. Whether an agreement was not reached by the end of March, Seabo could be listed on its own. In this perspective, the process to list Seabo was set out again.

Talks with Romagna utilities to perform a merger could start.

At the end of May 2002 an agreement to set up Hera was passed by the Privatisation Commissioner of Bologna Municipality and the Mayors of Romagna: listing by the end of 2002.

Other constituencies of Bologna community supported the idea of an agreement with Romagna and the following listing of the resulting company.

In June 2002 an agreement between Bologna and Romagna were reached: the approval by the City Councils of the Municipalities involved was expected for the end of July.

In September 2002 the Shareholders' Meeting approve the resolution about the merger between Seabo and the utilities of Romagna, the listing of Hera, its business plan and its corporate organization. After a few days, a press conference was arranged: the setting up of Hera was announced. All the actors involved express their satisfaction. Hera was formally set up in November 2002.

In June 2003 Hera was listed at the Stock Exchange. The next local elections are expected for June 2004.

Based on these premises, firstly the time span considered represent an important turning point in Seabo life. Many changes, in fact, followed the election of the new Mayor: a new majority shareholder came to the fore; relationships between the right-wing parties majority shareholder and the left-wing parties minority shareholders became more difficult; a new Chairman was in charged to manage Seabo; new relationships with Trade Unions followed. Then a new corporate strategy was established: it aimed at increasing the shareholder value of Seabo in sight of its listing. A new policy of alliance was also drawn: shareholders made

Seabo management felt like to establish alliances with private and public partner to face liberalization threats and opportunities.

Secondly, Seabo strategy from 1999 to 2003 is characterized by the main objective: listing the company on the Stock Exchange is the leading threat. The other decision-making processes considered insert themselves on this process. In particular, they overlap in some moments. On top of it the process to set up Hera looks like interrelated with the process to list Seabo.

Exhibit 5.1. Stakeholder system of Seabo: actors at stake.

Actors	Contributions	Reward	Interests	Nature of the interest	Stakeholder
Municipality of Bologna	Entrusting Seabo with the provision of public services Investing financial resources in Seabo activity	High quality public services Dividends from Seabo activity	Satisfying Bologna citizens' needs, thus ensuring its legitimacy Earning resources to finance loss-making public services	Social interests Economic interests	Local Governments Shareholders
Other Municipalities of Bologna province	Entrusting Seabo with the provision of public services Investing financial resources in Seabo activity	High quality public services Dividends from Seabo activity	Satisfying Bologna citizens' needs, thus ensuring its legitimacy Earning resources to finance loss-making public services	Social interests Economic interests	Local Governments Shareholders
Bologna Province	Investing financial resources in Seabo activity	Dividends from Seabo activity	Earning resources to finance loss-making public services	Economic interests	Shareholders
Cgil	Consensus of employees	Good labour conditions	Satisfying Seabo employees, thus ensuring its legitimacy	Political interests	Trade Unions
Cisl	Consensus of employees	Good labour conditions	Satisfying Seabo employees, thus ensuring its legitimacy	Political interests	Trade Unions
Uil	Consensus of employees	Good labour conditions	Satisfying Seabo employees, thus ensuring its legitimacy	Political interests	Trade Unions
Seabo Chairman, Board of Directors and management	Labour and managerial competences	Wages, status and high quality services	Satisfying their own needs both as employees and citizens	Economic interests Social interests	Management
Bologna citizens	Money to buy public services	High quality services	Satisfying their needs of consumption	Economic interests	Clients
Bologna enterprises	Money to buy public services Goods Seabo needs to carry out its activity	High quality services Payment for the goods provided	Satisfying their needs of consumption Earning enough resources to ensure its own activity	Economic interests	Clients and suppliers
Ami Imola	Collaborative relationships	Collaborative relationships	Exploiting the advantages of collaboration	Economic interests	Partners
Cis Forlì	Collaborative relationships	Collaborative relationships	Exploiting the advantages of collaboration	Economic interests	Partners
Area Ravenna	Collaborative relationships	Collaborative relationships	Exploiting the advantages of collaboration	Economic interests	Partners

Exhibit 5.2. Stakeholder system of Seabo: relationships among stakeholders.

Actors	Trust	Governance	Relationships	Nature of the relationship	Grade
Municipality of Bologna/Other Municipalities	Low level of trust: Bologna Municipality is the majority shareholders and is run by a right-wing party Mayor	Strong form of governance: General Agreements for Seabo, Appointment of the members of the Board of Directors, Comitato Soci	Control	Adversarial/collaborative	3
Other Municipalities	Maximum level of trust	No control	Collaboration	Collaborative	5
Cgil/(Cisi&Uil)	Minimum level of trust	Systematic contrasts	Contrasts	Adversarial	2
Cisi/Uil	Maximum level of trust	No control	Collaboration	Collaborative	5
Municipality of Bologna/Seabo management	High trust: politicians define goals and management decide how achieving them	Weak form of governance: appointment and informal relationship	Separation of role	Collaborative	4
Other Municipalities/Seabo management	Low level of trust: Seabo management is appointed by the Municipality of Bologna	String form of governance: Comitato Soci	Control	Adversarial/collaborative	3
Trade Unions/Municipalities	Low level of trust	Strong form of governance	Control	Adversarial/collaborative	3
Trade Unions/Seabo management	Low level of trust	Strong form of governance	Control	Adversarial/collaborative	3
Bologna citizens&enterprises	Low level of trust	Strong form of governance	Control	Adversarial/collaborative	3
/Municipality of Bologna	Maximum level of trust	No control	Collaboration	Collaborative	5
Partner of Seabo/Seabo management	Maximum level of trust	No control	Collaboration	Collaborative	5

6. What are the reasons behind the decision by Seabo to form Casa.Web?

Introduction. 6.1. Decision-making process to form Casa.Web: description. 6.2. Decision-making process to form Casa.Web: analysis. 6.2.1. Context-related factors. 6.2.2. Firm-related factors. 6.2.3. Issue-related factors. 6.3. Decision-making process to form Casa.Web: interpretation. 6.4. Reasons behind the decision by Seabo to form Casa.Web.

Introduction

Casa.Web was set up as a joint venture among four local utilities: Seabo Bologna, Cis Forli, Ami Imola and Area Ravenna in the spring of 2000. It was set up in order to move Seabo activity beyond their traditional domains, expanding them towards the new and profitable telecommunication industry.

Typically, local utilities did not carry out their activities in the telecommunication industry; they provided local communities with gas, power, water, waste management and mass transit. Nevertheless, local utilities owned a critical asset for the diffusion of the TLC innovations: the infrastructure of underground ducts for gas, electricity, water and drainage system. Such ducts can be used to lay fibre optic cables, building a network very easily, quickly and at reasonable costs. As a consequence, during the "telecommunication era" local utilities found out to own a "hidden treasure" and started to diversify their activities into the TLC industry¹.

In this perspective, in 1999 the main utilities of the cities of Milano (Aem Milano) and Roma (Acea Roma) chose to enter the TLC industry together with a TLC company². In particular, Aem Milano set up two joint ventures with the TLC company e.Biscom. The former (Metroweb) was set up to lay fibre optic cables across Milano: Aem Milano owned 51% of Metroweb shares and e.Biscom the remaining 49%. The latter (Fastweb) was established to supply broadband services over fibre: e.Biscom owned 51% of Fastweb shares and Aem Milano the remaining 49%. In the same period, Acea Roma established a joint venture with the Spanish TLC company Telefonica. AceaTelefonica was the name of such a joint venture: Acea Roma was its majority shareholder, controlling 51% of the joint-venture; Telefonica controlled the remaining 49%. Many others local utilities across Italy entered the TLC industry establishing alliances with a TLC operator, by setting up one or two joint-ventures.

Since 1999 more than twenty joint-ventures between local utilities and TLC companies have been set up for the same purpose in all the regions of Italy.

Emilia Romagna region was not extraneous to the charm of the TLC industry, with the high volume of resources invested and the euphoria of stock markets for such an activity.

As early as 1996 Bologna Municipality promoted a project to lay fibre optic cables across its territory. It was called "Progetto Optubi". This project aimed to build a public infrastructure where telecommunication

¹ The liberalization process allows local utilities to move their activity beyond their traditional domains: i.e., towards new industries and geographical markets.

² Italian local utility industry is composed by more than 1,000 enterprises. About ten enterprises had a turnover of more than 250 millions of euros. Acea Roma and Aem Milano were the enterprises with the higher turnover; they are also the local utilities of two of the most important Italian cities.

services of private enterprises could be let pass by. This could be done using the ducts for gas and drainage system that already existed, without digging. In 1997 the project was withdrawn. Firstly, it was a very expensive project; secondly, the main Italian telephone company proposed a competing project: Socrate. Socrate aimed at laying fibre optic cables across Italy. In the end, even Socrate project was not implemented. In 2000 all the main utilities of the Emilia Romagna region entered the TLC industry. The utility of the city of Parma set up a joint venture called Amps.com with the TLC company Noicom; another joint venture called Tesa2Net was established between the utility of the city of Piacenza and the TLC company 2Net. Even the utilities of the cities of Modena, Reggio Emilia and Ferrara established a joint venture with the power provider Edison.

In this perspective, diversification into telecommunication industry was identified as one of the strategic goal for Seabo by all the actors involved. The Municipality of Bologna, the Province of Bologna, the other Municipalities of Bologna province and the Trade Unions agreed on the opportunity for Seabo to enter the telecommunication industry. The problem was to identify the course of action that could better ensure the achievement of that goal. In particular, the "Documento contenente gli indirizzi per le nomine degli amministratori" stated that Seabo management have to "avviare una corretta e coerente strategia di presenza sui mercati di sbocco, individuando e selezionando le aree e i settori di servizio su cui concentrare gli sforzi e gli investimenti, anche con opportune alleanze con soggetti esterni, individuando ed indicando alla proprietà nuovi settori sinergici con quelli tradizionali"³.

In May 2000 Seabo Board of Directors decided to establish an alliance with the utilities of the cities of Forlì, Imola and Ravenna: in June Casa.Web was set up. In particular, Cis Forlì and Ami Imola were already partners of Seabo within the consortium Ares, whose aim was to enter into new geographical markets. Then Ami Imola had already carried out its activity in telecommunication industry.

Seabo had a 50% stake in Casa.Web; the other local utilities had a 16,6% stake each.

Once instituted, Casa.Web started to look for a minority shareholder: a private partner able to support the project both under the industrial and financial standpoint. The aim was to create a company capable to wire the provinces of Bologna, Forlì, Imola and Ravenna and provide telecommunication services to their citizens; eventually it could also be listed on the stock-market. 49% of the shares of Casa.Web was put out to tender; the advisor Abn-Amro supported Casa.Web partners during this effort. In autumn 2000 a consortium made up of two venture capital companies (Cir Group and Inteck company) and one Swedish hi-tech company got the upper hand. Casa.Web changed its name in Acantho and tried to involve other local utilities of the region. In autumn 2001, after the crash of the new-economy, the private partner withdrew and left Acantho. The four local utilities decided to go on by themselves: they focused Acantho's activity on laying fibre optic cables across their territories. The shares of Acantho were allocated as follows: Seabo with 63,23%, Ami Imola with 29,90%, Cis Forlì and Area Ravenna with 3,43% each. Meanwhile, Regione Emilia Romagna promoted a project to lay fibre optic cables across its territory. So Acantho linked its activity to the regional project. Acantho is currently a subsidiary of Hera.

In 2001 the share capital of Casa.Web amounted at 6 millions of euros and revenues and operating income amounted at 500,000 euros.

³ The "Documento contenente gli indirizzi per le nomine degli amministratori" is the paper through which Seabo Shareholders establish the strategic goals that Seabo management have to achieve during their tenure. Such a paper is prepared by Bologna Administration, passed by Bologna City Councils and approved by Shareholders during a Shareholders' Meeting.

On these premises, the chapter aims at understanding why Seabo set up an alliance with other local utilities to enter the telecommunication industry, instead of choosing alternative instruments, such as internal development, acquisition, merger, one-to-one joint venture with the private partner, other forms of networking, contracting etc.

The research develops through the analysis of the decision-making process that led to take such a decision, focusing on the interplay between its structural and dynamic dimensions; the conceptual and working model drawn in Chapter three were followed. The starting point is the moment in which all the actors involved agreed on the idea that entering the telecommunication industry was a strategic goal for Seabo; the final point is the moment in which the partners of Casa.Web and the private partner signed the deed of association: nothing could happen any more and prevent the formation of the decision.

Data were collected from June 2003 to May 2004 through over 1,000 media reports and documents by the actors involved and 13 in-depth interviews with all the actors involved (Exhibit 4.7). Different data sources allowed us to draw three parallel stories about the decision-making process to form Casa.Web, thus checking the reliability of data collected from different sources and complementing them, where necessary. In this perspective, the media reports allowed us to draw the list of actions that took place during the decision-making process in a chronological order; the documents of the actors involved allowed us to focus on specific actions in the decision-making process; interviews allowed us to grasp the meaning of such actions (from the point of view of the actors involved).

Results show what were the reasons behind the decision to form Casa.Web.

The chapter presents the results of the study, following all the phases through which data were transformed: i.e., description, analysis and interpretation. The first paragraph tells the story that led to take the decision to form Casa.Web, by reconstructing the interaction process among all the actors involved; it is descriptive in nature and identifies the actions performed. The second paragraph analyses the decision-making process to form Casa.Web both in its structural and dynamic components. It is analytical in nature; it identifies concepts at different levels of the conceptual model and pinpoints critical events⁴. The third paragraph looks for the existence of relationships among such concepts in order to grasp the dynamic interplay between the structural and dynamic dimensions of the decision-making process. It is interpretative in nature and aims at providing an explanation about why Seabo set up Casa.Web. Then the chapter ends with some remarks about the reasons behind the decision to form Casa.Web by Seabo and their development over time, in their interplay among the structural and dynamic dimensions of the decision-making process. Such remarks lay the ground for the following cross-case comparison and propositions formulation.

6.1. Decision-making process to form Casa.Web: description.

During one of the traditional four-monthly press conferences, in January 2000 the Mayor of the city of Bologna reminded that the privatisation of Seabo was one of the main goal of his Administration⁵. He also highlighted how it was necessary to increase the value of Seabo, in such a way to enable it to compete within

⁴ Critical events coincide with transformations in the elements of the conceptual model. They constitute the turning points of the decision-making process.

⁵ The interaction among Seabo Shareholders, Seabo Management and the Trade Unions concerning the definition of Seabo corporate strategies ended with an agreement about Seabo privatisation. Privatising Seabo was one of the main objectives of the Mayor tenure. Nevertheless it was put off. Different actors agreed on the fact that it was necessary to increase the shareholders' value of Seabo before.

the liberalized market of public utilities⁶. In this perspective, the Mayor promoted the idea to diversify the activity of Seabo into new and profitable industries, such as telecommunications.

"L'obiettivo primario della società, in vista di un'apertura del mercato alla concorrenza, è accelerare un processo di valorizzazione delle proprie capacità. (Ci sono) nuovi mercati da esplorare, ad esempio nelle telecomunicazioni con un piano di investimento di circa mille miliardi in cinque anni" (DPRRCB300100SB(pr)).

After "Documento contenente gli indirizzi per le nomine degli amministratori" was definitively approved in March 2000, the left-wing parties of Bologna City Council stated that it would be necessary to give Seabo the right of way on drainage system: this would have enabled Seabo to carry out its activity in the telecommunication industry, perhaps in partnership with private enterprises⁷. In this perspective, the leader of left-wing parties stated in a press release:

"Leggo sui giornali che alcune proposte si stanno attivando ed è augurabile che siano presto attivati anche altri progetti, come l'affidamento a Seabo della gestione della rete fognaria, essenziale per gestire il ciclo delle acque e un intervento sulle reti telematiche, eventualmente in partnership con soggetti privati" (DSPRCSin290600SB(pr)).

Seabo started to analyse the possibility to enter the TLC industry. At that time most medium and large local utilities were thinking about this opportunity. Stock markets rewarded with high revenues the TLC companies that listed their stocks. Entering the telecommunication industry looked like an unavoidable choice. Plenty of conferences, studies and public debates were taking place about the relationship between the local utilities and the telecommunication industry. In this perspective, Seabo Board of Directors started to consider how to increase the value of the company and what leverages to exploit for this purpose. Seabo had franchises for local utilities, public infrastructures and good customer relationships. Diversification into the TLC industry allowed exploiting at least two of these assets: infrastructure and customer relationships with clients. In this perspective, the Board of Directors thought that creating a subsidiary company to enter the telecommunication industry was a great opportunity of development for Seabo⁸.

Also Seabo partners within the consortium Ares (i.e., Cis Forlì, Ami Imola and Agac Reggio Emilia) were facing the challenge to identify the best course of action in order to diversify their activities into the telecommunication industry. The Chairmen of Seabo, Cis and Ami started to explore the possibility to join their forces, create a joint venture and look together for a private partner bringing financial resources and technological competences. Establishing an alliance would have allowed the new company to operate within a broader area. Bologna and Romagna had already instituted a joint university and had been engaged in a project to wire the territory of the region a few years before. In this perspective, Seabo as largest partner would have taken a coordination role, including the responsibility to look for a private partner.

Seabo Chairman proposed this idea to shareholders. An alliance with Cis Forlì, Ami Imola and Area Ravenna would have allowed creating the leading firm in the telecommunication industry within the provinces of Bologna and Romagna, thus making such area an innovative reality in telecommunication services and supporting its development.

⁶ In particular, stock market continues to ensure good share prices to the shares of utilities, without taking into account the legislative uncertainty of the liberalization process.

⁷ Ensuring Seabo with the right of way on existing infrastructures is paramount to allow it to develop its activity in the telecommunication industry. Such networks can be used to lay fibre optic cables very easily, quickly and at low costs.

⁸ The Law that liberalized the TLC industry in 1997 obliged to institute a separate company to carry out such an activity.

"Il nostro obiettivo non è la quotazione a Piazza Affari. Nella grande corsa in questo settore c'è chi vuole soltanto vendersi al meglio e chi vuole vincere. Noi abbiamo deciso che vogliamo vincere ed essere il seme dal quale potrà germogliare il grande albero di tante attività che saranno rese possibili sul nostro territorio dalle fibre ottiche. L'Emilia Romagna ha già dato, nel campo delle imprese, tante prove di intelligenza e fantasia, noi vogliamo aiutarle in questa nuova sfida" (DPRRCB240500CW).

Public sector organizations, universities, health agencies, enterprises and all the citizens of the area of Bologna, Forlì, Imola and Ravenna could have benefited from the performance of this alliance. The aim was twofold: improving the efficiency of Seabo activity in traditional industries, on one side, and providing Seabo customers with innovative hi-tech services, on the other side. Seabo and other local utilities had the civil infrastructure of underground ducts for gas, electricity, water and drainage system. Such ducts could have been used to lay fibre optic cables, building a network very easily, quickly and at reasonable costs. Private partners could have brought financial resources and technological competences.

Seabo shareholders agreed with this idea. Firstly, it achieved a goal they identified. Secondly, this idea ensured many advantages, such as: (1) realizing a modern civil infrastructure, paramount for local development, (2) providing citizens with new services at reasonable costs, (3) ensuring new revenues through the fees for the right of way on water, lighting and drainage system, (4) earning revenues from the sale of 49% of Casa.Web to a private partner, (5) increasing the shareholders' value of Seabo. Additionally, the involvement of a private partner allowed local Governments not to run any risk under the financial dimension. In this perspective, during the meeting of Bologna City Council due to entrust Seabo with light and sewerage service the Privatisation Commissioner stated that^{9,10}:

"Questo è un po' il contenuto economico di questa terza delibera. Uno immediato, il corrispettivo, pari ad un miliardo omologato al canone di concessione del suolo pubblico, dall'altra parte un aumento molto forte, per appunto questo procedimento, questo inserimento di Sebo nel business delle telecomunicazioni che porterà a un plusvalore ad un capital gain molto forte sulle azioni di Seabo. L'altra cosa che mi preme sottolineare è il vantaggio sociale forte che si avrà nel momento in cui Seabo avrà concluso il suo progetto di telecomunicazioni, cioè i cittadini interessati da questo procedimento di cablaggio, che saranno i cittadini delle Province di Bologna, Imola, Forlì e Ravenna avranno in termini di abbassamento di costi di telecomunicazioni, ma anche in termini di nuovi servizi collegato al business delle telecomunicazioni" (DSMCCMuBo280600CW).

On May 23rd, 2000 Seabo Chairman announced publicly the alliance with Cis Forlì, Ami Imola and Area Ravenna to enter the TLC industry: Casa.Web would have been set up by the end of June.

Some days after, a meeting between Seabo Board of Directors and the Trade Unions was arranged. Seabo Chairman informed the Trade Unions of the establishment of Casa.Web. At that moment it was necessary to look for a private partner, bringing financial resources and technological competencies. Cisl and Uil Unions liked the idea. They identified many advantages, such as: (1) developing Seabo activity, thus offering good chances to create employment, (2) increasing the size of Seabo, thus making it easier to finance further investments, (3) ensuring public control and putting no financial resources at risk, thanks to how the project was designed. In this perspective, the leader of Uil stated in a flyer circulated after this meeting:

⁹ Seabo needs that Municipalities give it the franchise for water, lighting or drainage system. This is necessary to allow Seabo to wire the areas of the cities without digging (and so reducing costs). In this perspective, the City Council Meeting that debates whether to entrust Seabo with these activities or not represents the moment in which the Municipalities can express their support to Casa.Web through an action.

"Le linee illustrate evidenziano alcuni aspetti che, da una prima analisi, appaiono positivi: (1) sbloccano le aziende interessate dall'immobilismo in cui versano e possono offrire prospettive solide anche in considerazione della liberalizzazione del mercato che si sta attuando; (2) creano massa critica, che potrà rendere meno problematico il poter attuare gli investimenti necessari per lo sviluppo delle nuove iniziative e l'implementazione delle attività storiche, nonché si potranno attuare le sinergie tra le varie aziende per permettere risparmi, non di poco conto, sul fronte degli acquisti "centralizzati" delle materie prime e non solo; (3) creano un meccanismo societario tale per cui viene assicurato il controllo pubblico e non vengono messi sul mercato i patrimoni degli enti locali, ma solo il rapporto con il cliente (in linea con le evoluzioni legislative)" (DSPhtUil290500CW).

Also Cgil Union agreed with Casa.Web project: it seemed to offer good chances to create employment and the project, as it was packaged, seemed to offer enough guarantees to ensure public control. Nevertheless, Cgil Union expressed some doubts. In particular, it expressed a warning: too many resources should not be transferred from traditional services to new and uncertain ones, so as to safeguard Seabo activity and the satisfaction of public interests.

While Casa.Web project was being implemented, Seabo started to think about how to enter the power industry. The Legislative decree, aimed to liberalise such a market, forced the leading domestic producer to sell a part of its power stations, so as to reduce its market share. Three "Generation Companies" (Gen.Co. was the name of such companies) controlling such power stations were instituted and they were put out to tender. All the main local utilities joined consortia with public and private partners to bid in this tenders. Seabo was still out of the game and it started to think about an alliance with Ami Imola to enter the power industry: Ami Imola was already active in this industry.

At the end of June 2000 Bologna City Council approved the resolutions to entrust Seabo with operating lighting and sewerage service. It also approved another resolution to give Seabo the right of way on water, lighting and drainage network. The first two resolutions ensured Bologna Municipality to curb its losses by three millions euros; during the City Council Meeting the Privatisation Commissioner underlined:

"(...) che non si traduce, mi preme sottolineare, in 6 miliardi in più di costi per Seabo ma c'è effettivamente un risparmio per la collettività, per il sistema pubblico, per cui il Comune e Seabo insieme, verso i terzi, perché un po' come dicevo prima, un po' per questo effetto del pro-rata, ma anche una migliore gestione integrata di questi servizi nell'ambito del sistema Seabo porta a questo effetto, che noi oggi non possiamo quantificare quanto sarà, ma noi, questo è un dato che abbiamo contrattato con la controparte, sempre pubblica e sempre in parte nostra, che è Seabo" (DSMCCMuBo280600CW).

The third resolution allowed Seabo to use water, lighting and drainage network to wire the city.

During the debate within the City Council, left-wings parties proposed a resolution highlighting the relevance of a policy of alliances for the strategy of Seabo. In particular, the leader of the left-wings parties stated:

" (...) sono interessanti perché sono costruiti in un rapporto particolare tra Seabo e le altre aziende della Romagna. Faccio un inciso su questo: personalmente avrei visto con favore anche processi di alleanze, di iniziative sinergiche tra le imprese pubbliche locali dell'intera Regione, perché il problema di fare massa critica per presidiare territorio e potersi espandere in mercati esterni può comportare, e meglio anche il livello regionale. Poi capisco, ci sono territori, per loro specificità, le aziende con la loro autonomia, figuriamoci; siamo in un processo che pare prefigurare, anche prefigura una alleanza tra Bologna e una parte consistente della Romagna per potersi presentare con un bacino potenziale di un milione e 800 mila utenti, che è la vera chiave di ricchezza, sul mercato in maniera non passiva e non

¹⁰ It is worth noting that we use the wording "Privatisation Commissioner" to put it simply. The right wording is "Assessore al Bilancio, Programmazione Economica, Entrate e Patrimonio, Assetti Societari e Privatizzazioni" of Bologna Municipality.

*subalterna ma anzi attiva, e questo è un elemento diciamo di strategia aziendale (...)"
(DSMCCMuBo290600SB).*

On June 29th, 2000 Seabo Bologna, Cis Forlì, Ami Imola and Area Ravenna signed the deed of association of Casa.Web and Casa.Web was formally set up.

After the establishment of Casa.Web the other Municipalities of Bologna province, shareholders of Seabo, transferred to Casa.Web the right of way on their water, lighting and drainage network: the aim was to make it easier for Casa.Web to wire their territories.

On July 2000 Casa.Web partners identified Abn Amro as the advisor to call for tender the 49% stake of the company.

Meanwhile, Seabo Board of Directors and the Trade Unions met again: the first item on the agenda was Seabo strategies to face the upcoming liberalization in the gas industry. In particular, Seabo Chairman informed the Trade Unions that there was a general agreement among Seabo and the local utilities of Forlì, Imola and Ravenna to set up a consortium to buy and sell gas across the region.

At the end of September 2000 a private partner was selected for Casa.Web: it was the consortium led by Cir Group, and including one venture capitalist and one Swedish hi-tech company. During a press conference in October 2000, Bologna Privatisation Commissioner and Seabo Chairman expressed their satisfaction for the outcome of the decision¹¹.

*"Con Casa.Web abbiamo visto lavorare insieme Seabo, Comune e sindacati. Ognuno ha svolto il proprio ruolo e l'ha svolto molto bene", sottolinea l'Assessore del Comune di Bologna
(DPRCB111000CW).*

Based on these premises, firstly the decision to form Casa.Web seems to take place through a set of actions, i.e., situations in which actors join the decision-making process and take sides towards the issue at hand¹². Such actions are: the meetings between Seabo Chairman and the Chairmen of utilities partners of Seabo within the consortium Ares, the meeting between Seabo Chairman and the Shareholders, the press conference by Seabo Chairman, the meeting between Seabo Chairman and the Trade Unions, the meeting of Bologna City Council, the signature of the deed of association, the press conference by Bologna Privatisation Commissioner and Seabo Chairman. Once these actions have been identified, it is possible to identify seven phases in the process of making the decision to form Casa.Web (Exhibit 6.1).

Secondly, the decision to form Casa.Web seems to take place in a metaphorical space, where a multiplicity of actors joins and interacts directly or indirectly, in different moments and with different claims¹³. They can join other decision-making arenas at the same time, or it is possible that they joined the same decision-making arenas in the past. In particular, four decision-making arenas can be identified: (1) the arena where

¹¹ In the same way, the Mayor of Bologna stated during a press conference: "E i cambiamenti si vedono. Pensi che la Seabo (che si occupa di igiene ambientale) ha costituito con le consorelle di Imola, Ravenna e Forlì la società Casa.Web (della quale detiene il 50%) allo scopo di cablare le città e fornire servizi qualificati agli abitanti. Sta per concretizzarsi un ingresso di soci privati (una cordata con la Cir come capofila) che avranno il 49% delle azioni: un affare da un migliaio di miliardi", afferma il sindaco di Bologna. (DPRS24111200SB(pr)

¹² As showed in Chapter three, decisions can be grasped only thorough actions. In this perspective, we observe actors' behaviour in particular situations. As we are interested in grasping the driving forces that moves actors' behaviour, we focus on the situation when actors have to take sides towards the issue at hand. They can be official meetings, press conferences, moments in which a signature is put on the deed of association etc. In this perspective each phase involves all what happened before these actions.

¹³ The decision to form Casa.Web was formally taken during a meeting of the Board of Directors. Formally it is a decision that requires the consensus of the Directors appointed by shareholders; it does not involve shareholders directly and so it does not require that a Shareholders' Meeting is arranged. Nevertheless, such a decision involved many actors that take part to the decision-making process.

entrusting Seabo with the right of way on water, lighting and drainage networks is at hand, (2) the arena where the decision about the alliance policy of Seabo develops, (3) the arena where the decision to form Energia Italiana develops, (4) the arena where the establishment of Eos Energia is at hand.

In this perspective, the making of the decision to form Casa.Web: (1) can be conceptualised as an interaction process among coalitions of claim-makers within the decision-making arena; (2) can be understood reconstructing the interplay between the structural and dynamic components of such a process, in their interaction with other decision-making arenas and over time. This requires to (1) reconstruct the context-related factors, firm-related factors and issue-related factors that frame the decision-making arena where the interaction process develops, (2) reconstruct the interaction process among coalitions of claim-makers developing within such an arena, and (3) understand this process in its interplay with the structural components of the decision-making arena (taking into account the interaction with past decisions and others arenas).

Insert Exhibit 6.1 about here

6.2. Decision-making process to form Casa.Web: analysis.

6.2.1. Context-related factors.

Context-related factors that frame the arena where the decision-making process to form Casa.Web develops are reported in Exhibit 6.2¹⁴.

In the wake of some European Union's directives aimed at eliminating public monopolies, a liberalization process has involved Italian local utilities. It translated into a draft bill debated in the Italian Parliament, with periods of speeding up followed by periods of gridlock. Even a set of industry specific laws was passed by the Italian Parliament in order to introduce the competition into local utility markets (i.e., legislative decrees for water, power, gas, waste management and telecommunication services). Additionally a regional legislation started to introduce competition within the utility industry. In this perspective, a national law has regulated the TLC activity since 1997. Such a law liberalized the telecommunication industry and forced to set up a company to operate in the TLC industry. Similarly, a privatisation and externalisation policy characterised the tenure of Bologna Mayor. Since his electoral campaign the Mayor of Bologna have made Seabo privatisation as one of the main goals of his Administration.

Such a policy well fitted with the enthusiasm of the stock market for the shares of the TLC companies on one side, and for the shares of the utilities on the other side: the local utilities listed on the Stock Exchange reached good levels of performance, despite the uncertainty of the liberalization process. On the basis of these stock market enthusiasms, since 1999 more than twenty local utilities have established a joint venture to enter the TLC industry. Emilia Romagna region was the Italian region more susceptible to the TLC charm

¹⁴ Data about contextual factors that frame the decision-making process to form Casa.Web are collected as reported in the documents analysed or referred to by the actors at play in such a process (Strauss and Corbin 1998). Such context-related factors can match with prior ones, join to prior ones or modify them.

¹⁵ Some contextual factors are strictly related to the decision to form Casa.Web; other contextual factors are related to decisions simultaneously at play (i.e., decision about alliance policy, entrusting Seabo with the right of way on water, lighting and drainage network, setting up of Energia Italiana and setting up of Eos Energia). However even such factors contribute to define the context within which the decision-making process to form Casa.Web unfolded.

with eight local utilities entered the TLC industry and four joint ventures established for this purpose. All the main utilities of Emilia cities (i.e., Parma, Piacenza, Modena and Reggio Emilia) entered the TLC industry through alliances. At the end of 2000 such enthusiasms started to decrease. Generally speaking, since 1997 local utilities have established over one hundred alliances all across Italy. Many alliances were established by the utilities of the Emilia Romagna region.

Such a situation got on with a great appreciation of the activity of public sector organizations by Bologna community and a strong relationship between Bologna and Romagna. The activity of the public sector organizations was greatly appreciated, even in opposition with the activity of the private enterprises. The idea was to look for physiological relationships with private enterprises, by making the most of the critical assets of both public and private partners (instead of embracing acritically the managerial principles leading the private enterprises). Then the relationship between Bologna and Romagna was historically based on the desire to safeguard the autonomy of single Municipalities on one side, and the tentative to join their forces to face common threats, on the other side¹⁶. Romagna claims its autonomy from Bologna, but there are strong historical, economic and cultural relationships between Bologna and Romagna. In particular, there is a custom to consider Bologna the capital of Romagna. Bologna and Romagna have recently realized a collaborative agreement involving their Universities and there are many projects aimed at integrating these two territories. The idea was to create a joint reality where Bologna can play the role of the *primus inter pares*.

Eventually, the time span during which the process to form Casa.Web unfolded was characterized by (1) the conviction that the diversification into the TLC industry was a good opportunity to move the activity of local utility beyond the immobilism of monopoly systems, (2) the belief that local utilities had to enter the TLC industry, as it was an unavoidable choice. In this perspective, it seem significant that all the 13 people interviewed during data collection highlighted how to enter the diversification industry seemed an unavoidable choice for local utilities in that period¹⁷. Expressions as "era una scelta economica di quel periodo perché stiamo parlando del periodo boom delle TLC" can be found across all the interviews conducted¹⁸. Such convictions match with an overarching belief that public utility industry is going towards liberalization and is characterized by high levels of competition.

Such elements can be classified into normative, economic, and socio-cultural features at European Union, national, regional and local level.

In this perspective, the features of the normative framework can be categorized into two forces (Exhibit 6.2). One is a liberalization force at national level (cod. CF-NAT-NRM-LIB). It materializes in (1) some European Union directives, (2) a draft bill debated in the Italian Parliament and a set of industry-specific laws, (3) an industry-specific regional legislation. The other is a privatisation force at local level (cod. CF-LOC-NRM-

¹⁶ More generally, Emilia Romagna Region is characterized by the juxtaposition among Emilia cities and Romagna cities: Emilia and Romagna claim to be two different Regions. The relationship between Bologna and Romagna has its roots in this situation.

¹⁷ None really opposed to that choice and none accused other actors when this activity did not produce all the revenues expected.

¹⁸ "Ricordiamoci che quegli anni erano degli anni particolarmente straordinari. Poi il tema si è sgonfiato", "L'idea è partita nella realtà di Seabo, ma quelli erano tempi in cui affascinava molto l'idea di entrare nel mercato delle TLC", "Nel momento in cui si è iniziato a parlare di questi temi c'era una grande enfasi e un grande interesse al mondo delle telecomunicazioni", "E' nata subito a valle, durante anzi il cosiddetto boom delle telecomunicazioni: il momento in cui c'era molta spinta su tutti i mercati in base alla liberalizzazione della telefonia", "Quel momento, che era quello delle TLC, era un periodo storico in cui si pensava, oggi credo sia diverso, si pensava che potesse essere la forza trainante della *new economy* e quindi anche della *old* per riflesso".

PRV): it materializes in the political tendency of Bologna Mayor. In the same way, the features of the economic framework can be categorized into two forces (Exhibit 6.2). The former is an industry-dynamics force at national (cod. CF-NAT-ECO-IND) and regional level (cod. CF-REG-ECO-IND): it materializes in a great number of local utilities entering the TLC industry through alliances and in a general phenomenon of industry consolidation. The latter is a stock-market force at national level (cod. CF-NAT-ECO-STM): it materializes in good share prices for the TLC companies that lists their shares, at least until the end of 2000 when the TLC speculative bubble exploded; it translates into good share prices for the shares of the utilities as well. Eventually, even the features of socio-cultural framework can be categorized into two forces. The former is driven by socialist values (cod. CF-LOC-SCT-SOC): it materializes in the tentative to exploit the upside of the activity of public sector organizations. The latter is driven by corporative values (cod. CF-LOC-SCT-CRP): it materializes in the tentative to face common troubles joining Bologna and Romagna. Both these forces characterize local level (Exhibit 6.2).

A fourth category of context-related factors joins the previous ones, coming out from the field: it is related to a socio-cognitive dimension of the context (Scott and Richard 1994) (Exhibit 6.2). In particular, it is constituted by the institutionalisation of a common sensation about economic trend through the industry and stock-market dimension. Along the industry dimension, the belief that the diversification into the TLC industry was a good opportunity to move Seabo beyond the immobilism of the monopoly system constitutes a common sensation (cod. CF-PRC-ECO-CMP); along the stock-market dimension, the belief that the diversification into the TLC industry was an unavoidable choice constitutes another institutionalised sensation (cod. CF-PRC-ECO-FIN). Then the institutionalisation of a third common sensation about the legislative framework characterizes context: it is the belief that public utility industry is going towards liberalization (CF-PRC-NRM-LIB). On top of it, the idea that local utility industry is going towards growing level of competition constitute another common belief (CF-PRC-ECO-CMP).

Insert Exhibit 6.2 about here

Exhibit 6.3 shows context-related factors split for phases as they are collected, integrated with factors already highlighted.

In this perspective, we can identify two critical events in context-related framework. They coincide with some transformations in the features of this framework. The former regards normative factors at national level along the liberalization dimension: after the speeding up of the end of 1999, the draft bill aimed at reforming the public utility industry reached a gridlock during the first month of 2000. The latter regards economic factors at national level along the stock-market dimension: after the euphoria of stock markets for the TLC companies, the speculative bubble exploded at the end of 2000.

Summing up, different categories of concepts frame the decision-making arena where the decision to form Casa.Web is at hand, according to the dimensions of our conceptual model: i.e., (1) liberalization tendency along the normative dimension at supranational, national and regional level, (2) privatisation tendency along the normative dimension at local level, (3) industry-dynamics along the economic dimension at national and regional level, (4) stock-market dynamics along the economic dimension at supranational and national level,

(5) socialist values along the socio-cultural dimension at local level, (6) corporative culture along the socio-cultural dimension at local level¹⁹.

On top of it, other concepts join the previous ones. They do not fill the classes identified by our conceptual model: they come out from the field; they deal with an institutionalised perception by the actors at hand. They can be related to a socio-cognitive dimension of the context. They take the form of an institutionalised belief concerning the normative, economic and financial framework.

One critical event can also be identified in phase one: it is a transformation in the normative framework at national level. Another critical event can be identified in phase seven: it is a transformation in the economic framework at national level.

Insert Exhibit 6.3 about here

6.2.2. Firm-related factors.

Firm-related factors that frame the arena where the decision-making process to form Casa.Web develops can be distinguished into factors related to the stakeholder system, the corporate strategy and the alliance policy of Seabo²⁰.

The stakeholder system of Seabo is characterized by many actors involved in a network of adversarial-collaborative relationships, as showed in Chapter five (Exhibit 5.2).

Firstly, actors that constitute the stakeholder system of Seabo are the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna province, Cgil Union, Cisl Union and Uil Union, Seabo management, Bologna citizens, Bologna enterprises and the utilities partners of Seabo in prior alliances (i.e., Cis Forlì, Ami Imola, Area Ravenna). They bring stakes towards the viability of Seabo; their contribution is paramount for Seabo activity, and Seabo rewards are paramount for them, even if with different salience²¹.

These actors can be clustered into seven classes of stakeholders, according to the interests they aim to satisfy through Seabo activity. The first class coincides with "local government" and involves the Municipality of Bologna and the other Municipalities of Bologna province. They are interested that Seabo satisfies Bologna citizens' needs, by providing local community with a good level of services both in quality and quantity. In this perspective, Seabo activity is an instrument through which Municipalities can gain part of the consensus necessary to legitimise themselves in front of their communities. The second category coincides with "shareholders" and is split into two subcategories "majority shareholders" and "minority shareholders". Such a category involves the Municipality of Bologna (as majority shareholder), the Province of Bologna and the other Municipalities of Bologna province (as minority shareholders)²². They are interested to finance parts of

¹⁹ Other socio-cultural factors join the factors highlighted in this chapter. Firstly, a cultural, political and social shock characterizes Bologna community in the period considered. It is related to the shift from left-wing parties running the Municipality to right-wing parties. Secondly, the new Mayor tried to select and appoint his staff based on their competences, without taking into account the traditional party patronage.

²⁰ Data about firm-related factors regard Seabo as a whole and not a specific decision-making within it. Consequently, firm-related factors are analysed in Chapter five and synthesized in the following chapters. They could change along the decision-making in term of: (1) the actors involved, (2) their salience, (3) the nature of the relationships among them and (4) the management role. Nevertheless, firstly we consider a short period of time; secondly, no traumatic events happened. Consequently, we focus our attention on transformation in (1) the actors involved and (2) the nature of the relationships among them.

²¹ Look at Chapter five for a deep analysis of: stakeholder identification (i.e., stakes towards the viability and profitability of the firm; contributions, rewards and interests each stakeholder aims at satisfying through the activity of the firm); relationships among stakeholders (i.e., level of trust and control beyond each relationship).

²² It is worth remembering that the Municipality of Bologna and the other Municipalities of Bologna province (i.e., majority and minority shareholders) are also characterized by a different political tendency: central-right for the

their activities, usually loss-making public services, by making dividends from Seabo activity. The third category coincides with the employees of Seabo, as represented by Trade Unions; it can be split into three subcategories (i.e., Cgil, Cisl and Uil Trade Unions), according to the political stance of each union (i.e., Cgil has a strong left stance, Cisl and Uil have a more moderate political attitude). They are interested that Seabo satisfies the employees' needs, by ensuring steady levels of employment and good labour conditions. In this perspective, Seabo is an instrument through which Trade Unions can gain the consensus necessary to their own survival. The fourth category coincides with "management" and involves the Chairman, Board of Directors and management of Seabo²³. Seabo management is interested that Seabo develops its activity in such a way to increase its viability and profitability, supporting the development of local community too. The fifth category coincides with "clients" and involves Bologna citizens, Bologna enterprises, Bologna public sector organizations etc. They are interested that Seabo satisfies their consumption needs, by providing them with good level of services, both under the qualitative and quantitative dimension. The sixth category is constituted by "suppliers"; it involves all Bologna enterprises that are the main suppliers of Seabo. They are interested that Seabo satisfies their productive capacity, by buying the resources it needs by them. The last category is constituted by the "partners" of Seabo in prior alliances; it involves the utilities of the city of Forlì, Imola and Ravenna. They are interested to gain new opportunities of development from Seabo and its network of social relationships.

In this perspective, three classes of interests can be identified. They are brought by different actors acting as stakeholders, as showed in Chapter five and reported in Exhibit 6.4: i.e., (1) economic interests brought by the Municipality of Bologna, the Province of Bologna, the Municipalities of Bologna province (as shareholders), Seabo Chairman, Seabo Board of Directors and Seabo management (as management), Bologna citizens, Bologna enterprises, Bologna public organizations etc. (as clients and suppliers), other local utilities (as partners in existing alliances); (2) social interests brought by the Municipality of Bologna and the other Municipalities of Bologna province (as local governments aiming to satisfy common good) and Seabo Chairman (as management conscious of the social dimension of Seabo activity); (3) political interests brought by Cgil, Cisl and Uil (as Trade Unions representing the employees' interests). As described in Chapter five, economic interests are individual interests, satisfying thorough an exchange relationships, social interests are interests benefiting the whole community, political interests are interests of particular constituencies within the whole community.

Secondly, the relationships between Seabo and its stakeholders are collaborative for construction²⁴. Relationships among Seabo stakeholders can be collaborative, but also adversarial in nature. In particular, as showed in Chapter five and reported in Exhibit 6.5, five categories of relationships can be identified among Seabo stakeholders, according to the level of trust beyond such relationships and the forms of control

Municipality of Bologna and central-left for the other Municipalities of Bologna province and for the Province of Bologna. For the first time after the Second World War Bologna Municipality is run by right parties.

²³ As showed in Chapter five, (1) Seabo Chairman was appointed by the Municipality of Bologna, (2) two members of the Board of Directors were appointed by Bologna Municipality, other two by minority shareholders, (3) the management of Seabo was engaged by the former left-wing Mayor. Nevertheless, the relationships among the Directors and the Chairman were good one. It is worth noting as all the members of the Board of Directors gave us a good portrait of Seabo Chairman during the interviews. In the same perspective, the relationships between Seabo Chairman and Seabo management were good one. After his appointment Seabo Chairman highlighted the great sense of identity that characterized Seabo employees. As a consequence, we do not have any problem between Seabo Chairman, Seabo Board of Directors and Seabo management: we can use only one category to indicate them as stakeholders, i.e., Management.

²⁴ Stakeholders are in fact identified as bringing a stake to the viability and profitability of the firm. In this perspective, they contribute to its activity: the relationships between stakeholders and Seabo are collaborative.

instituted to govern them. Typically strong levels of trust characterize the relationships among the Municipalities of Bologna province on one side, and among the partners of Seabo on the other side (grade 5). High levels of trust and weak forms of control characterize the relationships between the Municipality of Bologna and Seabo management on one side, and between Cisl Union and Uil Union on the other side (grade 4). Weak levels of trust and strong forms of control characterize the relationships between (grade 3): the Municipality of Bologna and the other Municipalities of Bologna province; the Municipalities of Bologna province and Seabo management; the Trade Unions and the Municipalities as shareholders of Seabo; Seabo management and the Trade Unions; Bologna citizens/enterprises and Bologna Municipality. Minimum levels of trust and systematic contrasts characterize the relationships between Cgil, on one side, and Cisl and Uil, on the other side (grade 2).

In this perspective, the Municipality of Bologna is the more salient stakeholder (at the same time local governments and majority shareholder), followed by the other Municipalities of Bologna province, the Province of Bologna, the Trade Unions, the citizens and business enterprises of Bologna, the Management of Seabo and the partners of Seabo in prior alliances.

Then, as highlight in Chapter five, Seabo management engages stakeholders.

Insert Exhibit 6.4 and 6.5 about here

During the decision-making process to form Casa.Web, the stakeholder system develops along both the dimension of actors involved and the relationships among such actors (Exhibit 6.6).

Firstly, new actors entered at stake and old actors disappeared: Area Ravenna becomes partner of Seabo in Casa.Web and Agac Reggio Emilia leaves the consortium Ares. Also Cir Group becomes partner of Seabo.

Secondly, the relationship between the Municipality of Bologna and the other Municipalities of Bologna province develops from a relationship based on contrasts (grade 2) to a relationship based on strong forms of control (grade 3). The election of a right-wing candidate as Bologna Mayor was followed by a worsening of the relationships among Seabo shareholders (all the minority shareholders are run by left-wing Mayors)²⁵. Now shareholders go back to a more collaborative behaviour and contribute to the establishment of Casa.Web. Then the relationship among Cis Forlì, Ami Imola and Seabo Management strengthen. Both these utilities were already partners of Seabo in the consortium Ares. Then a new collaborative relationship is instituted among Cis Forlì, Ami Imola, Seabo Management and Area Ravenna²⁶. In the end new collaborative relationships are established between such actors and Cir Group.

Seabo corporate strategy was defined with the approval of "Documento contenente gli indirizzi per le nomine degli amministratori". Such document represents the operationalization of the Mayor policy and should be operationalised into a business plan by Seabo management. It is based on some pillars: (1) strengthening Seabo activity in gas and power industry, (2) contributing to the development of Seabo activity into water industry, according to the reform of such an industry, (3) instituting subsidiaries, (4) increasing the

²⁵ In particular, as showed in Chapter five, minority shareholders did not analyse the document establishing the strategic goals that Seabo management should have achieved when Bologna Mayor asked them to do it. In this way they put off the appointment of the new Chairman and of the new Board of Directors of Seabo.

²⁶ It is worthy remembering that we do not consider the relationships between Seabo and its stakeholders: it is collaborative for construction.

shareholders' value of Seabo, expecting an eventual future privatisation, (5) developing a policy of alliance. In particular, left-wing parties highlighted the importance to develop an alliance policy for Seabo.

Summing up, different categories of interests and stakeholders frame the decision-making arena where the decision to form Casa.Web is at hand. They are embedded in a network of collaborative and adversarial relationships. In particular, three categories of interests can be grasped, brought by different actors as stakeholders (i.e., economic interests, social interests and political interests). In this perspective, Municipalities bring social interests as local Governments and economic interests as shareholders; Trade Unions bring political interests as stewarding the interests of the employees; Bologna citizens and enterprises bring economic interests as clients and suppliers; Cis Forlì, Ami Imola and Area Ravenna bring economic interests as partners in prior alliances.

On top of it, the Chairman, Board of Directors and Management of Seabo bring economic and also social interests as interested on the viability and profitability of Seabo, on one side, and on the development of the local community on the other side.

Such a negotiated order translates into the "Documento contenente gli indirizzi per le nomine degli amministratori" and into the alliance policy. In particular, such a document established that Seabo had to move beyond traditional industries, perhaps through alliances.

One critical event can also be identified in phase three because of the development of the relationships between the Municipality of Bologna and the other Municipalities. Another critical event can be identified in phase six: new actors join the arena as partners of Seabo and the relationships between Seabo and prior partners strengthen. The last critical event can be identified in phase seven: a new actor join the arena as partner of Seabo, Cis, Ami and Area and new collaborative relationships were established among them.

Insert Exhibit 6.6 about here

6.2.3. Issue-related factors.

Different actors joined decision-making arena to form Casa.Web. They join in different moments, bringing different claims, with different arguments (Exhibit 6.7).

Firstly, the Chairman of Seabo entered the decision-making arena as claim-makers. He promoted the claim "setting up an alliance" with Cis Forlì, Ami Imola and Area Ravenna in order to diversify Seabo activity into the TLC industry. The Chairman of Seabo advanced many justifications to explain and promote this position: (1) supporting the development of local community, (2) starting to coordinate Bologna and Romagna, based on the principle of *primus inter pares*, (3) sharing complementary resources and risks. Seabo Board of Directors agreed with this idea with many arguments: (1) providing clients with innovative services, (2) producing innovative services at low costs, (3) creating the leading company in telecommunication services across the provinces of Bologna, Forlì, Imola and Ravenna, (4) sharing complementary resources, (5) favouring the increase of the shareholders' value of Seabo, without calling Seabo into play.

Secondly, the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province entered the decision-making arena as claim-makers. They supported the claim promoted by Seabo Board of Director and joined such a coalition. They supported unitary the claim to set up an alliance with

different arguments, such as²⁷: (1) ensuring the presence of local governments in telecommunication services, (2) creating a civil infrastructure paramount for the local development, (3) providing citizens with innovative services, (4) benefiting citizens with a reduction of the cost of telecommunication services, (5) externalising a loss of three millions of euros due to the management of water, light and drainage system, (6) ensuring new revenues through the fees for the right of way on water, lighting and drainage system, (7) earning revenues from the sale of a 49% stake of Casa.Web to private partner, (8) increasing the shareholders' value of Seabo expecting for the next privatisation.

Thirdly Cgil, Cisl and Uil Unions entered the decision-making arena as claim-makers. They supported the claim already supported by the other two categories of claim-makers. Nevertheless, they can be divided into two subgroups: Cisl and Uil on one side and Cgil on the other side²⁸. In particular, Cisl and Uil Unions supported immediately the claim "setting up an alliance" to enter the TLC industry, with different arguments: (1) moving Seabo beyond the immobilism of monopoly systems, (2) moving Seabo beyond the boundaries of traditional services, (3) promoting the development of the employment level, (4) retraining the employees that were redundant after the merger between Acoser and Amiu, (5) sharing financial burden of such an initiatives, (6) ensuring the public control over Seabo activity, (7) putting no financial resources at risk. Also Cgil Union entered such a coalition but with a warning. Cgil identified all the advantages that Casa.Web could offer for Seabo, but claimed that financial resources of Seabo were put no risk: Cgil invited to focus on the core business of Seabo.

All such arguments can be classified into two main categories (Exhibit 6.7). On one side, they support the decision to enter the TLC industry, but not support specifically the choice to set up an alliance for this purpose. On the other side, they justify the decision to set up an alliance instead of choosing other strategic instruments. In particular, the former category highlights the goals that claim-makers aim to achieve through such an alliance (i.e., they coincide with the objectives of the alliance). They are related to the decision to diversify Seabo activity into the TLC industry and can be reached even through alternative means, alliance being one of them. The latter category highlights the reasons behind the decision to choose an alliance to enter the telecommunication industry (instead of alternative instruments such as internal development, acquisition, merger, contracting, network etc.). They highlight the relative advantages of alliances over alternative instruments: i.e., (1) starting to coordinate Bologna and Romagna, as a *primus inter pares*, (2) sharing complementary resources and risks, (3) creating the leading company in telecommunication services across the provinces of Bologna, Forli, Imola and Ravenna, (4) sharing complementary resources, (5) favouring the increase of the shareholders' value of Seabo, without calling Seabo into play. (6) sharing the financial burden of entering the new industry, (7) ensuring the public control over Seabo activity and Seabo corporate structure, (8) putting no risk the financial resources of each Municipality.

Following the literature review developed in Chapter two, such reasons can be clustered into two categories: i.e., economic reasons (along the efficiency or competitive advantage dimension) and legitimacy reasons (along the isomorphic and fashion effects) (Exhibit 6.7).

²⁷ Nevertheless, they can be grouped into two main subgroups: the Municipality of Bologna on one side, other Municipalities and the Province of Bologna, on the other side. While the Municipality of Bologna is the majority shareholder and is governed by a right-wings party, other Municipalities have a left-wing party government and are minority shareholders. Nevertheless, the Municipality of Bologna, the other Municipalities and the Province of Bologna share the need to satisfy common interests.

²⁸ According to their political stance, Trade Unions can be divided into two subgroups. While Cgil has a strong left stance, Cisl and Uil have a more moderate attitude.

In particular, sharing complementary resources and risks, sharing the financial burden of entering a new industry and putting no risk Municipalities' financial resources can be classified as economic reasons along the competitive advantage dimensions (RSN-ECO-CMP). Then other categories of reasons can be grasped.

Generally speaking, such reasons can be related to the nature of the interests behind them. As shown in Chapter three, different actors interpret the environmental factors in different ways, according to their own interests. As a consequence, different actors join the decision-making arena with different claims about the issue at hand: the aim is to promote a claim able to ensure the satisfaction of their own interests. In this perspective, economic reasons can be related to the economic interests that move actors into action (Exhibit 6.7). On these premises, the other categories of reasons should be related to the other categories of interests: i.e., the interests of the whole community or the interests of particular constituencies within such a community. We call the reasons related to the interests of particular constituencies, political reasons; whereas we call the reasons related to the interests of the whole community social reasons.

In this perspective, political reasons involve reasons such as: (1) favouring the increase of the shareholder value of Seabo, without calling Seabo into play and (2) ensuring the public control over Seabo activity (RSN-POL). They are linked to the interests of specific constituencies within the local community and aimed at maintaining the equilibrium among them. In particular, "favouring the increase of the shareholders' value of Seabo, without calling Seabo into play" means that the alliance allows reaching one of the main goal for shareholders (i.e., increasing the shareholder value of Seabo) without bringing into play their roles and their equilibrium. In the same way, "ensuring the public control over Seabo activity" means that the alliance allows moving Seabo towards new activities without any change in the labour conditions. Publicly-ownership ensures in fact the possibility to negotiate better labour conditions than private-ownership: public organisations can be victim of the "electoral blackmail" by Trade Unions, as Trade Unions control an important share of votes.

Social reasons involve reasons such as: (1) starting to coordinate Bologna and Romagna, based on the principles of *primus inter pares* and (2) creating the leading company in the telecommunication services across the territories of Bologna, Forlì, Imola and Ravenna (RSN-SOC). They are related to the interests of the whole community and are based on the network of local relationships that link Seabo to local communities, where the whole community includes Bologna and Romagna communities.

In this perspective, claim-makers as Seabo Chairman and Seabo Board of Directors promote the claim "setting up an alliance" to diversify Seabo activity into the TLC industry for (1) economic, (2) social and (3) political reasons at the same time (Exhibit 6.8). The Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province support the project proposed by Seabo management, but they focus their attention on the goals expected from such an alliance. They support the institution of Casa.Web. Such an alliance allowed entering the TLC industry, with economic and social advantages; they do not questioned about the instrument proposed by Seabo management to reach that goal. Claim-makers as Trade Unions agreed on the idea to establish an alliance in order to enter the TLC industry for political and economic reasons.

Based on these premises, we have only one claim promoted and supported by all the claim-makers committed with the decision to form Casa.Web for economic, political and social reasons: only one coalition is formed, involving all the claim-makers at play. No more claims are promoted and no more coalitions are formed (Exhibit 6.8).

In particular, all such claim-makers are stakeholders too: they are moved into action in such a way to ensure the satisfaction of their own interests. In this perspective, Seabo management brings economic and social reasons in order to satisfy the social and economic interests that characterize their activity as stakeholder. Nevertheless, Seabo management are driven by political reasons as well. Municipalities are driven by economic and social arguments to satisfy their economic and social interests as stakeholders. Trade Unions are driven by political reasons to satisfy the political interests that characterize their activity as stakeholders. Nevertheless, Trade Unions are driven by economic reasons too.

Insert Exhibit 6.7 about here

Such a coalition develops over time through the entry of different claim-makers (Exhibit 6.8). It expands its boundaries involving other claim-makers. Seabo Chairman looks for other actors supporting his claim in such a way to gain legitimacy for it. In particular, Seabo Chairman looks for the support of the most salient stakeholders: Seabo Chairman proposed the idea to form an alliance to enter the telecommunication industry to the Municipality of Bologna and the other Municipalities of Bologna province at first. Then Seabo informed Trade Unions.

In the end, when even Cgil agreed with the decision to form an alliance to diversify Seabo activity into the TLC industry, a negotiated order is reached: it is supported by all the claim-makers involved. It is an informal order that were also be confirmed with the sign of the deed of association. In fact, in the end all the partners involved express their satisfaction for the decision taken (cod. CLKMus-SAT, CLKSb-SAT).

Based on these premises, the interaction among different claim-makers is reduced to a negotiation within the same coalition among different "subgroups": it involves the operational arrangements of the implementation of the decision. All actors at play agree on the opportunity to set up an alliance to enter the TLC industry. They just debate on how structuring such an alliance: Cgil asks to pay attention to the amount of resources devoted to such an activity.

The coalition of claim-makers develops according to an incremental logic: more and more claim-makers join such a coalition.

Actors involved in the decision-making arena considered are simultaneously involved in other decision-making arenas: i.e., (1) arena where charging Seabo with the right of way on water, lighting and drainage systems is at hand, (2) arena where the decision about the alliance policy of Seabo develops, (3) arena where the decision to form Energia Italiana develops, (4) arena where the formation of Eos Energia is at hand. Then they were involved in previous arenas related to the arena considered: i.e., the arena where the decision to set up the consortium Ares was questioned. Nevertheless, such arenas are just setting up. Consequently, no interactions can be grasped related to the arena at hand. On the contrary, some interaction link past arena where the Ares consortium was set up to the arena where Casa.Web is at hand.

Summing up, three categories of reasons are behind the decision to form Casa.Web. Economic reasons along the competitive advantage dimension are at play; they are brought by Seabo, Cisl and Uil. On top of it, even political and social reasons support the decision to set up an alliance. Political reasons are brought by Cgil, Cisl and Uil; they are brought by Seabo as well. Social reasons are brought by Seabo. Municipalities do not questioned the choice of the alliance as instrument to achieve the goal established: i.e., they are just interested to enter the TLC industry, for economic and social arguments. All these reasons are at play in the making of the decision to form an alliance; they are simultaneously behind the final decision to set up the alliance as

well. One coalition is formed, involving all the claim-makers at play. All the claim-makers involved are stakeholders; some claim-makers bring even reasons that do not coincide with their interests as stakeholders (i.e., Scabo Chairman and Board of Directors brings even political reasons and Trade Unions bring even economic reasons). In this perspective, we do not have an effective interaction among all the actors involved, but just a negotiation on the operational arrangements for the implementations of the decision.

In the end three critical events can be identified. In phase one Chairman of Scabo promotes the claim. In phase two shareholders enter such a coalition and expands its boundaries. In phase four Trade Unions join the same coalition, even if they advance some doubts.

Insert Exhibit 6.8 about here

6.3. Decision-making process to form Casa.Web: interpretation.

The process of making the decision to form Casa.Web develops through an interaction within the decision-making arena among the Chairman and the Board of Directors of Scabo, the Municipality of Bologna, the Province of Bologna, the other Municipalities of Bologna province, Cgil, Cisl and Uil Trade Unions.

In particular, all these actors join the arena within which the decision about how to enter the telecommunication industry is at hand. They support the same claim (i.e., setting up an alliance with Cis Forli, Ami Imola and Area Ravenna) for economic, social and political reasons; at this end they interact through negotiation just on the operational arrangements for the implementations of the decision. In the end a negotiated order is reached: it is not the better solution for each actor involved, but it is the solution with which everyone thinks he can live²⁹. It is the decision to form an alliance in order to enter the TLC industry.

Based on these premises, in order to understand why claim-makers' coalition develops according to such an incremental logic it is necessary to look at how the structural components of the decision-making arena interact with the development of the coalitions of claim-makers. This allows us even to understand why the decision to set up Casa.Web is taken and which is its role in the corporate strategy of Scabo.

In this perspective, some considerations can be expressed about the interplay among critical events in context-related factors, firm-related factors and issue-related factors.

Firstly, we identified two critical events in the context-related factors. They took place in phase one and phase seven. The former is an evolution in the normative framework at national level along the liberalization dimension: the draft bill aimed at liberalizing the local utilities industry reached a gridlock in the Italian Parliament (after the speeding up of the previous months). The latter is an evolution in the economic framework at national level along the stock market dynamics: at the end of 2000 the TLC bubble crashed (after the euphoria with which stock markets received the stakes of the TLC companies at the end of 1999).

Secondly, we found out three critical events in the firm-related factors. They took place in phases three, six and seven. The first critical event is related to an evolution of the relationships among the Municipality of Bologna, the Province of Bologna and other Municipalities of Bologna province: such relationships develop from a relationship based on systematic contrasts to a relationship based on low levels of trust and strong

²⁹ Management of Scabo, Municipality of Bologna and other Municipalities declare their satisfaction. Cisl and Uil Unions agree. Cgil Union accepts this project to enter the TLC industry. In particular, Cgil was worried that not many resources were devoted to such an innovative activity; anyway, the projects "as it was packaged by Scabo" seemed to ensure enough guarantees.

forms of control. In this perspective, the equilibrium among all the shareholders of Seabo is brought back. The second critical event is related to a transformation in the set of actors involved in the stakeholder system of Seabo: Agac Reggio Emilia leaves partnership with Seabo and Arca Ravenna joins it; consequently, old relationships crash and new collaborative relationships develop. The third critical event is related to another new entry in the stakeholder system of Seabo: Cir Group joins Casa.Web. Consequently, another set of collaborative relationships is established.

Thirdly, we identified three critical events in the issue-related factors; they took place in phase one, two and four when: (1) the Chairman of Seabo promotes the claim "setting up an alliance with Cis Forlì, Ami Imola and Arca Ravenna" in order to enter the TLC industry, (2) Seabo Board of Directors and the Municipalities agree with this idea, (3) the Trade Unions also agree, even with a warning.

No strong relationships seem to exist among such critical events (Exhibit 6.9).

In phase one context-related factors develop and firm-related factors do not develop; just issue-related factors develop. Nevertheless, context-related factors and issue-related factors develop in opposite directions: on one side, liberalization process reaches a gridlock, on the other side Seabo Chairman promotes the claim "setting up an alliance with Cis Forlì, Ami Imola and Arca Ravenna" in order to enter the TLC industry, thus exploiting liberalization opportunities. In this perspective, it seems difficult to suppose a relationship between the evolution of context-related factors and the evolution of issue-related factors. Such a relationship can not be supposed even in the long term. In front of the gridlock of the liberalization process the process of establishing Casa.Web in fact continues. As a consequence, context-related factors and issue-related factors seem not to vary altogether.

In phase two issue-related factors develop. Nevertheless, neither context-related factors, nor firm-related factors change. In the long term, firm-related factors change: in phase three, in fact, the relationships between the Municipality of Bologna and the other Municipalities become more collaborative. In this perspective, a relationship could be supposed between the interaction among stakeholders acting as claim-makers and the nature of their relationships as stakeholders. In particular, there are grounds to suppose that a collaborative interaction among stakeholders acting as claim-makers contribute to influence their general relationships. Also the effect of such interdependences could depend on the nature of the decision at hand. In this perspective, an interaction based on conflict among stakeholders within the decision-making arena could contribute to worsen their general relationships as stakeholders (with possible effects on the other decision-making arenas where they are involved).

In phase four the coalition of claim-makers grows but nothing change in the context-related factors and in the issue-related factors.

Then in phase six and seven firm-related factors change and issue-related factors do not change; just context-related factors develop. Nevertheless, firm-related factors and context-related factors develop in opposite directions: on one side, stakeholder system grows thanks to the entry of private partner in Casa.Web, on the other side the Stock Exchange started to fall. In this perspective, it seems difficult to suppose a relationship between the evolution of context-related factors and firm-related factors. It seems possible to suppose such a relationship in the long term, when in front of the evolution of the perception about the success of the new economy the private partner leaves Casa.Web.

Based on these premises, no relevant relationships seem to exist among the elements of our conceptual model: claim-makers' position towards the issue at hand and their negotiation process seem do not interact with context-related factors and firm-related factors. Even context-related factors and firm-related factors seem do not interact. Each element seems unrelated to the others: it seems to develop on its own. Context-related factors change and neither firm-related factors nor issue-related factors change and vice versa. Just a weak relationship seems to exist between stakeholders acting as claim-makers within the decision-making arena and their relationships as stakeholders of Seabo.

Insert Exhibit 6.9 about here

We maintain that this can be explained looking at the elements of our conceptual model that do not change from one phase to the others: i.e., the socio-cultural and socio-cognitive force of the contextual framework, the corporate strategy and the policy of alliance of Seabo. Just some weak changes characterise the stakeholder system of Seabo; nevertheless they consist in a re-equilibrium of the previous order.

Firstly, neither the belief that public utilities industry is gone toward liberalization, nor the belief that economic framework is characterized by growing level of competitions change for all the time span considered. On the contrary, such beliefs strengthen as a consequence of the fact that the actions of different actors continue to develop in the same direction (i.e., towards the setting up of Casa.Web). Secondly, the corporate strategy through which Seabo stakeholders reached their equilibrium does not change as a consequence of the decision to set up an alliance. On the contrary, the equilibrium among Seabo stakeholders brings back and strengthens thanks to the actions of all the actors involved. Even the attitude of the stakeholders of Seabo towards the policy of alliance does not change and strengthens.

In this perspective, the elements of our conceptual model look less unrelated (Exhibit 6.10); the process to form an alliance to enter the TLC industry seems to develop just in the interplay among its structural and dynamic elements.

In particular, firstly the decision to form Casa.Web seems to be understandable only within the set of rules established by the decision-making arena: such a process unfolds within a system of rule that actors accept³⁰. At contextual level there is a tendency towards liberalization and privatisation, some dynamics towards competition and stock-market investments, some socialist and corporative values. At firm level there is a system of stakeholders structured in a network of collaborative and adversarial relationships; they reached their equilibrium through the "Documento contenente gli indirizzi per le nomine degli amministratori". At issue level there are some actors that act within that system of rules, without calling it into play. In this perspective, in fact (1) actors promote an alliance and no alternative instruments are proposed and (2) political reasons are brought by each actor to justify the side their took (i.e., ensuring the status quo). In the same perspective, Municipalities do not questioned about the solution proposed by Seabo management in order to reach their goals.

Secondly, the decision to form Casa.Web seems to be understandable only considering actors that shape that system of rules: such a process unfolds within a system of rules that actors accept, strengthen and contribute to create.

³⁰ It is worth noting that the interaction among claim-makers is reduced to a negotiation among different groups within the same coalition; it is a negotiation about the operational arrangements to implement the decision.

At contextual level there are some events that put strain on the opportunity to enter the TLC industry, but there is also a dimension created by actors; it results from their perception. Such dimension moderates and absorbs the effect of the variations in context-related factors. At firm level there is a stakeholder system that actors strengthen and brought back into the equilibrium. At issue level there are some actors that support the idea promoted by Seabo management, bringing even reasons coinciding with the interests of other categories of stakeholders: i.e., Seabo Management brings also political reasons, and Trade Unions bring also economic and social reasons. In this way, each claim-maker looks for a point of contact with the other claim-makers, by highlighting each time different faces of their claim. The aim is to picture the claim in such a way it seems able to satisfy different categories of interests, thus gaining the support of different claim-makers. In this perspective, Kunkel (1995: 240) highlights as "typically, claim-makers attempted to extend the boundary or domain considered to cover additional situations". In particular, he calls such tentative to gain other claim-makers' support: "rationale expansion – in which claim-makers expand their list of reasons of addressing a particular problem (...); the strategy is one of linking people concerned with different issues" (Kunkel 1995: 252).

In this perspective, the role of Seabo Chairman and Seabo management look paramount. Seabo Chairman promotes the idea to form Casa.Web and packages the project in such a way it could be approved by all the actors involved. In this way Seabo management reaches two important objectives: entering the TLC industry on one side, and strengthening the relationships with Romagna utilities on the other side. In this perspective, on one side it is worth noting that Seabo Chairman is often considered as the "father of Casa.Web" by all the actors involved. On the other side, it is worth noting that during the interview conducted Seabo Chairman pictured Seabo as the largest local utility of Romagna, invested of a particular tasks and responsibilities. Seabo had not only the responsibility to promote local development. Seabo had also the responsibility to coordinate Bologna and Romagna utilities, playing the role of the *primus inter pares*. Expressions as "essendo l'azienda più grande della regione, Seabo aveva la responsabilità di essere da un lato l'aggregatore, il catalizzatore di un'alleanza, dall'altro un *primus inter pares*"; "in questi processi è inimmaginabile che esista un *leader* che compri altri, deve esserci un processo che in qualche maniera porta a sedersi intorno a un tavolo", "Il più grande ha delle responsabilità (...) Deve avere l'umiltà di essere un *inter pares*: ciascuno è *leader* nel suo territorio" can be found across the whole interview³¹. This behaviour is confirmed by the interviews conducted with other actors, without that an explicit question in that direction was ask to them "... Questo lo vedevamo anche in Consiglio: il Presidente aveva cercato di aprire un discorso a tutto campo già allora con le altre municipalizzate della Romagna; quello delle telecomunicazioni è stato uno dei primi terreni". Then such an attitude is confirmed by the behaviour of the Seabo Chairman: i.e., Seabo Chairman exploited each opportunity to look for a relationship with Romagna utilities. Firstly, he exploited the relationships with Romagna utilities within the consortium Ares in order to set up Casa.Web and Eos Energia. Secondly, he tried to involve Romagna utilities in Energia Italiana as well. Then Seabo Chairman

³¹ "Le aziende di servizi pubblici locali sono aziende. In quanto aziende possono essere dei forti motori per lo sviluppo locale; non si limitano più a mettere un servizio a disposizione del territorio; cercano di essere un elemento di forte traino dello sviluppo del territorio. (...) Un'azienda pubblica ha un doppio DNA: una matrice pubblica che le da una precisa responsabilizzazione fra gli obiettivi del territorio e una matrice aziendale che ne sottopone l'attività a valutazione sulla base dei normali parametri con cui vengono valutate le aziende.

invited Romagna utilities to take part together in the competition for the acquisition of a stake in the utility of the city of Pesaro.

Summing up, we can think that the coalitions of claim-makers develop according to an incremental logic, why: (1) the decision-making process to form Casa.Web develops within the decision-making arena complying to it; (2) the decision-making process contributes to strengthen such an arena.

The decision-making seems to develop (1) within a script written by the stakeholders system (embedded within the network of their relationships and codified within the strategic goals they established), (2) thanks to the improvisation of single actors. Such actors know to such a degree they can forget the line and begin to ad-lib. They are conscious of their space of autonomy and they move within it. The other actors at play readapt their role and modify their actions around that improvisation and the show goes on, without the audience realize anything happened. In the end, the order comes back on the stage and the audience applauds. The actor that activates the whole process is the management of Seabo.

Insert Exhibit 6.10 about here

6.4. Reasons behind the decision by Seabo to form Casa.Web.

The decision about what course of action choose in order to enter the TLC industry develops within an arena characterized by a liberalization and privatisation tendency, industry and stock markets dynamics, socialist values and corporative culture. The institutionalisation of a shared belief that (1) the normative framework is going towards liberalization and (2) the economic framework is going towards growing levels of competition is also at hand.

The stakeholder system framing such a decision-making process is composed by actors bringing economic, political and social interests; it depends on their role as stakeholders. Such actors are embedded in a network of collaborative and adversarial relationships. In particular, Seabo management brings both an economic interest towards the viability and profitability of the firm and a social interest towards the development of the local community. Additionally the pillars of the corporate strategy that stakeholders identified and their attitude towards the establishment of alliances represent other structural elements of the decision-making arena.

In this framework Seabo management proposes to set up an alliance with the partners of Seabo in previous alliances in order to enter the TLC industry. This claim was immediately supported by all the actors that join such an arena for different reasons. To put it simply, the alliance allowed entering the new industry sharing risk and resources, joining Bologna and Romagna safeguarding the relationships with local communities and preserving the equilibrium among all the stakeholders involved. In particular, the actors involved bring even reasons different from their interests; in this perspective, the management of Seabo brings economic, social and even political reasons. Only one coalition is formed. It develops according to an incremental logic. Interaction among claim-makers is more or less absent: just a negotiation among sub-groups is present; it is a negotiation about the amount of resources to devote to the diversification in the TLC industry, but the order is immediately reached.

In this perspective, Seabo seems to form Casa.Web for different reasons; they are simultaneously behind the final decision. In particular, the decision to form an alliance is supported by economic reasons along the competitive advantage dimension; social reasons and political reasons are also behind such a choice. Such a decision is also influenced both by prior alliances and the network of personal relationships in which Seabo is involved, as Gulati (1998: 310) states: "While considerations of individual quest for resources and complementarities are relevant, it is a firm's social connections that help it identify new alliance opportunities". The idea of an alliance with Cis Forli and Ami Imola develops thanks to the previous relationships among such utilities and Seabo within the consortium Ares.

The involvement of different reasons in the decision to set up Casa.Web can be explained looking at how the coalition of claim-makers develops within the decision-making arena. In particular, it develops within the script written by the stakeholder system that filters the context-related factors (CF*FF), fixes the rule of the game (FF) and lead the claim-makers' interaction (FF*IF). It develops thanks to the improvisation of one of the actors on the stage: i.e., Seabo management. Seabo management is conscious to such a degree he can forget the line ad begin to ad lib. In this perspective, Seabo management can avoid conflict and pilot the interaction among the other actors involved, by earning their support.

Based on these premises, we can think that the alliance is chosen by Seabo to enter the TLC industry why it is a compromise able to gain support from all the actors involved: it does not change the status of different stakeholders and the rules of their interaction. Such rules change little by little. Economic rationality supports such a decision; nevertheless, social and political reasons are at play as well.

Insert Exhibit 6.11 about here

Exhibit 6.1. Chronological list of actions. Decision-making process to set up Casa.Web (January 2000-October 2000).

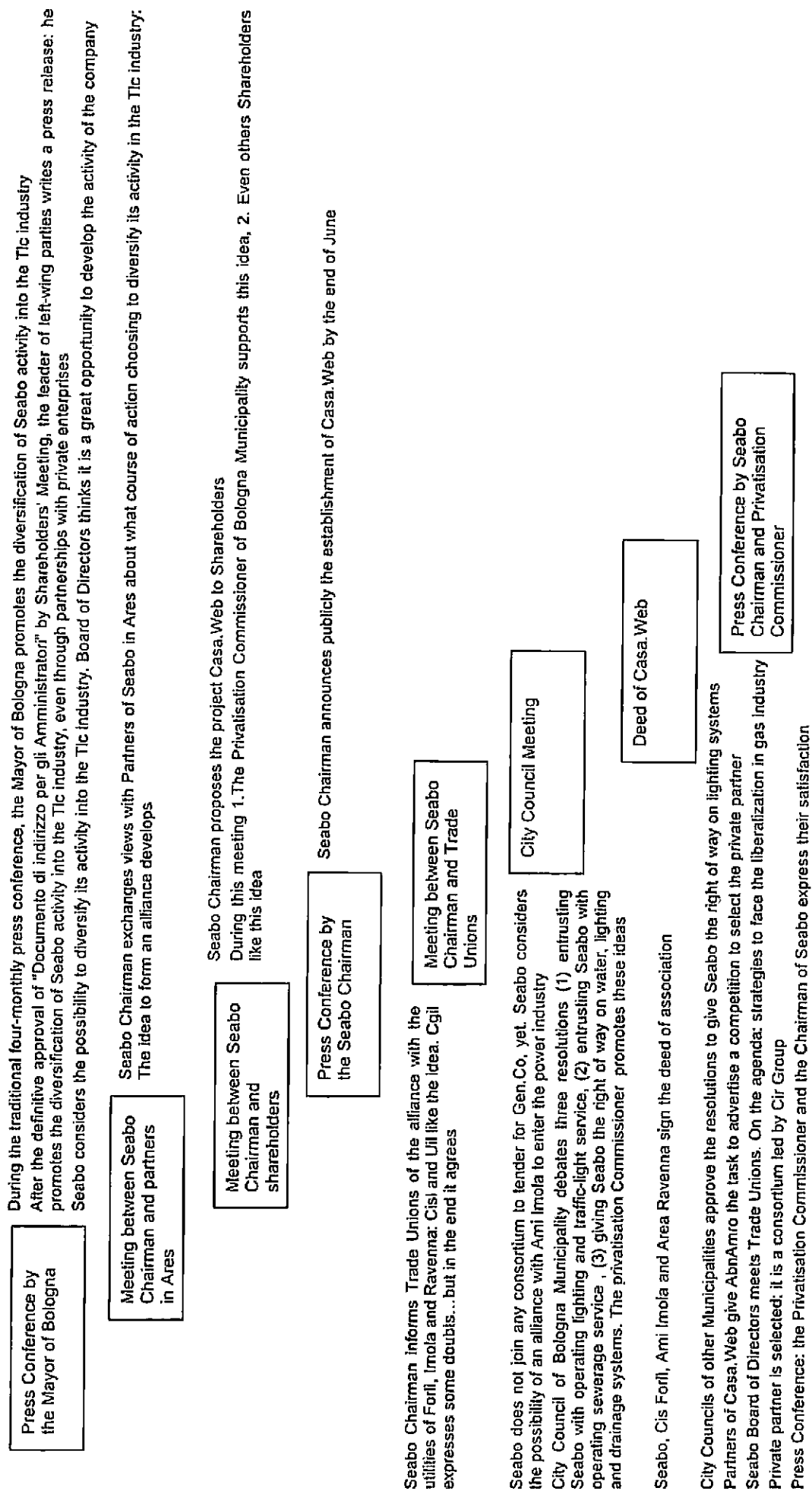


Exhibit 6.2. Context-related factors: categories of concepts (Casa.Web January 2000-October 2000).

NORMATIVE FORCES		
NRM	SUPRANATIONAL LEVEL	
	EU LIB: liberalization tendency	Liberalise public utilities industry: EU political tendency of liberalization
NRM	NATIONAL LEVEL	
	NAT LIB: liberalization tendency	Liberalization in telecommunication industry: National Law Liberalization in gas industry: Legislative Decree Introducing liberalization in public utility industry: draft bill debated in Italian Parliament Liberalization in water and waste management industry: Legislative Decree Liberalization in power industry: Legislative Decree Gridlock in the liberalization process: Draft bill debated in the Italian Parliament reaches gridlock
NRM	REGIONAL LEVEL	
	REG LIB: liberalization tendency	Liberalization in water and waste management industry: Regional laws
NRM	LOCAL LEVEL	
	LOC PRV: privatisation tendency	Privatisation as political tendency by the Mayor of Bologna: externalisation policy Political tendency of the Mayor of Bologna: externalise public services
NRM	PERCEPTION	
	PRC LIB	Trend in legislative environment: toward liberalization
ECONOMIC FORCES		
ECO	NATIONAL LEVEL	
	NAT IND: industry dynamics	Dynamism among local utilities: enter the Tlc industry Dynamism among the main local utilities: towards the acquisition of the Enel Generation Companies
	NAT STM: stock-market dynamics	Euphoria of Stock Market for the TLC activity: good share prices for the stakes of the TLC companies Euphoria of Stock Market: good share price for the stakes of public utilities Telecommunication speculative bubble exploded
ECO	REGIONAL LEVEL	
	REG IND: industry dynamics	Dynamism among local utilities in Emilia Romagna: enter the TLC industry Dynamism among local utilities in Emilia Romagna Region: enter the power industry
ECO	PERCEPTION	
	PRC CMP: competitive trend	Trend in competitive environment: enhanced dynamism and expectation for fiercer competition
	PRC FIN: financial trend	Euphoria for TLC industry: high investments in TLC industry and good revenues
SOCIO-CULTURAL FORCES		
SCT	LOCAL LEVEL	
	LOC GRP: corporative culture	Collaborative agreements among different Universities Progetto Optubi was in the DNA of local utilities Bologna and Romagna relationship: Seabo as "primus inter pares" coordinates Bologna and Romagna Casa.Web open to other local utilities of the Emilia Romagna region
	LOC SOC: socialist values	Appreciation of the activity of public sector organization: facing together the private enterprises

Exhibit 6.3. Context-related factors: identifying the turning points (Casa.Web January 2000-October 2000).

	Press-conference by the Mayor of Bologna			Meeting between Sebato in Ares			Meeting between Sebato and Shareholders			Press-conference by Sebato Chairman			Meeting between Sebato Chairman and Trade Unions			Bologna City Council Meeting			Dead of Casa.Web			Press Conference by Sebato Commissioner											
	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT						
EU	LIB		STM	lib		slm	lib		slm	lib		slm	LIB		slm	lib		slm	lib		slm	lib		slm	LIB		CRS STM						
NAT	SPD LIB		STM	gd lib	ind	slm	gd lib	ind	slm	gd lib	ind	slm	LIB	IND	slm	lib	ind	slm	LIB	ind	slm	LIB	ind	slm	GDL LIB	IND	slm	GDL LIB	IND	CRS STM			
REG	LIB		STM	lib		slm	lib		slm	lib		slm	lib		slm	lib		slm	lib		slm	lib		slm	LIB		slm	LIB		slm			
LOC	CRP SOC POL SHF NO PTG		CRP	PRV	SOC POL SHF NO	PTG	CRP SOC POL SHF NO	PTG	CRP SOC POL SHF NO	PRV	SOC POL SHF NO	PTG	CRP SOC POL SHF NO	PRV	SOC POL SHF NO	PTG	CRP SOC POL SHF NO	PRV	SOC POL SHF NO	CRP SOC POL SHF NO	CRP SOC POL SHF NO	CRP SOC POL SHF NO	LIB	CMP FIN	LIB	CMP FIN	LIB	CMP FIN					
PRC	LIB	CMP	FIN	lib	cmp	fin	lib	cmp	fin	LIB	CMP	FIN	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	LIB	CMP	FIN

*SPDLIB Speeding up of the liberalization process
 *GDLLIB Liberalization process reaches a deadlock
 *CRSSTM Crash of the Stock Market
 Critical event: i.e., transformation in the contextual forces

Exhibit 6.4. Firm-related factors: identifying stakeholders, interests, and their turning points (Casa.Web January 2000-October 2000).

	LG (CTZ)	MJSHR	MINSH	TU (EMP)	MNG	CLI	SUP	PRT
MuBo	SOC	ECO						
MuCs	SOC	ECO						
MuSL	SOC	ECO						
MuGr	SOC	ECO						
PrBo		ECO						
OthMu	SOC	ECO						
Cgil				POL				
Cisl				POL				
Uil				POL				
MngSb					ECO-SOC			
Ctz						ECO		
BBss						ECO	ECO	
Cis FL								ECO
Ami IM								ECO
Area RV								ECO
Cir Group								ECO


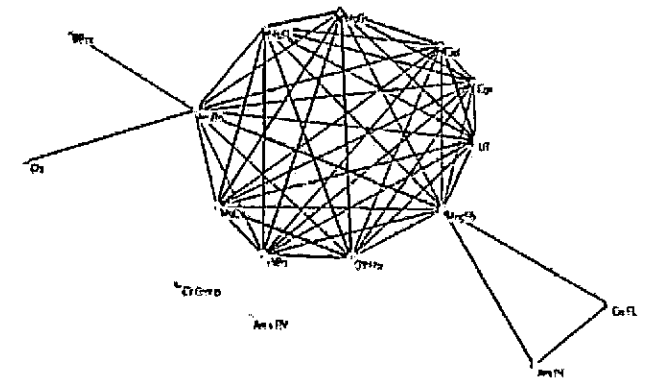
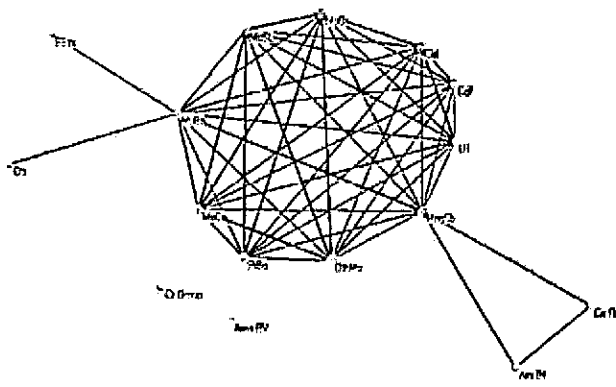
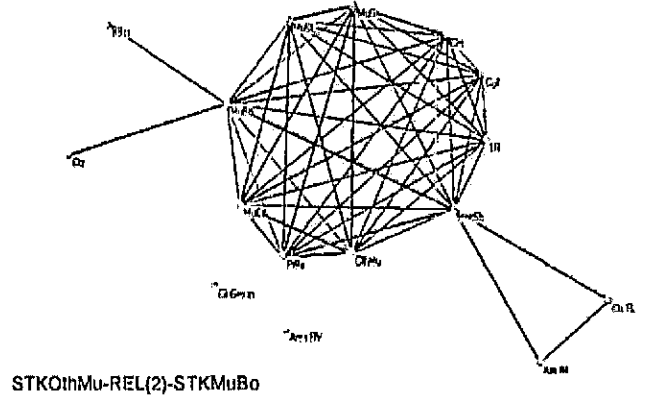
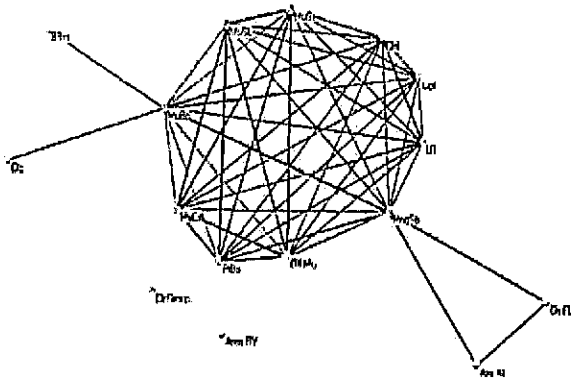
 critical events in firm-related factor:

Exhibit 6.5. Firm-related factors: identifying stakeholders' relationships and their turning points (Casa.Web January 2000-October 2000).

	MuBo	MuCs	MuSL	MuGr	PrBo	OthMu	Cgil	Cisl	Uil	MngSb	Ctz	BBss	Cis FL	Ami IM	Area RV	Cir Group
MuBo		3	3	3	3	3	3	3	3	4	3	3				
MuCs	3		5	5	5	5	3	3	3	3						
MuSL	3	5		5	5	5	3	3	3	3						
MuGr	3	5	5		5	5	3	3	3	3						
PrBo	3	5	5	5		5	3	3	3	3						
OthMu	3	5	5	5	5		3	3	3	3						
Cgil	3	3	3	3	3	3		2	2	3						
Cisl	3	3	3	3	3	3	2		5	3						
Uil	3	3	3	3	3	3	2	5		3						
MngSb	4	3	3	3	3	3	3	3	3				5	5	5	5
Ctz	3															
BBss	3															
Cis FL										5				5	5	5
Ami IM										5			5		5	5
Area RV										5			5	5		5
Cir Group										5			5	5	5	

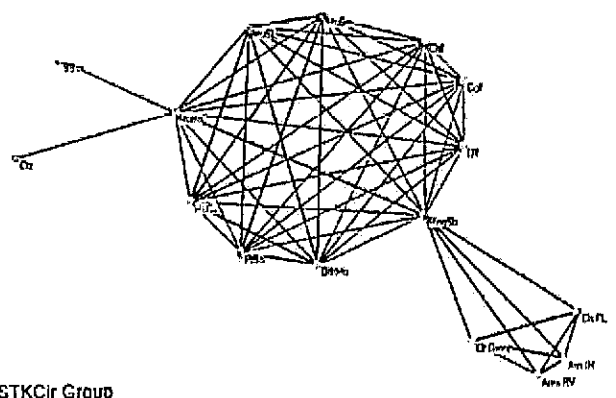
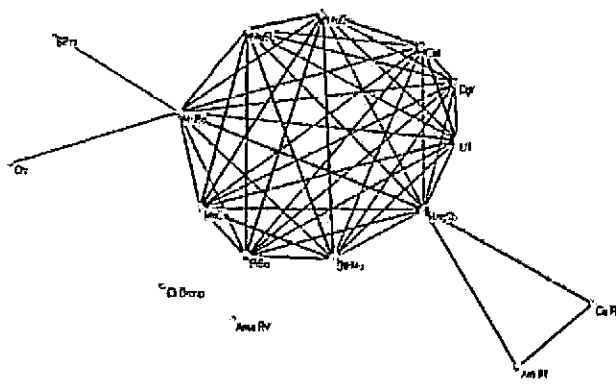
- REL1 conflict
- REL2 sistematic contrasts
- REL3 weak trust and strong control
- REL4 strong trust and weak control
- REL5 collaboration

Exhibit 6.6. Firm-related factors: identifying the turning points (stakeholders and relationships).



STKOhMu-REL(3)-STKMuBo

STKArea RV



STKcir Group

Exhibit 6.7. Issue-related factors (reasons): categories of concepts (Casa.Web January 2000-October 2000).

GOAL		
GL	ECONOMIC ECO	Producing innovative services at a low cost Strengthening the core business activities Providing clients with innovative services Making revenues from the selling of a 49% stake of Casa.Web to private partner Increasing the shareholder value of Seabo, before its privatisation Externalising a loss of 3 millions of euros due to the management of water, light and drainage system Earning revenues from the fees for the right of way on water and drainage system Moving Seabo beyond the immobilism of monopoly systems
GL	POLITICAL POL	Moving Seabo beyond the boundaries of traditional services, thus promoting the development of employment Retraining redundant employees Promoting the development of employment level
GL	SOCIAL SOC	Supporting the development of local community Creating a civil infrastructure paramount for local development Benefiting citizens with a reduction of the telecommunication services costs Providing citizens with innovative services Granting the public presence in the telecommunication industry
REASONS		
RSN	ECONOMIC ECO CMP: competitive-advantage	Sharing complementary resources and risks Sharing complementary resources Sharing financial burden of entering the new industry of telecommunication Putting no risk Municipalities' financial resources Putting no risk Seabo' financial resources
RSN	POLITICAL POL	Making the shareholder value of Seabo increased, without calling Seabo into play Ensuring the control of Local Government over Seabo activity and corporate organization
RSN	SOCIAL SOC	Starting to coordinate Bologna and Romagna, based on the principles of <i>primus inter pares</i> Creating the leading company in telecommunication services across the territories of Bologna, Forlì, Imola and Ravenna, safeguarding their relationships with local communities

Exhibit 6.8. Issue-related factors (reasons and claim-maker coalitions): identifying the turning points (Casa. Web January 2000-October 2000).

CLK	CL(all) but CL(2)	Meeting between Sabao Chairman and Sabao parties Area	CL(all) but CL(2)	Meeting between Sabao Chairmen and Shareholders	CL(all) but CL(2)	Press-conference by the Chairman of Sabao	CL(all) but CL(2)	Meeting between Trade Unions and Bologna City Council	CL(all) but CL(2)	CL(all) but CL(2)	CL(all) but CL(2)	Deed of Casa. Web
Chairman of Sabao	RSN-ECO RSN-SOC	GOAL-SOC RSN-ECO RSN-SOC	GOAL-SOC RSN-ECO RSN-SOC			GOAL-SOC RSN-ECO RSN-SOC						
Management of Sabao		GOAL-ECO RSN-ECO RSN-SOC RSN-POL	GOAL-ECO RSN-ECO RSN-SOC RSN-POL			GOAL-ECO RSN-ECO RSN-SOC RSN-POL						
Municipality of Bologna		GOAL-ECO GOAL-SOC	GOAL-ECO GOAL-SOC			GOAL-ECO GOAL-SOC						
Municipality of Casacchio sul Reno		GOAL-ECO	GOAL-ECO			GOAL-ECO						
Municipality of Granarolo		GOAL-ECO	GOAL-ECO			GOAL-ECO						
Municipality of San Lazzaro		GOAL-ECO	GOAL-ECO			GOAL-ECO						
Other Municipalities		GOAL-ECO	GOAL-ECO			GOAL-ECO						
Province of Bologna		GOAL-ECO GOAL-SOC	GOAL-ECO GOAL-SOC			GOAL-ECO GOAL-SOC						
Cgil						RSN-ECO RSN-POL						
Cisl						RSN-POL						
Uil						GOAL-POL GOAL-ECO RSN-ECO RSN-POL						

*corebss focus on the core business

Exhibit 6.9. Interplay between the structural and dynamic components of the decision-making (Casa Web January 2000-October 2000).

Mayor of Bologna
 Press-conference by the
 Chairman and partners Area
 Meeting between Seabo
 Chairman and Shareholders
 3 PHASE
 Meeting between Seabo
 Chairman
 Press-conference by Seabo
 Chairman
 4 PHASE
 Meeting between Seabo
 Chairman and Trade Unions
 5 PHASE
 City council Meeting
 6 PHASE
 Dead of Casa Web
 7 PHASE
 Press Conference by Seabo
 Chairman and Privatization
 Commissioner
 CRS-STM**

	1 PHASE	2 PHASE	3 PHASE	4 PHASE	5 PHASE	6 PHASE	7 PHASE
CF	GDL-LIB*						CRS-STM**
FF			STKOrMmU-REL(3)- STKMmBo			STKAreaRv STKcisFL-REL(5+)- STKAmim-REL(5+)- STKAreaRV-REL(5)- STKAreaRV	STKcirGroup STKcisFL-REL(5)- STKAmim-REL(5)- STKAreaRV-REL(5)- STKcirGroup-REL(5)- STKmingSB
IF	CLKMingAld	CLKSb CLKMus		CLKSb CLKMus CLKTu			
CF	TR-CF-NRM-NAT-LIB						TR-CF-ECO-EU-STM TR-CF-ECO-NAT-STM
FF			TR-FF-SS-REL			TR-FF-SS-STK TR-FF-SS-REL	TR-FF-SS-STK TR-FF-SS-REL
IF	CLKMingAld	CLKSb CLKMus		CLKSb CLKMus CLKTu			

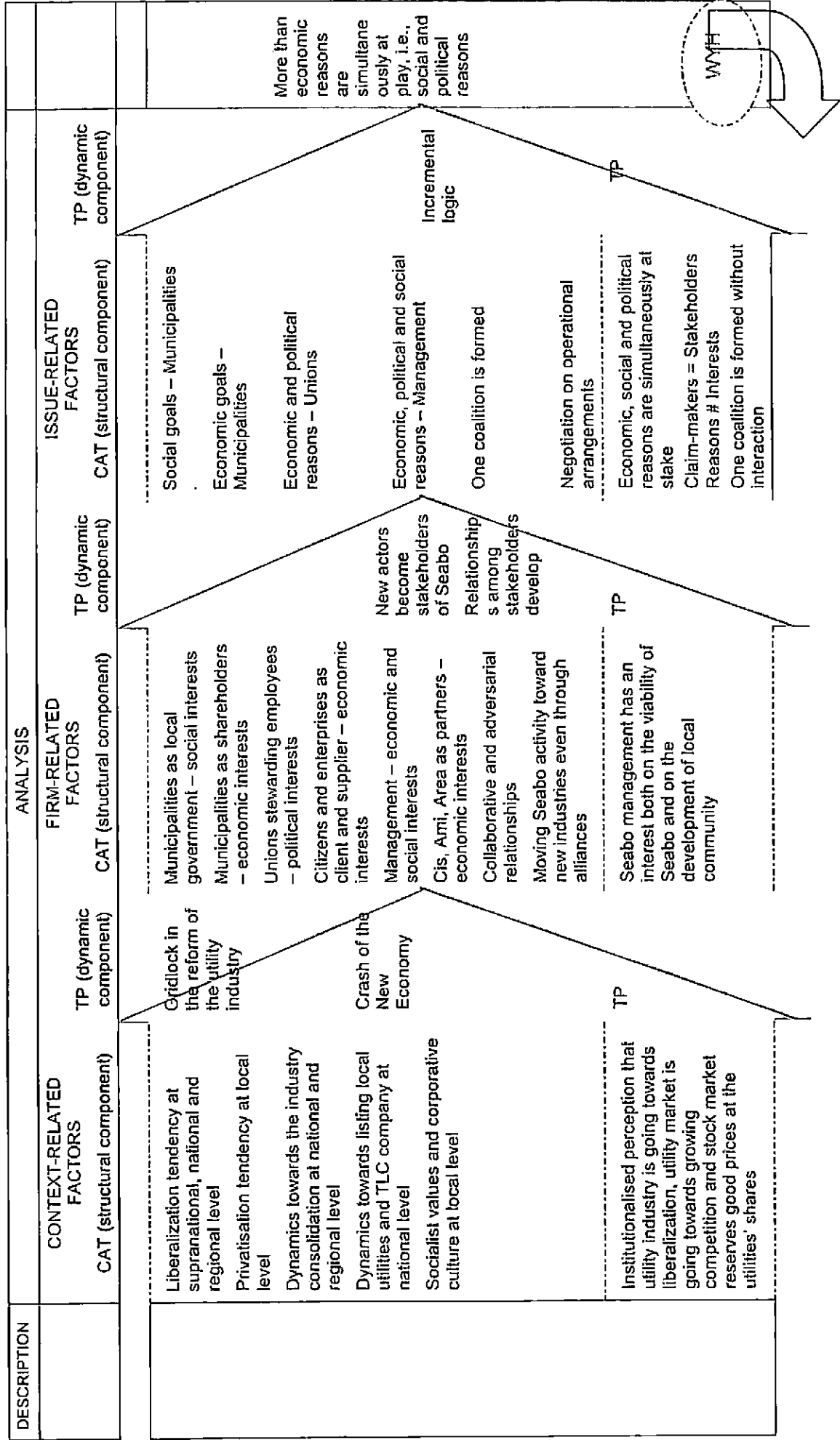
* GDL-LIB gridlock of the liberalization process
 ** CRS-STM crash of the stock markets

Exhibit 6.10. Reasons behind the decision to form Casa.Web by Seabo.

Casa.Web		Claim-maker	Stakeholder	Interests
Reasons	Economic reasons (competitive advantage dimension)	Seabo Chairman and Board of Directors	Seabo Management	Economic interest Social interest
		Cgil	Trade Unions	Political interest
		Cisl	Trade Unions	Political interest
		Uil	Trade Unions	Political interest
		Municipality of Bologna (goal)	Shareholders and Local Government	Economic interest Social interest
		Other Municipalities of Bologna province (goal)	Shareholders and Local Governments	Economic interest Social interest
	Political reasons	Seabo Chairman Board of Directors	Seabo Management	Economic interest Social interest
		Cgil	Trade Union	Political interest
		Cisl	Trade Union	Political interest
		Uil	Trade Union	Political interest
	Social reasons	Seabo Chairman Board of Directors	Seabo Management	Economic interest Social interest
		Municipality of Bologna (goal)	Shareholders and Local Government	Social interest Economic interest
Other Municipalities of Bologna (goal).		Shareholders and Local Governments	Social interest Economic interest	
Interaction	Negotiation on the operational arrangements for the implementation of the decision	Cgil		
<p>Different reasons are simultaneously at stake and behind the decision to set up an alliance</p> <p>All the claim-makers involved are stakeholders as well</p> <p>Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincides with the interests and reasons brought by other categories of claim-makers involved</p> <p>Only one coalition is formed</p> <p>Decision-making process unfolds according to an incremental logic. Just a negotiation on the operational arrangements for the implementation of the decision is at hand</p> <p>In the end a negotiated order is reached</p> <p>Seabo management promote the claim; Seabo management is the only actor that brings all the three categories of reasons</p>				
$CF = K + \beta_1 FF + \epsilon$			<p>No data</p> <p>The Stock Exchange starts to fall down because of the crash of the new economy and Seabo select the private partner for Casa.Web</p>	

$CF = K + \gamma_1 IF + \varepsilon$	No data	The liberalization process reaches a gridlock and Seabo Chairman promotes the claim "setting up an alliance" in order to enter the TLC industry, thus exploiting the opportunities of liberalization
$FF = K + \alpha_1 CF + \varepsilon$	α_1 no significant	The Stock Exchange starts to fall down because of the crash of the new economy and Seabo select the private partner for Casa.Web
$FF = K + \gamma_2 IF + \varepsilon$	γ_2 significant	$FF = K + \gamma_2 IF + \varepsilon$
The Municipalities shareholders of Seabo join together the coalition "setting up an alliance to enter the TLC industry", and their relationships as Seabo stakeholders improve		
$IF = K + \alpha_2 CF + \varepsilon$	α_2 no significant	The liberalization process reaches a gridlock and Seabo Chairman promotes the claim "setting up an alliance" in order to enter the TLC industry, thus exploiting the opportunities of liberalization
$IF = K + \beta_2 FF + \varepsilon$	β_2 significant	$IF = K + \beta_2 FF + \varepsilon$
The Municipalities shareholders of Seabo join together the coalition "setting up an alliance to enter the TLC industry", and their relationships as Seabo stakeholders improve		
$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 \gamma_1 FFIF + \varepsilon$	No data	
$FF = K + \alpha_1 CF + \gamma_2 IF + \alpha_1 \gamma_2 CFIF + \varepsilon$	No data	
$IF = K + \alpha_2 CF + \beta_2 FF + \alpha_2 \beta_2 CFFF + \varepsilon$	α_2 no significant β_2 significant $\alpha_2 \beta_2$ significant	$IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \varepsilon$
The interaction among the actors involved with the goal to diversify Seabo activity in TLC industry develops within the stakeholder system, the corporate strategy and the alliance policy of Seabo; then it develops according to the perception that the actors involved have about the contextual forces		
$Y = K + \alpha CF + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \alpha \beta \gamma CFFFIF + \varepsilon$	$\alpha, \alpha \gamma, \alpha \beta \gamma$ no significant $\beta, \gamma, \alpha \beta, \beta \gamma$ significant	$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \varepsilon$
The decision to set up Casa.Web comes from the interaction among different claim-makers bringing different reasons, within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand.		

Exhibit 6.11. Interplay between the structural and dynamic components of the decision-making to form Casa. Web.



DESCRIPTION	ANALYSIS					
	CONTEXT-RELATED FACTORS CAT (structural component)	TP (dynamic component)	FIRM-RELATED FACTORS CAT (structural component)	TP (dynamic component)	ISSUE-RELATED FACTORS CAT (structural component)	TP (dynamic component)
Where does the decision to form Casa Web come from?		CF*FF	Firm-related factors are interrelated to the sides claim-makers take towards the issue at hand and their interaction	FF*IF IF*CF	The sides claim-makers take towards the issue at hand is interrelated to stakeholders system and their perception of contextual forces	
The decision to form Casa Web comes from a compromise among different rationalities within a decision-making arena that actors accept and try to change according to an incremental logic			FF = K + γ_2 IF + ϵ		IF = K + β_2 FF + ϵ IF = K + β_2 FF + $\alpha_2\beta_2$ CFFF + ϵ	
				Y = K + γ IF + β FF + $\alpha\beta$ CFFF + $\beta\gamma$ FFIF + ϵ		
				The decision to form an alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders (FF), and within their perception of contextual forces (CFFF)		
						INTERPRETATION

7. What are the reasons behind the decision by Seabo to form Energia Italiana?

Introduction. 7.1. Decision-making process to form Energia Italiana: description. 7.2. Decision-making process to form Energia Italiana: analysis. 7.2.1. Context-related factors. 7.2.2. Firm-related factors. 7.2.3. Issue-related factors. 7.3. Decision-making process to form Energia Italiana: interpretation. 7.4. Reasons behind the decision by Seabo to form Energia Italiana.

Introduction

Energia Italiana was set up in October 1999 by Cir Group to operate within the power industry. In February 2001 Seabo Bologna and an Italian bank bought a 11% stake and a 8% stake in Energia Italiana. A 75% stake was owned by Cir Group, and the remaining 25% stake was owned by an Austrian company. Together with a USA company, Energia Italiana purports to tender for the acquisition of the three "Generation Companies" that the leading domestic producer had to put out to tender. The aim was to allow Seabo to strengthen its activity into the profitable power industry, by acquiring power stations.

Typically, Seabo did not carry out its activities in the power industry; Seabo provided local communities with gas and waste management services. Nevertheless, power industry is one of the most profitable industries for local utilities; then many local utilities already owned power stations. In this perspective, Seabo tried to buy and sell power and try to produce it through cogeneration, but this was not enough.

Since 1999 the power industry was involved in a reform project. The aim was to reduce the monopolistic power of the leading domestic producer, Enel. In this perspective, in 1999 a legislative decree was passed: it forced Enel to sell part of its power stations in such a way to reduce its share market. Three stock companies were established (Generation Companies as they were called: i.e., Elettrogen, Eurogen and Interpower); each company owned a part of the Enel power stations: Eurogen had the major productive capacity, Interpower the minor one. In January 2000 it was decided to put these three companies out to tender; in October 2000 Enel called for tender the first company, Elettrogen.

In this perspective, all the main Italian local utilities entered consortia in order to tender for the acquisitions of the Enel Generation Companies. In June 2000 the three leading Italian local utilities Aem Milano, Aem Torino and Acea Roma established an alliance with the Suisse company Atel. Then other financial partners join this consortium. In the same period, the utility of the city of Brescia (Asm Brescia) entered a consortium with the leading Spanish utility Endesa and some financial partners.

Even the local utilities of the Emilia Romagna region Meta Modena and Agac Reggio Emilia considered the possibility to join their forces to tender for the acquisition of the Enel Generation Companies.

In this perspective, strengthening Seabo activity into the power industry was identified as one of the strategic goal for Seabo by all the actors involved. The Municipality of Bologna, the province of Bologna, the other Municipalities of Bologna province and the Trade Unions agreed on the opportunity for Seabo to strengthen its activity into the power industry. The problem was to identify the course of action that could better ensure to achieve that goal. In particular, the "Documento contenente gli indirizzi per le nomine degli amministratori" stated that Seabo management have to "valutare la possibilità di consorzio più clienti

idonei operanti nell'ambito locale, dei quali Seabo si porrebbe quale capofila, per l'acquisto di energia elettrica sul mercato libero, anche considerando le esigenze e l'interesse del sistema delle piccole e medie imprese e dell'artigianato bolognese. (...). Gli amministratori dovranno anche valutare la possibilità di ampliare l'intervento nel settore con attività che in prospettiva potrebbero interessare la distribuzione...". To support the entry of Seabo into the power industry, Seabo shareholders allocated funds and promote the establishment of alliances.

On 8 February, 2001 the Board of Directors of Seabo decided to establish an alliance with Cir Group, an Austrian company and an Italian bank in order to tender for the acquisition of the Enel Generation Companies: on 26 February, 2001 Seabo acquired a 11% stake in Energia Italiana. In particular, Cir Group was already partner of Seabo in Casa.Web; such an agreement was formalised some weeks before.

Seabo guaranteed to its partners in Casa.Web the possibility to join Energia Italian whether one of the three Generation Companies was acquired. The Memorandum of Association of Energia Italiana stated that: "Seabo è una società multiutilities e in questo atto dichiara di agire anche in nome e per conto di altre aziende multiutilities dell'Emilia Romagna".

Once set up, Energia Italiana tendered for Elettrogen. A consortium led by the Spanish Endesa (and involving the utility of the city of Brescia) got the upper hand in the Summer 2001. In the Autumn 2001 Energia Italiana tendered the acquisition of the second Enel Generation Company, Eurogen; a consortium made up by Aem Milano, Aem Torino and Acea Roma got the upper hand. Finally, in June 2002 Energia Italiana tendered for the minor Enel Generation Company, Interpower; Energia Italiana got the upper hand.

Energia Italiana is currently a subsidiary of Hera.

In 2000 the share capital of Energia Italiana amounted at 2 millions of euros; its revenues and operating income amounted at 3,340 euros.

On these premises, the chapter aims at understanding why Seabo set up an alliance to strengthen its activity in power industry, instead of choosing alternative instruments, such as internal development, acquisition, merger, other forms of networking, contracting, etc.

The research develops through the analysis of the decision-making process that led to take such a decision, focusing on the interplay between its structural and dynamic dimensions; the working model drawn in Chapter three is followed. The starting point is the moment in which all the actors involved agreed on the idea that strengthening Seabo activity into the power industry was a strategic goal for Seabo; the final point is the moment in which Seabo acquired a stake in Energia Italiana: nothing could happen any more and prevent the formation of the decision.

Data were collected from June 2003 to May 2004 through over 1,000 media reports and documents of the actors involved and 13 in-depth interviews with the actors involved (Exhibit 4.7). Different data sources allowed us to draw three parallel stories about the decision-making process to form Energia Italiana, thus checking the reliability of data collected from different sources and complementing them, where necessary. In this perspective, the media reports allowed us to draw the list of actions that took place during the decision-making process in a chronological order; the documents of the actors involved allowed us to focus on particular actions in the decision-making process; interviews allowed us to grasp the meaning of such actions (from the point of view of the actors involved).

Results show what were the reasons behind the decision to form Energia Italiana.

The chapter presents the results of the study, following all the phases through which data were transformed: i.e., description, analysis and interpretation. The first paragraph tells the story that led to take the decision to form Energia Italiana, by reconstructing the interaction process among all the actors involved; it is descriptive in nature and identifies the actions performed. The second paragraph analyses the decision-making process to form Energia Italiana both in its structural and dynamic components. It is analytical in nature; it identifies concepts at different levels of the conceptual model and pinpoints the critical events. The third paragraph looks for the existence of relationships among concepts identified at different levels of the conceptual model, in such a way to grasp the dynamic interplay between its structural and dynamic dimension. It is interpretative in nature and aims at providing an explanation about why Seabo set up Energia Italiana. Then the chapter ends with some remarks about the reasons behind the decision to form Energia Italiana by Seabo and their development over time, in their interplay among the structural and dynamic dimensions of the decision-making process. Such remarks lay the ground for the following cross-case comparison and formulation of propositions.

7.1. Decision-making process to form Energia Italiana: description.

In the second part of the Nineties all the main local utilities established consortia to tender for the acquisition of the three Generation Companies that the leading domestic power producer had to sell. In particular, a consortium was established among the utilities of the city of Milano, Torino, and Roma and the Suisse company Atel. Seabo Bologna considered an alliance with Ami Imola to enter the power industry. Then the utility of the city of Brescia was looking for private partners and public partners to establish a consortium; it contacted even Seabo. The agreement did not perform: Asm Brescia established an alliance with the Spanish utility Endesa and Seabo had no partners any more:

"Abbiamo dovuto subire l'iniziativa di un asse che si era costituito intorno alla svizzera Atel, e a Milano, Torino e Roma che avevano costituito una società: Elettrone. Noi siamo stati contattati da Brescia; l'alleanza non si è concretizzata. A quel tavolo che coinvolgeva le maggiori municipalizzate ci siamo trovati di fatto a non avere più partner" (IAlDSB081003E).

Nevertheless, Seabo needed to enter the power industry: revenues from the power activities could, in fact, be useful to reduce the effect of the revenues reduction in gas activity. Gas activity was the driving force behind Seabo activity; in particular, Seabo exploited gas revenues to subsidize loss-making public services. The upcoming liberalization in gas industry would have made these revenues uncertain.

Seabo was looking for a private partner for Casa.Web. In autumn 2000 a consortium led by Cir Group was identified as main claimant. The agreement to make Cir Group joined Casa.Web was performed at the beginning of 2001.

During such negotiations, the managers of Cir Group and the Chairman of Seabo exchanged views about the upcoming liberalization in the power industry, its threats and opportunities.

Cir Group had established a company called Energia Italiana to tender for the Enel Generation Companies. Other partners were an Austrian company and an Italian bank. Seabo were looking for a way to enter the power industry. In this perspective, Seabo had started to sell and purchase power. It had also started to produce power through cogeneration. Nevertheless, such initiatives were not enough.

Cir Group proposed Seabo to join Energia Italiana. Seabo management liked this idea. Such an alliance would have allowed Seabo to: (1) strengthen its activity in power industry, (2) provide Bologna citizens, but

also the citizens of Forlì, Imola and Ravenna with power services at low costs, (3) develop competencies in the power industry without high investments, (4) entering an arena where the other leading local utilities were already involved. Then such an alliance looked credible and not awkward, unlike alliances with other local utilities. In this perspective:

"Di energia ne avevamo poca. Avevamo già l'inceneritore al Frullo: avevamo comperato i diritti di fare energia dalla cogenerazione. Per produrre energia elettrica si costruisce una centrale (e abbiamo iniziato a farlo), la si compra (e abbiamo iniziato a farlo), ma non si è molto competitivi. La terza ipotesi era comperare delle centrali già esistenti. Abbiamo tentato tutte e tre le strade. Ci siamo infilati in Energia Italiana, e ci siamo riusciti con l'ultima. Sulle gare Gen.Co partecipano tutte Aem, Acea, Aem. Ci proviamo. Non ci costava molto" (ITmbSB101203E).

Nevertheless, Seabo management offered its partners in Casa.Web the possibility to join Energia Italiana at any time, whether Energia Italiana had got the upper hand. Then Seabo dealt with its partners of Casa.Web that an eventual reduction in the power prices for Bologna citizens would have been applied at the citizens of Forlì, Imola and Ravenna as well.

During the same period, the privatisation debate developed. In particular, in November 2000 the Mayor of the city of Bologna announced to the press that Seabo were ready to be privatised.

This announcement raised many reactions: the left wing parties, the minority shareholders and the Cgil Union all rose up against that proposal.

Few weeks before, during a City Council Meeting the left-wing parties said that they were not against privatisation *tout court*. Nevertheless, they thought that more time was necessary to increase the shareholders value of Seabo, on one side, and allow Bologna Municipality to develop the competencies necessary to regulate the activity of private enterprises, on the other side. Beyond the uncertainties that characterized the reform of the utility industry, it was clear that there was a relentless advance towards liberalization and competition. In this perspective, privatisation was a way to make the most of the economic and social value of Seabo. In particular, the leader of the left-wing parties stated during the City Council Meeting that:

"Vi sono alcuni punti deboli nel Decreto 7042 (ex 4014), ma chi governa gli Enti Locali e le stesse imprese sa bene quanto è importante il percorso tracciato e quanto importante sia operare in un quadro di riforme certe, che definiscano regole del gioco nel settore di riferimento, modalità, tempi ed obiettivi finali da raggiungere. Inoltre le normative di settore recentemente adottate (gas ed elettricità soprattutto) dimostrano che il percorso avviato è quello delineato nel 7042. (...) Non si tratta di nascondersi dietro a un dito ma, se ragioniamo su Seabo la scelta di partner privati di minoranza, di società miste di scopo, l'eventuale quotazione in borsa in un momento che non mi pare comunque ravvicinato, sono funzionali alla messa in valore di un patrimonio pubblico e sociale, non ad una sostituzione di proprietà. Una eccessiva lentezza di questo processo di trasformazione può essere un limite; ma un "liberismo estremo" che non vuole regole per un mercato tutto da creare produce danni sicuri" (DSPRCSIn191000SB(pr)).

Now in front of the speeding up of the privatisation process by the Mayor of Bologna, left-wings parties underlined as in front of the uncertain legislative framework the Mayor's announcement was inconvenient. In the same perspective, the Mayor of the Municipality of the city of Granarolo said that the announcement of Bologna Mayor was the announcement of one shareholder, even if the majority one: Bologna Mayor should have submitted this matter to the Shareholder Meeting. The Mayor of the city of Casalecchio sul Reno agreed. Also Cgil Union considered the privatisation of Seabo a mistake: it could endanger citizens,

employees and Seabo itself. Also it would have been in contrast with prior agreements¹. Cgil threatened initiatives in case prior agreements were broken. For the first time, even the Chairman of Seabo joined such a debate: he underlined as Seabo was not in the same conditions of one year before; Seabo increased its shareholders value and so Seabo was ready for the market. Nevertheless, Seabo Chairman underlined as such a decision was a task of the shareholders of the company.

In November 2000 during one of their monthly meetings, Seabo shareholders charged the Board of Directors with the task to draw different scenario for the development of Seabo, thus including even the hypothesis to privatise it.

At the beginning of February 2001 Seabo Board of Directors decided to acquire a stake in Energia Italiana: it was some weeks after the agreement for Casa.Web. The aim was to tender for the acquisition of the Enel Generation Companies. Such acquisition should have allowed Seabo to become a power producer too. In this perspective, the Board of Directors wrote in the rationale of the alliance:

"Attraverso tale partecipazione, Seabo intende rafforzare la propria presenza nel settore elettrico, pur rimanendo nelle attività tradizionalmente già svolte, e conseguentemente risolvere il problema dell'approvvigionamento e della vendita di energia" (DSRATSB060602E1).

Few days after Seabo Chairman presented such an alliance to the Trade Unions. The occasion was a meeting aimed at analysing the business plan for Seabo. Eos Energia was discussed too.

Cisl and Uil Unions liked this idea. In particular, Cisl Union highlighted as it was a good opportunity to move Seabo activity beyond gas industry. Such an alliance allowed Seabo to enter the new industry without a great investment of resources and without transfer any employees.

"C'era la possibilità di espandere l'attività di Seabo anche in questo settore, con una partecipazione di minoranza. Quanti in azienda venivano mossi erano veramente pochi. Dal punto di vista sindacale c'era la possibilità di andare oltre il gas per arrivare all'energia elettrica. Ed era condiviso. Altro discorso quando da una partecipazione esclusivamente finanziaria si è iniziato a ragionare sulla costruzione delle centrali" (IUngCisl101203CW).

In the same perspective, Uil Union supported this idea. Uil identified many advantages, such as: (1) developing Seabo activity, thus offering good chances to create new jobs, (2) increasing the size of Seabo, thus making it easier to finance further investments, (3) ensuring public control over Seabo activity and not hazarding financial resources.

"La posizione della Uil rispetto a Casa.Web, Energia Italiana, Eos Energia è sempre la stessa. La liberalizzazione del mercato porta al venire meno delle garanzie del monopolio. Diventa difficile reggere l'impatto. C'è il rischio di perdere i clienti, con conseguente riduzione del fatturato e "messa in discussione" del posto di lavoro. Ok, quindi a Casa.Web, Energia Italiana, Eos energia per (1) sbloccare l'azienda dall'immobilismo in cui versa e offre prospettive solide anche in considerazione della liberalizzazione del mercato che si sta attuando; (2) crea massa critica, che potrà rendere meno problematico il poter attuare gli investimenti necessari per lo sviluppo delle nuove iniziative e l'implementazione delle attività storiche; (3) crea un meccanismo societario tale per cui viene assicurato il controllo pubblico e non vengono messi sul mercato i patrimoni degli enti locali, ma solo il rapporto con il cliente (in linea con le evoluzioni legislative)" (IUrsUil111203CW).

On a different position towards this matter, Cgil Union did not like this idea. In particular, Cgil did not set itself against the idea to establish an alliance to tender for the Enel Generation Companies: it raised doubts

¹ Prior agreements established that it would have been possible to consider Seabo privatisation just after increasing the

about the importance that such a project had within the business plan of Seabo. Acquiring the Enel Generation Companies looked like a bet: it had no guarantees of success; consequently, in case of failure the whole business plan of Seabo could have been compromised.

"Qui c'è da dire che questo progetto si colloca entro un piano industriale che ci lasciò alcune perplessità e ... ce le lasciò perché molto pesava questa voce ... e poco convincente era l'ipotesi di vincere le gare sulle Gen.Co. Il piano industriale è tutta la opportunità che c'è di mantenere questa qualità di servizio erogato, questa tipologia di servizi e di conseguenza le ricadute occupazionali e salariali la tutela dei diritti... Ripeto non sul progetto in se stesso, ma per le ricadute sul piano industriale: non ci fecero essere molto sereni da quel punto di vista. Non è che la vittoria delle Gen.Co precludesse tutto il piano industriale, però erano lì dentro. C'erano in buona sostanza" (IMorCgil070104CW).

On 19 February, 2001 Seabo management signed the deed of association with Cir Group: Energia Italiana was instituted. Seabo entered Energia Italiana on its own, but Seabo Chairman offered Cis Forlì, Ami Imola and Area Ravenna the possibility to join such an alliance in case of the acquisition of one of the three Enel Generation Companies. In this perspective, the Memorandum of Association of Energia Italiana stated:

"Seabo è una società multiutilities e in questo atto dichiara di agire anche in nome e per conto di altre aziende multiutilities dell'Emilia Romagna" (DSMA.ssSB190201EI).

Eventually, on 26 February, 2001 Seabo Chairman convened a meeting of *Comitato Soci*²: the aim was to discuss with shareholders about the business plan of the company. In such a situation, Seabo Chairman presented shareholders the alliance in Energia Italiana. It was the first time they heard about Energia Italiana, but they generally agreed. Entering Energia Italiana offered many advantages, such as: (1) achieving a goal Shareholders identified and for which they were available to invest financial resources; (2) strengthening Seabo activity into the power industry, thus increasing its value for shareholders. In this perspective, the Mayor of the city of Casalecchio sul Reno underlined as³:

"In questo caso devo dire che l'idea è nata dal Cda. Noi avevamo attestato un'opinione sempre contenuta in quel documento che era: l'energia è un settore di cui l'azienda deve occuparsi. Più che diventare un produttore in società con altri, pensavamo soprattutto alla cogenerazione, al nuovo inceneritore, cioè al fatto che essendo dei produttori di energia noi potevamo potenziare al massimo il rapporto tra produzione di calore e vendita di energia: quindi cogenerazione. Questa era l'idea. Poi se invece qualcuno pensava delle cose come proprio l'acquisizione di centrali di produzione... Quindi io l'ho acquisita come idea del Cda" (ICstMuCs261103CW).

On 26 February, 2001 Seabo acquired a 11% stake in Energia Italiana. The Management of Seabo and the shareholders expressed their satisfaction.

"Ci ha permesso, investendo pochi soldi, di entrare e di avere un aumento di conoscenza importante. Siamo diventati un operatore elettrico. Siamo diventati tra le società che potevano apparire ed essere anche sul mercato esterno come dei possibili attori, i nostri uomini hanno imparato moltissimo". (IAIdSB081003CW)

shareholder value of Seabo. However the opportunity of Seabo privatisation had to be evaluate with Trade Unions.

² As described in Chapter five, "Comitato Soci" is a subset of the Shareholders' Meeting: it is made up by the eight Municipalities that are the most important shareholders. They act as mediator towards the other Municipalities.

³ In the same perspective, it is worth noting that during the interviews conducted the Privatisation Commissioner of Bologna Municipality did not remember which alliance Energia Italiana was. Even the Manager in charge with relationships between Bologna Municipality and its publicly-owned enterprises did not remember it. They both underlined as the Municipality of Bologna acts as shareholders towards Seabo management: it did not act as managers. Energia Italiana was a typical entrepreneurial alliance. It did not involve shareholders.

Based on these premises, firstly the decision to form Energia Italiana seems to take place through a set of actions, i.e., situations in which actors join the process and take a side towards the issue at hand⁴. Such actions are: the meetings to make Cir Group joined Casa.Web, the meeting of Seabo Board of Directors, the meeting between the Chairman of Seabo and the Trade Unions, the deed of Energia Italiana, the meeting between Seabo Chairman and *Comitato Soci*, the acquisition of a 11% stake in Energia Italiana. According to these actions, it is possible to identify seven phases in the process of making the decision to form Energia Italiana (Exhibit 7.1).

Secondly, the decision to form Energia Italiana seems to take place in a metaphorical space, where pluralities of actors directly or indirectly, in different moments and with different claims join and interact. They can join other decision-making arena at the same time, or it is possible that they joined the same decision-making arena in the past. In particular, four decision-making arenas can be identified: (1) the arena where the private partner for Casa.Web is selected, (2) the arena where the decision to set up Eos Energia is at hand, (3) the arena where Seabo privatisation is at hand, (4) the arena where Seabo business plan is analysed and passed.

In this perspective, the decision-making to form Energia Italiana: (1) can be conceptualised as an interaction process among coalitions of claim-makers within the decision-making arena; (2) can be understood by reconstructing the interplay between the structural and the dynamic components of such a process, in their interaction with other decision-making arenas and over time. This requires to (1) reconstruct the context-related factors, firm-related factors and issue-related factors that frame the decision-making arena where the interaction process develops, (2) reconstruct the interaction process among coalitions of claim-makers developing within such an arena, and (3) understand the process of interaction in its interplay with the structural components of the decision-making arena (taking into account the interaction with past decisions and other arenas).

Insert Exhibit 7.1 about here

7.2. Decision-making process to form Energia Italiana: analysis.

7.2.1. Context-related factors.

Context-related factors that frame the arena where the decision-making process to form Energia Italiana develops are reported in Exhibit 7.2⁵.

A set of industry specific laws was passed by the Italian Parliament during the latter half of the Nineties, following the directives of the European Unions. The aim was to eliminate public monopolies and introduce competition into water, gas, waste management, mass transit, telecommunication and power industries. Even

⁴ As showed in Chapter three, decisions can be grasped only thorough actions. In this perspective, we observe actors' behaviour in particular situations. As we are interested in grasping the driving forces that moves actors' behaviour, we focus on the situation when actors have to take sides towards the issue at hand. They can be official meetings, press conferences, moments in which a signature is put on the deed of association etc. In this perspective each phase involves all what happened before these actions.

⁵ Data about contextual factors that frame (and are shaped by) the decision-making process to form Energia Italiana are collected as quoted in documents analysed or referred to by the actors at play in such a process (...). Such context-related factors can match with prior ones, join to prior ones or modify them. Some contextual factors are strictly related to the decision to form Energia Italiana; other contextual factors are related to decisions simultaneously at play (i.e., decision about the establishment of Casa.Web, the setting up of Eos Energia, the privatisation of Seabo and the business plan of

the Emilia Romagna Region contributed to this normative framework with a regional legislation related to single industries. In particular, a legislative decree has regulated the power industry since 1999. Such a decree liberalized the power industry and forced the leading domestic producer to put out to tender part of its power stations (the aim was to reduce its share market).

Such a tendency towards the liberalization of the power industry well fitted with the necessity for local utilities to strengthen their activities into profitable industries, such as the power industry is. Since 1999 all the main Italian local utilities have established consortia with public and private partners to tender. Emilia Romagna region was not extraneous to this phenomenon. All the main utilities of the Emilia cities (Parma, Modena, Reggio Emilia etc.) joined alliances to enter the power industry. Additionally, the euphoria of the stock market for the shares of the TLC companies started to decrease and in the end of the 2000 the speculative bubble exploded.

All these features of the contextual framework met with a great appreciation of the activity of public sector organizations and a strong relationship between Bologna and Romagna. In this perspective, all the actors involved are proud of their public utilities system and they perceive it as a richness to defend. Additionally, Bologna and Romagna were already linked by the establishment of the consortium Ares and the setting up of Casa.Web. In this perspective, Casa.Web was also open to new local utilities as partners. Then Scabo acted in Energia Italiana as a representative of its partners. The Memorandum of Association for Energia Italiana gives in fact the possibility to Cis Forli, Ami Imola and Area Ravenna to enter in Energia Italiana at the same condition of Scabo, if they were interested in. In the end an echo of the shock that Bologna community lived with the political shift from left-wing parties to right-wing parties characterized the actors' interaction.

Eventually, the time span during which the process to form Energia Italiana unfolded was characterized by the belief that local utility industries was involved in a liberalization process. Additionally left-wings parties started to highlight that the legislative situation was uncertain: the draft bill concerning the liberalization of public utility industry reached a gridlock. Nevertheless, it is worth noting that left-wing parties highlighted such levels of uncertainty when the Mayor of Bologna announced that Scabo was ready to be privatised: some days before their leader stated that a clear trend towards liberalization could be grasped at national level, despite to the weaknesses of the liberalization process. The belief that utility industry was characterized by a growing competition was also at stake.

Such elements can be classified into normative, economic and socio-cultural features at supranational, national, regional and local level.

In this perspective, the features of the normative framework can be categorized into one force (Exhibit 7.2). It is a liberalization force at national level (cod. CF-NAT-NRM-LIB). It materializes in (1) the European Union directives aimed at eliminating public monopoly, (2) a set of industry-specific laws (i.e., legislative decrees for water, gas and waste management industries) aimed at introducing competition into local utility markets, (3) a regional legislation. In the same way the features of the economic framework can be categorized into two forces (Exhibit 7.2). The former is an economic tendency along the consolidation of the industry both at national (cod. CF-NAT-ECO-IND) and regional level (cod. CF-REG-ECO-IND). Many local utilities all across Italy, in fact, try to join competition for the acquisition of the Gen.Co. Even the main Emilia Romagna utilities (i.e., Meta Modena and Agac Reggio Emilia) considered the possibility to set up an alliance in order

Scabo). However even such factors contribute to define the context within which the decision-making process to form Energia Italiana unfolded.

to exploit together the opportunities of the power industry liberalization. The latter is a set of stock-market dynamics. They characterise national and supranational level; they materialize in the crash of the speculative bubble related to the TLC investments. After the euphoria of stock markets for the TLC companies, at the end of 2000 in fact the speculative bubble exploded. Eventually, the features of socio-cultural framework can be categorized into three forces. The first is driven by socialist values (cod. CF-LOC-SCT-SOC): it materializes in the perception of the local utility industry as a value to defend. The second is driven by corporative values (cod. CF-LOC-SCT-CRP): it materializes in the tentative to face common troubles joining Bologna and Romagna. The third is driven by a political shock following the fact that for the first time after the end of the Second World War a right-wing Mayor won the local election. All these forces characterize local level (Exhibit 7.2).

Then another category of context-related factors joins the previous ones: it is related to a socio-cognitive dimension of context (Scott and Richard 1994). In particular, it is constituted by the institutionalisation of a common sensation about the legislative trend along the liberalization dimension: it is the belief that public utility industry is going towards liberalization (CF-PRC-NRM-LIB). Along the economic dimension such a sensation became an institutionalised conviction that there is a dynamic trend at national level towards the consolidation of the local utility industries (CF-PRC-ECO-IND).

Insert Exhibit 7.2 about here

All these factors join factors highlighted in Chapter six. In most of cases they confirm factors already identified, also enriching and complementing them; in some cases they emphasize transformation in factors previously grasped.

Exhibit 7.3 showed context-related factors split for phases in the moment in which they are collected, integrated with factors already highlighted.

In this perspective, we can identify one critical event in context-related framework. It coincides with a transformation in the features of the economic framework: it regards economic factors at national and European level along the stock-market dimension. A weak transformation in the socio-cognitive dimension of the context can also be identified: after the institutionalisation of the belief that public utility industry was going towards liberalization, some contrasting idea started to arise. However it was not strong enough to change the institutionalised perception.

Summing up, different categories of concepts frame the decision-making arena where the decision to form Energia Italiana is at hand according to the dimensions of our conceptual model: i.e., (1) liberalization tendency along the normative dimension at supranational, national and regional level, (2) privatisation tendency along the normative dimension at local level, (3) industry-dynamics along the economic dimension at national and regional level, (4) stock-market dynamics along the economic dimension at supranational and national level, (5) socialist values along the socio-cultural dimension at local level, (6) corporative culture along the socio-cultural dimension at local level, (7) political shock along the socio-cultural dimension.

On top of it, other concepts join the previous ones. They do not fill the classes identified by our conceptual model: they come out from the field; they deal with an institutionalised perception by the actors at hand. They can be related to a socio-cognitive dimension of the context. They take the form of an institutionalised belief concerning the normative and economic framework.

One critical event can also be identified from phase one to phase two: it is a transformation in the economic framework at national level. Additionally, there was a weak evolution of the socio-cognitive framework; it seems in fact that the left-wing parties used the contextual framework, by giving a different interpretation of it, according to what they need to support their sides.

Insert Exhibit 7.3 about here

7.2.2. Firm-related factors⁶.

Firm-related factors that frame the arena where the decision-making process to form Energia Italiana develops can be distinguished into factors related to the stakeholder system, the corporate strategy and the alliance policy of Seabo⁷.

The stakeholder system of Seabo is characterized by many actors involved in a network of adversarial-collaborative relationships, as showed in Chapter five (Exhibit 5.3).

Firstly actors that constitute the stakeholder system of Seabo are the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna province, Cgil Union, Cisl Union and Uil Union, Seabo management, Bologna citizens, Bologna enterprises and the utilities partners of Seabo in prior alliances (i.e., Cis Foril, Ami Imola, Area Ravenna). They bring stakes towards the viability of Seabo; their contribution is paramount for Seabo activity, and Seabo rewards are paramount for them, even if with different salience⁸.

These actors can be clustered into seven classes of stakeholders, according to the interests they aim to satisfy through Seabo activity. The first class coincides with "local government" and involves the Municipality of Bologna and the other Municipalities of Bologna province. They are interested that Seabo satisfies Bologna citizens' needs, by providing local community with a good level of services both in quality and quantity. In this perspective, Seabo activity is an instrument through which Municipalities can gain part of the consensus necessary to legitimise themselves in front of their communities. The second category coincides with "shareholders" and is split into two subcategories "majority shareholders" and "minority shareholders". Such a category involves the Municipality of Bologna (as majority shareholder), the Province of Bologna and the other Municipalities of Bologna province (as minority shareholders)⁹. They are interested to finance parts of their activities, usually loss-making public services, by making dividends from Seabo activity. The third category coincides with the employees of Seabo, as represented by Trade Unions; it can be split into three subcategories (i.e., Cgil, Cisl and Uil Trade Unions), according to the political stance of each union (i.e., Cgil has a strong left stance, Cisl and Uil have a more moderate political attitude). They are interested that Seabo

⁶ The first part of this paragraph describes the stakeholder system of Seabo. As a consequence, it coincides with the first part of the same paragraphs of the prior chapter. Nevertheless, to give the reader the possibility to read this chapter and not even the previous one we chose to repeat it.

⁷ Data about firm-related factors regard Seabo as a whole, and not a specific decision-making within it. Consequently, firm-related factors are analysed in Chapter five and synthesized in the following chapters. They could change along the decision-making in term of: (1) the actors involved, (2) their salience, (3) the nature of the relationships among them and (4) the management role. Nevertheless, firstly we consider a short period of time; secondly, no traumatic events happened. Consequently, we focus our attention on transformation in (1) the actors involved and (2) the nature of the relationships among them.

⁸ Look at Chapter five for a deep analysis of: stakeholder identification (i.e., stakes towards the viability and profitability of the firm; contributions, rewards and interests each stakeholder aims at satisfying through the activity of the firm); relationships among stakeholders (i.e., level of trust and control beyond each relationship).

⁹ It is worth remembering that the Municipality of Bologna and the other Municipalities of Bologna province (i.e., majority and minority shareholders) are also characterized by a different political tendency: central-right for the Municipality of Bologna and central-left for the other Municipalities of Bologna province and for the Province of Bologna. For the first time after the Second World War Bologna Municipality is led by right parties.

satisfies the employees' needs, by ensuring steady levels of employment and good labour conditions. In this perspective, Seabo is an instrument through which Trade Unions can gain the consensus necessary to their own survival. The fourth category coincides with "management" and involves the Chairman, Board of Directors and management of Seabo¹⁰. Seabo management is interested that Seabo develops its activity in such a way to increase its viability and profitability, supporting the development of local community too. The fifth category coincides with "clients" and involves Bologna citizens, Bologna enterprises, Bologna public sector organizations etc. They are interested that Seabo satisfies their consumption needs, by providing them with good level of services, both under the qualitative and quantitative dimension. The sixth category is constituted by "suppliers"; it involves all Bologna enterprises that are the main suppliers of Seabo. They are interested that Seabo satisfies their productive capacity, by buying the resources it needs by them. The last category is constituted by the "partners" of Seabo in prior alliances; it involves the utilities of the city of Forlì, Imola and Ravenna. They are interested to gain new opportunities of development from Seabo and its network of social relationships.

In this perspective, three classes of interests can be identified. They are brought by different actors acting as stakeholders, as showed in Chapter five and reported in Exhibit 7.4: i.e., (1) economic interests brought by the Municipality of Bologna, the Province of Bologna, the Municipalities of Bologna province (as shareholders), Seabo Chairman, Seabo Board of Directors and Seabo management (as management), Bologna citizens, Bologna enterprises, Bologna public organizations etc. (as clients and suppliers), other local utilities (as partners in existing alliances); (2) social interests brought by the Municipality of Bologna and the other Municipalities of Bologna province (as local governments aiming to satisfy common good) and Seabo Chairman (as management conscious of the social dimension of Seabo activity); (3) political interests brought by Cgil, Cisl and Uil (as Trade Unions representing the employees' interests). As described in Chapter five, economic interests are individual interests, satisfying thorough an exchange relationships, social interests are interests benefiting the whole community, political interests are interests of particular constituencies within the whole community.

Secondly, the relationships between Seabo and its stakeholders are collaborative for construction¹¹. Relationships among Seabo stakeholders can be collaborative, but also adversarial in nature. In particular, as showed in Chapter five and reported in Exhibit 7.5, five categories of relationships can be identified among Seabo stakeholders, according to the level of trust beyond such relationships and the forms of control instituted to govern them. Strong levels of trust characterize the relationships among the Municipalities of Bologna province on one side, and among the partners of Seabo on the other side (grade 5). High levels of trust and weak forms of control characterize the relationships between the Municipality of Bologna and Seabo management on one side, and between Cisl Union and Uil Union on the other side (grade 4). Weak levels of trust and strong forms of control characterize the relationships between (grade 3); the Municipality

¹⁰ As showed in Chapter five, (1) Seabo Chairman was appointed by the Municipality of Bologna, (2) two members of the Board of Directors were appointed by Bologna Municipality, other two by the minority shareholders, (3) the management of Seabo was engaged by the former left-wing Mayor. Nevertheless, the relationships between the Directors and the Chairman were good one. It is worth noting as all the members of the Board of Directors gave us a good portrait of Seabo Chairman during the interviews. In the same perspective, the relationships between Seabo Chairman and Seabo management were good one. After his appointment Seabo Chairman highlighted the great sense of identity that characterized Seabo employees. As a consequence, we do not have any problem between Seabo Chairman, Seabo Board of Directors and Seabo management: we can use only one category to indicate them as stakeholders, i.e., Management.

¹¹ Stakeholders are in fact identified as bringing a stake to the viability and profitability of the firm. In this perspective, they contribute to its activity: the relationships between stakeholders and Seabo are collaborative.

of Bologna and the other Municipalities of Bologna province; the Municipalities of Bologna province and Seabo management; the Trade Unions and the Municipalities as shareholders of Seabo; Seabo management and the Trade Unions; Bologna citizens/enterprises and Bologna Municipality. Minimum levels of trust and systematic contrasts characterize the relationships between Cgil, on one side, and Cisl and Uil, on the other side (grade 2).

In this perspective, the Municipality of Bologna is the more salient stakeholder (at the same time local governments and majority shareholder), followed by the other Municipalities of Bologna province, the Province of Bologna, the Trade Unions, the citizens and business enterprises of Bologna, the Management of Seabo and the partners of Seabo in prior alliances.

Then, as showed in Chapter five, Seabo management engages stakeholders.

Insert Exhibit 7.4 and 7.5 about here

During decision-making process to form Energia Italiana stakeholder system develops both along the dimension of the actors involved and the relationships among such actors (Exhibit 7.6).

Firstly, new actors entered at play: Cir Group becomes partner of Seabo in Casa.Web and then in Energia Italiana.

Secondly, the relationship between the Municipality of Bologna and the other Municipalities of Bologna province develops from a relationship based on strong forms of control (grade 3) to a relationship based on contrasts (grade 2) and vice versa. In fact disagreements among shareholders rose up about the privatisation of Seabo; in the end the equilibrium is brought back. Then a new collaborative relationship is instituted among Cis Forli, Ami Imola, Area Ravenna, Seabo Management and Cir Group. In the end new collaborative relationships are established from such actors and Cir Group.

Seabo corporate strategy was defined with the approval of "Documento contenente gli indirizzi per le nomine degli amministratori". Such document represents the operationalization of the Mayor policy and should be operationalised into a business plan by Seabo management. It is based on some pillars: (1) strengthening Seabo activity in gas and power industry, (2) contributing to the development of Seabo activity into water industry, according to the reform of such an industry, (3) instituting subsidiaries, (4) increasing the shareholders' value of Seabo, expecting an eventual future privatisation, (5) developing a policy of alliance. In particular, left-wing parties highlighted the importance to develop an alliance policy for Seabo.

Summing up, different categories of interests and stakeholders frame the decision-making arena where the decision to form Energia Italiana is at hand. They are embedded in a network of collaborative and adversarial relationships. In particular, three categories of interests can be grasped brought by different actors as stakeholders (i.e., economic interests, social interests and political interests). In this perspective, Municipalities bring social interests as local Governments and economic interests as shareholders; Trade Unions bring political interests as stewarding the interests of the employees; Bologna citizens and enterprises bring economic interests as clients and suppliers; Cis Forli, Ami Imola and Area Ravenna bring economic interests as partners in prior alliances.

On top of it, the Chairman, Board of Directors and Management of Seabo bring economic and also social interests as interested on the viability and profitability of Seabo, on one side, and on the development of the local community, on the other side.

Such a negotiated order translates into the "Documento contenente gli indirizzi per le nomine degli amministratori" and into the alliance policy. In particular, such a document established that Seabo had to move beyond traditional industries, perhaps through alliances.

One critical event can also be identified in phase two because of the development of the relationships between the Municipality of Bologna and the other Municipalities; the entry of Cir Group in Casa.Web characterised such phases as well. Another critical event can be identified in phase three, when the relationships among Seabo shareholders bring back towards the equilibrium.

Insert Exhibit 7.6 about here

7.2.3. Issue-related factors.

Different actors join the decision-making arena to form Energia Italiana. They join in different moments, bringing different claims, with different arguments (Exhibit 7.7 and 7.8).

Firstly, the Chairman of Seabo entered the decision-making arena as claim-makers. He promoted the claim "setting up an alliance" with Cir Group in order to strengthen Seabo activity into the power industry. Seabo Board of Directors agreed with this idea with many arguments. They advanced many justifications to explain and promote this position: (1) moving Seabo activity beyond gas and waste management industries, (2) using the revenues of the power activity to cover the reduction in the revenues of the gas activity and finance loss-making public service, (3) strengthening Seabo activity into power industry, (4) sharing risks and complementary resources, (5) developing competencies to operate into power industry without investing new resources, (7) providing not only the citizens of Bologna, but also the citizens of Forlì, Imola and Ravenna with power services at lower costs, (8) establishing a partnership credible and awkward. Then all the main Italian local utilities established alliances to tender for acquiring the Enel Generation Companies: just Seabo had no partners for that purpose.

Secondly, Cgil, Cisl and Uil Unions entered into the decision-making arena as claim-makers. Cisl and Uil Unions supported the claim promoted by Seabo management and joined such a coalition. They supported the claim to set up an alliance with different arguments, such as: (1) moving Seabo activity beyond traditional services, (2) moving Seabo beyond the immobilism of the monopoly systems, (3) entering into the power industry, by limiting the burden of the financial resources invested, (4) sharing financial burden of such an initiatives, (5) putting no financial resources at risk, (6) entering into the power industry without dismissing employees and transfer them, (7) ensuring public control over the Seabo activity. Cgil Union did not like this idea. In particular, Cgil Union did not set against the claim "setting up an alliance" in itself. Cgil Union did not like the weigh that this project had in the business plan of Seabo. According to Cgil, Seabo business plan was too dependent on this bet. Thus Cgil claimed that the relevance of Energia Italiana within Seabo business plan was reduced¹².

Thirdly, after the deed of Energia Italiana the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna province entered into decision-making. The opportunity was a Shareholders' Meeting arranged to analyse the business plan of Seabo. Municipalities supported the claim already supported by the other two categories of claim-makers with different arguments: (1) making Seabo enter into

¹² The interaction among claim-makers develops within another decision-making arena: it is the arena where Seabo business plan is at hand. In this perspective, such interaction influence the sides that coalitions took and their negotiation

an important and profitable industry as the power industry is, (2) strengthening Seabo activity and increasing its shareholder value.

All such arguments can be classified into two main categories (Exhibit 7.7). On one side, they support the decision to strengthen Seabo activity into the power industry, but not support specifically the choice to set up an alliance for this purpose. On the other side, they support the decision to set up an alliance instead of choosing other strategic instruments to achieve that goal. In particular, the former category highlights the goals that claim-makers aim at achieving through such an alliance (i.e., they coincide with the objectives of the alliance). They are related to the decision to strengthen Seabo activity into the power industry and can be reached even through other strategic instruments (code GL). The latter category highlights the reasons behind the decision to choose an alliance to enter into power industry, instead of internal development, acquisition, merger, contracting, network etc. (cod RSN). Such reasons are (1) sharing risks and complementary resources, (2) developing competencies to operate into power industry without high financial investment, (3) providing not only the citizens of Bologna, but also the citizens of Forlì, Imola and Ravenna with power services at lower costs, (4) establishing a partnership credible and awkward, (5) being not shut out by other local utilities, (6) entering the power industry, by limiting the burden of the financial resources invested, (7) sharing financial burden of such an initiatives, (8) putting no financial resources at risk, (9) entering into the power industry without dismissing employees or transferring them, (10) ensuring the public control over Seabo activity.

Such reasons can be clustered into two categories: i.e., economic reasons (along the efficiency or competitive advantage dimension) or legitimacy reasons (along the dimension of the isomorphic and fashion effects) (Exhibit 7.7).

In particular, sharing risks and complementary resources, developing competencies to operate into the power industry without investing many resources and sharing the financial burden of such an initiatives can be classified as economic reasons along the competitive advantage dimension (RSN-ECO-CMP). On the other side, the fear that other local utilities could shut Seabo out can be classified as a legitimacy reasons along the isomorphic dimension (RSN-LGS-ISO).

Then other categories of reasons can be grasped.

Generally speaking, such reasons can be related to the nature of the interests behind them. As shown in Chapter three, different actors interpret the environmental factors in different ways, according to their own interests. As a consequence, different actors join decision-making arena with different claims: the aim is to promote a claim able to ensure the satisfaction of their own interests. In this perspective, economic reasons can be related to the economic interests that move actors into action (Exhibit 7.7). On these premises, the other categories of reasons should be related to the other categories of interests: i.e., the interests of the whole community or the interests of particular constituencies within such a community. We call the reasons related to the interests of particular constituencies: political reasons; whereas we call the reasons related to the interests of the whole community: social reasons.

In particular, political reasons involve reasons such as establishing a partnership credible and awkward, entering into power industry without dismissing employees and transferring them, ensuring public control over Seabo activity (RSN-POL). They are linked to the interests of particular groups within the local

within this arena. Cgil uses the making of the decision to form Energia Italiana to take side against the definition of the business plan of Seabo.

community and aimed to maintain such equilibrium. In this perspective “establishing a partnership credible and awkward” means that Seabo can reach one of its main goals without involving other important utilities: i.e., maintaining the equilibrium of its stakeholder system. In the same way, “ensuring the public control over Seabo activity” means that the alliance allows moving towards new activities without any change in the labour conditions. Publicly-ownership ensures in fact the possibility to negotiate better labour conditions than private-ownership: public organisations can be victim of the “electoral blackmail” by Trade Unions, as Trade Unions control an important share of votes. This aspect is also stressed by other reasons, such as “entering into power industry without dismissing employees and transferring them”. Social reasons involve reasons such as providing the citizens of Bologna and also the citizens of Forlì, Imola and Ravenna with power services at lower costs, by safeguarding the relationships of each firm with its local community (RSN-SOC). They are related to the interests of the whole community.

In this perspective, claim-makers as the Chairman of Seabo and the management of Seabo promote the claim “setting up an alliance” to strengthen Seabo activity into power industry for (1) economic, (2) social and (3) political reasons at the same time (Exhibit 7.8). Claim-makers as Cisl and Uil Unions agreed on the idea to establish an alliance in order to enter the power industry for political and economic reasons. The Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province support the project proposed by Seabo management, but they focus their attention on the objectives expected from such an alliance. They support the setting up of Energia Italiana. Such an alliance allowed strengthening Seabo activity into power industry, with economic advantages; they do not questioned about the instrument proposed by Seabo management to achieve that goal. Cgil does not completely agree with the idea to form Energia Italiana. There were not specific reasons to oppose to Energia Italiana in itself, but Energia Italiana was an important part of the business plan proposed by Seabo management and Cgil does not like it. So the arguments were just economic and they were related to what happened in another decision-making arena, simultaneously at stake: i.e., Cgil made use of the setting up of Energia Italiana in order to set itself against the business plan of Seabo proposed by Seabo management.

On these premises, we have only one claim promoted and supported by all the claim-makers committed within the decision to form Energia Italiana, for economic, social and political reasons. It involves three subgroups: Seabo management, Municipalities and Cgil, Cisl and Uil (Exhibit 7.8).

In particular, all such claim-makers are stakeholders too: they are moved into action in such a way to ensure the satisfaction of their own interests. In this perspective, Seabo management bring economic and social reasons in order to satisfy the social and economic interests that characterize their activity as stakeholder. Nevertheless, Seabo management are driven by political reason as well. Cisl and Uil are driven by political reasons to satisfy the political interests that characterize their activity as representatives of the employees’ interests. Nevertheless, Cisl and Uil are driven by economic reasons too. Cgil Union brings just economic arguments to support its position, related to what happened in other arenas. Municipalities are driven by economic arguments to satisfy their economic interests as shareholders.

Insert Exhibit 7.7 about here

Such coalition develops over time through the entering of different claim-makers (Exhibit 7.8). It expands its boundaries involving other claim-makers. Seabo Management looks for other actors supporting its claim in such a way to gain legitimacy for it. In particular, Seabo Management looks for the support of the actors more concerned with the issue at hand: Seabo management presents the idea to form an alliance to strengthen

Seabo activity into power industry at the Trade Unions. Then Seabo management presents such an idea at Municipalities.

In the end, when even Municipalities agreed with the decision to form an alliance, a negotiated order is reached: it is supported by all the claim-makers involved. It is an informal order that will also be confirmed with the acquisition of an 11% stake in Energia Italiana. In fact, in the end all the partners involved express their satisfaction for the decision taken.

Based on these premises, the interaction among different claim-makers is weakly reduced to a negotiation across different decision-making arena. On one side, there are the Management of Seabo, Cisl and Uil, the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province that supported the idea to set up an alliance to strengthen Seabo activity in the power industry. On the other side, there is Cgil Union that asked to reduce the relevance of this project within the business plan of Seabo. In this perspective, the claim promoted by Cgil seems to deal with the arena where the business plan of Seabo is at hand.

The coalition of claim-makers develops according to an incremental logic: more and more claim-makers entered such a coalition. They immediately agreed on the idea to establish an alliance to enter the power industry; no more claims are promoted and no more coalitions are formed: just some doubts are raised.

Actors involved in the decision-making arena considered are simultaneously involved in other decision-making arenas: i.e., (1) the arena where the selection of the private partner for Casa.Web is at hand, (2) the arena where the decision about the institution of Eos Energia develops, (3) the arena where the decision to privatise Seabo is at hand, (4) the arena where Seabo business plan is analysed. Then they were involved in past arenas related to this one: i.e., the arena where the decisions to set up the consortium Ares was questioned. Just one arena seems to interact with the development of the coalitions of claim-makers: it is the arena where the business plan of Seabo is at hand.

Summing up, three categories of reasons are behind the decision to form Energia Italiana.

Economic reasons along the competitive advantage and legitimacy dimension are at play; they are brought by Seabo, Cisl and Uil.

On top of it, political and social reasons join economic ones. Political reasons are brought by Cisl, Uil and the Management of Seabo; social reasons are brought by the Management of Seabo. Municipalities do not questioned the choice made by Seabo management about how to strengthen Seabo activity in power industry. They just showed their supports for the objective of the alliance: i.e., they are just interested to strengthen Seabo activity into the power industry with economic arguments. In the end even Cgil agreed with the setting up of Energia Italiana; nevertheless, it asked to reduce the importance of this project within the business plan of Seabo, with economic arguments. All these reasons are at play in the making of the decision to form an alliance; they are simultaneously behind the final decision to set up the alliance as well. One coalition is formed, involving all the claim-makers at play. All the claim-makers involved are stakeholders. Some claim-makers bring even reasons that do not coincide with their interests as stakeholders (i.e., Seabo Chairman and Board of Directors brings even political reasons and Trade Unions bring even economic reasons). In this perspective, we do not have an effective interaction among all the actors involved, but just a negotiation developing through different decision-making arena.

In the end three critical events can be identified. In phase two the Chairman of Seabo promotes the claim. In phase four the Trade Unions enter such a coalition and expands its boundaries, even with a claim. In phase six even Municipalities join the same coalition.

Insert Exhibit 7.8 about here

7.3. Decision-making process to form Energia Italiana: interpretation.

The process of making the decision to form Energia Italiana develops through the interaction among the Chairman and Board of Directors of Seabo, Cgil, Cisl, Uil Trade Unions, the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna province within the decision-making arena.

In particular, these actors join the arena within which the decision about how to strengthen Seabo activity into power industry is at hand. They support the same claim (i.e., setting up an alliance with Cir Group) for economic, social and political reasons and they interact each other through negotiation across different decision-making arena. In the end a negotiated order is reached. It is not the best solution for each actor involved, but it is the solution with which everyone thinks he can live¹³. It is the decision to form an alliance in order to strengthen Seabo activity into power industry.

Based on these premises, in order to understand why claim-makers' coalitions develop through the interaction with what happened in other decision-making arena, it is necessary to look at how the structural components of the decision-making arena interact with the development of the coalitions of claim-makers. This allows us even to understand why Seabo chose an alliance to strengthen its activity in power industry and what is its role within the corporate strategy.

In this perspective, some considerations can be expressed about the interplay among critical events in context-related factors, firm-related factors and issue-related factors.

Firstly, we identified one critical event in context-related factors. It takes place in phase one. It is an evolution of the economic framework at national level along the stock market dimension: at the end of 2000 the TLC bubble crashed (after the euphoria with which stock markets received the stakes of the TLC companies for all the 1999th and 2000th).

Secondly, we found out two critical events in the firm-related factors. They take place in phases two and three. The first critical event is related to (1) an evolution of the relationships among the shareholders of Seabo: such relationships develop from relationships based on low levels of trust and strong forms of control to relationships based on contrasts (as a consequence of what happened within the decision-making arena where Seabo privatisation is at hand), (2) a development in the set of actors involved in the stakeholder system of Seabo (Cir Group join Casa.Web and consequently new collaborative relationships develop). The second critical event is related to another evolution of the relationships among the shareholders of Seabo because of what happened in the privatisation arena: the equilibrium among all the shareholders come back.

Thirdly, we identified three critical events in the issue-related factors; they take place in phase two, four and six when: (1) the Chairman and the Board of Directors of Seabo promote the claim "setting up an alliance

¹³ In the end the Management of Seabo, the Municipality of Bologna and the other Municipalities declare their satisfaction. Cisl and Uil Unions agree. Cgil Union accepts this project to strengthen Seabo activity into power industry. Nevertheless, Cgil claimed that the relevance of this project on the Seabo business plan was reduced.

with the Cir Group” in order to strengthen Seabo activity into power industry, (2) the Trade Unions agree with this idea, even if with a warning by Cgil Union, (3) the Municipalities also agree.

No one critical event seems to be strongly related to the others (Exhibit 7.9).

In phase one context-related factors develop and neither firm-related factors, nor issue-related factors develop. In this perspective, it seems difficult to suppose a relationship between the evolution of context-related factors and the evolution of firm-related factors and issue-related factors. Such a relationship can not be supposed even in the long term. In front of the crash of the new economy the process of establishing Casa.Web in fact continues. As a consequence, context-related factors, firm-related factors and issue-related factors seem not to vary altogether.

In phase two firm-related factors and issue-related factors vary. In particular, firm-related factors vary both because of the entrance of new actors in the stakeholder system of Seabo and because of a worsening of the relationships among Seabo shareholders. In the same time Seabo Chairman and Seabo Board of Directors propose to form an alliance. In this perspective, a relationship can be supposed between the entrance of Cir Group in the stakeholder system of Seabo and the fact that Seabo Chairman proposes an alliance with Cir Group to operate in the power industry. On the other side, the worsening of the relationships among shareholders, because of what happened in the arena where the privatisation of Seabo is at hand, seem do not interact with their interaction within the decision-making arena where Energia Italiana is at hand. In this perspective, it seems difficult to suppose a relationship between issue-related factors and firm-related factors, when the evolution in firm-related factors depends on what happened in other arena. It is also possible that it depends on the nature of the decision at hand.

In phase three firm-related factors develop. Nevertheless, neither context-related factors, nor issue-related factors change. In the long term, issue-related factors develop in the same direction. On one side, relationships among stakeholders came back into equilibrium; on the other side coalitions of claim-makers develop. In particular, Municipalities contribute to the establishment of Energia Italiana. In this perspective, a relationship could be supposed between the interaction among stakeholders acting as claim-makers regards to a particular issue and the nature of their relationships as stakeholders. In particular, it seems possible to suppose that a collaborative interaction among stakeholders favourite their interaction as claim-makers.

In phase four and six just issue-related factors develop.

Based on these premises, none strong relationship seems to exist among the elements of the conceptual model: the side that claim-makers took towards the issue at hand and their interaction process seem do not interact with context-related factors and firm-related factors. Even context-related factors and firm-related factors seem do not interact each other. Each element seems unrelated to the others: it seems develop on its own. Context-related factors change and neither firm-related factors nor issue-related factors change and vice versa. Just a weak relationship seems to exist between the interaction among stakeholders within the decision-making arena and their relationships as stakeholders of Seabo. Even the interaction among different arenas involving the same actors seems do not exist, when it affects the stakeholder system; whereas it seems to exist when it affects directly the claim-makers system.

Insert Exhibit 7.9 about here

We maintain that this can be explained on the basis of the fact that all the elements that changed are related to other decision-making arena simultaneously at play. Nothing changes in context-related factors and in firm-related factors related to the decision-making arena where the setting up of Energia Italiana is at hand. Just some weak changes characterise the stakeholder system of Seabo (and they consist in re-equilibrium of status quo).

In this perspective, the elements of the conceptual model look less unrelated (Exhibit 7.10); the process to form an alliance to strengthen Seabo activity into power industry seem developing in the interplay among its structural and dynamic elements.

In particular, firstly the decision to form Energia Italiana seems to be understandable within the set of rules established by the decision-making arena: such a process unfolds within a system of rules that actors accept. It is worth noting that the interaction among claim-makers is reduced to a negotiation across different decision-making arena: claim-makers used the interaction within one decision-making arena to impact on the other.

At contextual level there is a tendency towards liberalization and privatisation, some dynamics towards competition, some socialist values, a corporative values and a cultural shock because of the shift from left-wing parties to right-wings parties. At firm level there is a system of actors structured in collaborative and adversarial relationships that reached an equilibrium materialized in the "Documento contenente le nomine per gli Amministratori". At issue level there are some actors that act within that system of rules, without calling it into play. In this perspective, in fact (1) actors promotes an alliance and no alternative instruments are proposed and (2) political reasons are brought by each actors to justify the sides they took: i.e., ensuring the status quo. In the same perspective, Municipalities do not questioned about the solution proposed by Seabo management in order to reach their goals. Municipalities join the decision-making arena just as shareholders of Seabo.

Secondly, the decision to form Energia Italiana seems to be understandable by considering actors' actions to shape that system of rules: such process in fact unfolds within a system of rules that actors accept, strengthen and contribute to create.

At contextual level there are in fact different contextual forces, but there is also a dimension created by actors, resulting from their perception. At firm level there is a stakeholder system that actors strengthen and brought back into equilibrium. At issue level there are some actors that support the idea promoted by Seabo management, by bringing also reasons coinciding with the interests of other categories of stakeholders: i.e., the management of Seabo that bring also political reason, and the trade unions that bring economic and political reasons. In this way, each claim-maker looks for a point of contact with the other claim-makers, by highlighting each time different faces of their claim. The aim is to picture the claim in such a way it seems able to satisfy different categories of interests, thus gaining the support of different claim-makers. In this perspective, Kunkel (1995: 240) highlights as "typically, claim-makers attempted to extend the boundary or domain considered to cover additional situations". In particular, he calls such tentative to gain other claim-makers' support: "rationale expansion – in which claim-makers expand their list of reasons of addressing a particular problem (...); the strategy is one of linking people concerned with different issues" (Kunkel 1995: 252).

In this perspective, the role of Seabo Chairman and Seabo management look paramount. Seabo Chairman promotes the idea to form Energia Italiana and packages the project in such a way it could be approved by all the actors involved. In this way Seabo management reaches two important objectives: strengthening Seabo activity in the power industry on one side, and strengthening the relationships with Romagna utilities on the other side.

Summing up, we can think that the coalitions of claim-makers develop according to a negotiation across different arenas, why: (1) the decision-making process to form Energia Italiana develops within the decision-making arena complying to it; (2) the decision-making process contributes to strengthen such an arena.

The decision-making seems to develop (1) within a script written by stakeholders system (embedded within the network of their relationships and codified within the strategic goals they established), (2) thanks to the improvisation of single actors. Such actors know to such a degree they can forget the line and begin to ad-lib. They are conscious of their space of autonomy and they move within it. The other actors at play readapt their role and modify their actions around that improvisation and the show goes on, without the audience realize anything happened. In the end, the order comes back on the stage and the audience applauds. The actor that activates the whole process is the management of Seabo. Additionally, the stakeholder system filters the effects of what happened in other arena: it does not affect the claim-makers' interaction within the decision-making arena where Energia Italiana is at hand.

Insert Exhibit 7.10 about here

7.4. Reasons behind the decision by Seabo to form Energia Italiana.

The decision about what course of action choose in order to strengthen Seabo activity into the power industry develops within an arena characterized by a liberalization and privatisation tendency, industry and stock markets dynamics, socialist values, cultural and political shock and a corporative culture. The institutionalisation of a shared belief that (1) the normative framework is going towards liberalization and (2) the economic framework is going towards growing levels of competition is also at hand.

The stakeholder system framing such a decision-making process is composed by actors bringing economic, political and social interests; it depends on their role as stakeholders. Such actors are embedded in a network of collaborative and adversarial relationships. In particular, Seabo management brings both an economic interest towards the viability and profitability of the firm and a social interest towards the development of the local community. Additionally the pillars of the corporate strategy that stakeholders identified and their attitude towards the establishment of alliances represent other structural elements of the decision-making arena.

In this framework Seabo management proposes to set up an alliance with a private company in order to strengthen Seabo activity in power industry, reserving to its partners in Casa.Web the possibility to join such an alliance in each time. This claim was immediately supported by all the actors that join such an arena for different reasons; just Cgil asked that the weigh of this project within the business plan of Seabo was reduced. To put it simply, the alliance allowed entering the new industry sharing risk and resources, preserving the equilibrium among all the stakeholders involved and joining Bologna and Romagna, according to the principles of the *primus inter pares*, on one side, and safeguarding the relationships between each firm

and its local community, on the other side. In particular, the actors involved bring even reasons different from their interests; in this perspective, the management of Scabo brings economic, social and even political reasons. Only one coalition is formed. It develops according to an incremental logic and across different arenas. The interaction among claim-makers is more or less absent: just a negotiation among sub-groups is present; it is a negotiation about the amount of resources devoted to the entering in the power industry, but the order is immediately reached.

In this perspective, Scabo seems to form Energia Italiana for different reasons; they are simultaneously behind the final decision. In particular, the decision to form an alliance is supported by economic reasons along the competitive advantage and legitimacy dimension; social reasons and political reasons are also behind such a choice. Such a decision is also influenced both by prior alliances and the network of personal relationships in which Scabo is involved, as Gulati (1998: 310) states: "While considerations of individual quest for resources and complementarities are relevant, it is a firm's social connections that help it identify new alliance opportunities". In fact the idea to join Energia Italiana follows the entering of Cir Group in Casa.Wcb.

The involvement of different reasons in the decision to set up an alliance can be explained looking at how the coalition of claim-makers develops within the decision-making arena. In particular, it develops within the script written by the stakeholder system that filters the context-related factors (CF*FF), fixes the rule of the game (FF) and lead the claim-makers' interaction (FF*IF). On top of it, firm-related factors filter even the effect of the interaction among the same actors within other decision-making arena. In particular, other decision-making arenas impact over the interaction among the claim-makers involved within the issue at hand when they are directly introduced by the claim-makers at stake. Such coalition develops thanks to the improvisation of one of the actors on the stage: such an actor is conscious to such a degree he can forget the line ad begin to ad lib. In this perspective, such actors can avoid conflict and pilot the interaction among the other actors involved, by earning their support, even across different decision-making arena.

Based on these premises, we can think that Scabo set up an alliance to strengthen its activity in power industry as the alliance is a compromise able to gain support from all the actors involved: it does not change the status of different stakeholders and the rules of their interaction in a significant way. Economic rationality supports such a decision; nevertheless, social and political reasons are at play as well.

Insert Exhibit 7.11 about here

Exhibit 7.1. Chronological list of actions. Decision-making process to set up Energia Italiana (June 2000-February 2001).

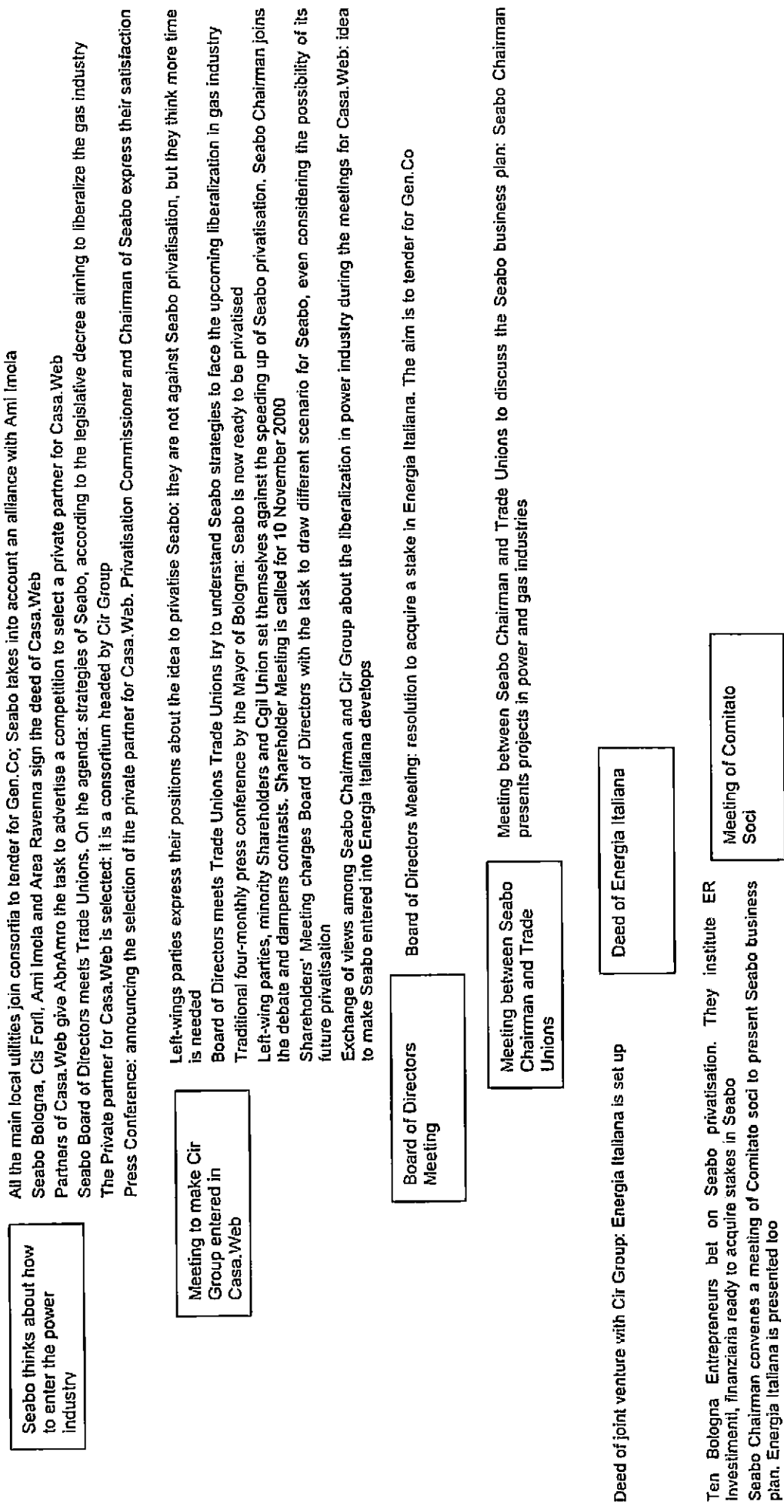


Exhibit 7.2. Context-related factors: categories of concepts (Energia Italiana June 2000-February 2001).

NORMATIVE FORCES		
NRM	SUPRANATIONAL LEVEL	
	EU LIB: liberalization tendency	Liberalizing public utility industry: EU policy to eliminate public monopoly
NRM	NATIONAL LEVEL	
	NAT LIB: liberalization tendency	Liberalization in gas industry: Legislative Decree Liberalization in power industry: Legislative Decree
NRM	REGIONAL LEVEL	
	REG LIB: liberalization tendency	Liberalization in public utility industry: Regional laws Liberalization in water and waste management industry: Regional laws
NRM	PERCEPTION	
	PRC LIB	Trend in legislative environment: toward liberalization
ECONOMIC FORCES		
ECO	NATIONAL LEVEL	
	NAT IND: industry dynamics	Dynamism among main local utilities: towards the acquisition of Enel generation companies
	NAT STM: stock-market dynamics	Telecommunication speculative bubble exploded
ECO	REGIONAL LEVEL	
	REG IND: industry dynamics	Dynamism among local utilities in Emilia Romagna region: enter into power industry
ECO	PERCEPTION	
	PRC CMP: competitive trend	Trend in competitive environment: enhanced dynamism and expectation for a fiercer competition
SOCIO-CULTURAL FORCES		
SCT	LOCAL LEVEL	
	LOC GRP: corporative culture	Bologna and Romagna relationship: "odi et ama". Bologna and Romagna joined previous alliances Bologna and Romagna relationship: "odi et ama". Casa.Web open to other local utilities of Emilia Romagna region
	LOC SOC: socialist values	Emilia Romagna public utilities network is considered as treasure to safeguard
	LOC POLSHF: political shock	Shift from left-wing parties running Bologna Administration to right-wing parties: cultural shock for Bologna community

Exhibit 7.3. Context-related factors: identifying the turning points (Energia Italiana June 2000-February 2001).

	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT		
EU	LIB			lib			lib			lib			lib			lib				
		CRS	STM															CRS	STM	
NAT	GDL	LIB	IND	LIB	IND		lib	ind		lib	ind		lib	ind		lib	ind		LIB	IND
		CRS	STM																CRS	STM
REG	LIB	IND		lib	ind		lib	ind		lib	ind		lib	ind		lib	ind		LIB	IND
LOC	PRV	CRP	SOC	prv	CRP	SOC	prv	CRP	SOC	prv	CRP	SOC	prv	CRP	SOC	prv	CRP	SOC	PRV	SOC
		POL	SHF	pol	POL	SHF	pol	POL	SHF	pol	POL	SHF	pol	POL	SHF	pol	POL	SHF	POL	SHF
		NO	PTG	no	no	ptg	no	no	ptg	no	no	ptg	no	no	ptg	no	no	ptg	NO	PTG
PRC	LIB	CMP	FIN	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	lib	cmp	fin	LIB	CMP
																				FIN

Seabo thinks about how to enter into power industry

Meeting to make CR Group entered in Casa Web

Board of Directors Meeting

Meeting between Seabo Chairman and Trade Unions

Dead of Energia Italiana

Meeting of Consiglio Soci

Acquisition of a 17% stake in Energia Italiana

*GDL LIB Liberalization process reaches a deadlock

*CRSSTM Crash of the Stock Market

Critical event: i.e., transformation in the contextual forces

Exhibit 7.4. Firm-related factors: identifying stakeholders, interests, and their turning points (Energia Italiana June 2000-February 2001).

	LG (CTZ)	MJSHR	MINSH	TU (EMP)	MNG	CLI	SUP	PRT
MuBo	SOC	ECO						
MuCs	SOC		ECO					
MuSL	SOC		ECO					
MuGr	SOC		ECO					
PrBo			ECO					
OthMu	SOC		ECO					
Cgll				POL				
Cisl				POL				
Uil				POL				
MngSb					ECO-SOC			
Ctz						ECO		
BBss						ECO	ECO	
Cis FL								ECO
Ami IM								ECO
Area RV								ECO
Cir Group								ECO


 critical events in firm-related factor

Exhibit 7.5. Firm-related factors: identifying stakeholders' relationships and their turning points (Energia Italiana June 2000-February 2001).

	MuBo	MuCs	MuSL	MuGr	PrBo	OthMu	Cgll	Cisl	Uil	MngSb	Ctz	BBss	Cis FL	Ami IM	Area RV	Cir Group
MuBo		3	3	3	3	3	3	3	3	4	3	3				
MuCs	3		5	5	5	5	3	3	3	3						
MuSL	3	5		5	5	5	3	3	3	3						
MuGr	3	5	5		5	5	3	3	3	3						
PrBo	3	5	5	5		5	3	3	3	3						
OthMu	3	5	5	5	5		3	3	3	3						
Cgll	3	3	3	3	3	3		2	2	3						
Cisl	3	3	3	3	3	3	2		5	3						
Uil	3	3	3	3	3	3	2	5		3						
MngSb	4	3	3	3	3	3	3	3	3				5	5	5	5
Ctz	3															
BBss	3															
Cis FL										5				5	5	5
Ami IM										5			5		5	5
Area RV										5			5	5		5
Cir Group										5			5	5	5	5

- REL1 conflict
- REL2 sistematic contrasts
- REL3 weak trust and strong control
- REL4 strong trust and weak control
- REL5 collaboration

Exhibit 7.6. Firm-related factors: identifying the turning points (stakeholders and relationships).

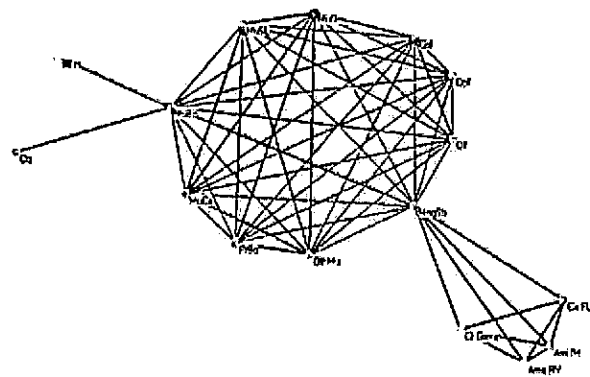
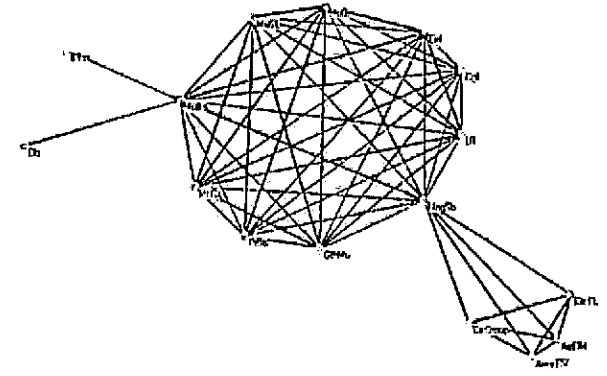
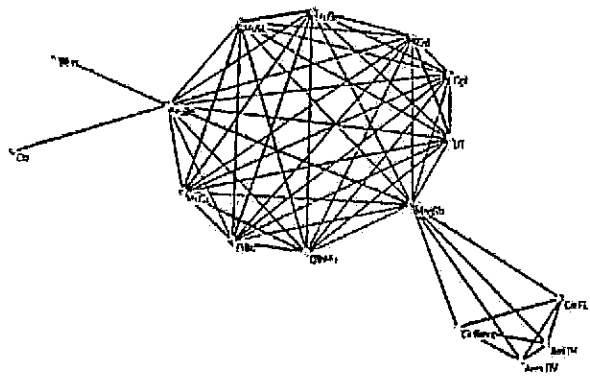
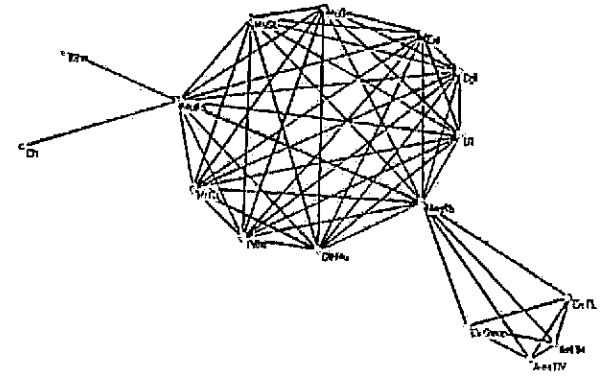
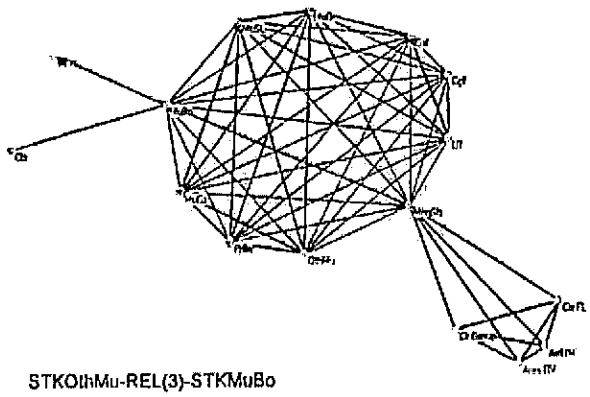
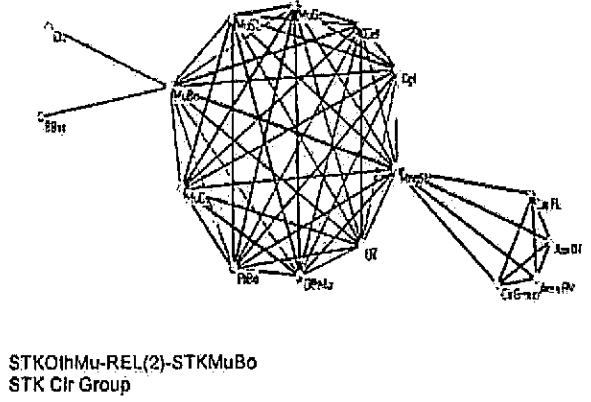
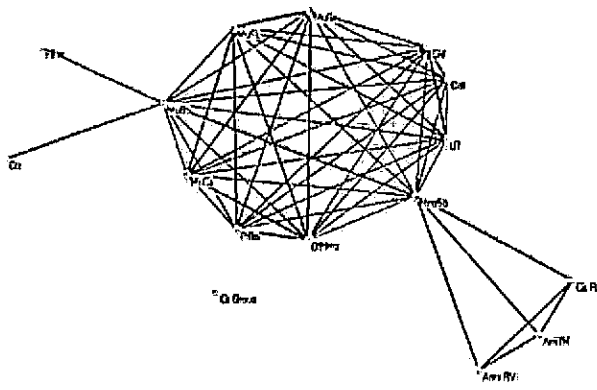


Exhibit 7.7. Issue-related factors (reasons): categories of concepts (Energia Italiana June 2000-February 2001).

GOAL		
GL	ECONOMIC ECO	<p>Moving Seabo activity beyond gas and waste management industry</p> <p>Using revenues from power activity to finance loss-making public service</p> <p>Providing clients with gas and power services together</p> <p>Moving Seabo beyond the immobilism of monopoly systems</p> <p>Making Seabo enter into power industry</p> <p>Strengthening Seabo activity and increasing its shareholder value</p>
REASONS		
RSN	ECONOMIC ECO CMP: competitive-advantage	<p>Sharing complementary resources and risks</p> <p>Entering into a new industry, without high financial investment</p> <p>Entering into power industry limiting the burden of financial resources invested</p> <p>Developing new competencies, without high financial investment</p> <p>Sharing the financial burden of the Gen.Co acquisition</p> <p>Putting no risk the Municipalities' financial resources</p>
	ECO LGS: legitimacy	<p>All the main Italian local utilities were involved in the Gen.Co acquisition. Just Seabo was out of the games</p> <p>Aem Milano, Acea Roma, Aem Torino have already established alliances to tender for the Gen.Co acquisition</p>
RSN	POLITICAL POL	<p>Entering into power industry, without dismissing employees and transferring them</p> <p>Ensuring public control over Seabo activity and corporate structure</p> <p>Establishing a partnership credible and not awkward (as a partnership with other local utilities could be)</p>
RSN	SOCIAL SOC	<p>Starting to coordinate Bologna and Romagna according to the principles of the <i>primus inter pares</i> and safeguarding the relationships with local communities</p> <p>Providing citizens of Bologna, Forlì, Imola and Ravenna with power at a lower cost</p>

Exhibit 7.8. Issue-related factors (reasons and claim-maker coalitions): identifying the turning points (Energia Italiana June 2000-February 2001).

CLK	CL(all) but CL(2)	CL(2)	CL(all)	but CL(2)	Board of Directors Meeting in Casa Web	CL(2)	CL(all)	but CL(2)	Meeting between Sebato Chairman and Trade Unions	CL(2)	CL(all)	but CL(2)	Meeting of Energia Italiana	CL(2)	CL(all)	Meeting of Contino SpA	CL(2)	Acquisition of 1% stake in Energia Italiana by Saab
Chairman of Sebato		GOAL-ECO RSN-ECO RSN-SOC RSN-POL					GOAL-ECO RSN-ECO RSN-SOC RSN-POL											
Management of Sebato		GOAL-ECO RSN-ECO RSN-SOC RSN-POL					GOAL-ECO RSN-ECO RSN-SOC RSN-POL											
Municipality of Bologna																		
Municipality of Casalecchio sul Reno																		
Municipality of Granarolo																		
Municipality of San Lazzaro																		
Other Municipalities																		
Province of Bologna																		
Cgil																		
Cisl																		
Uil																		
wbss																		

reducing the importance of Energia Italiana within the business plan of Sebato

Exhibit 7.9. Interplay between the structural and dynamic components of the decision-making (Energia Italiana June 2000-February 2001).

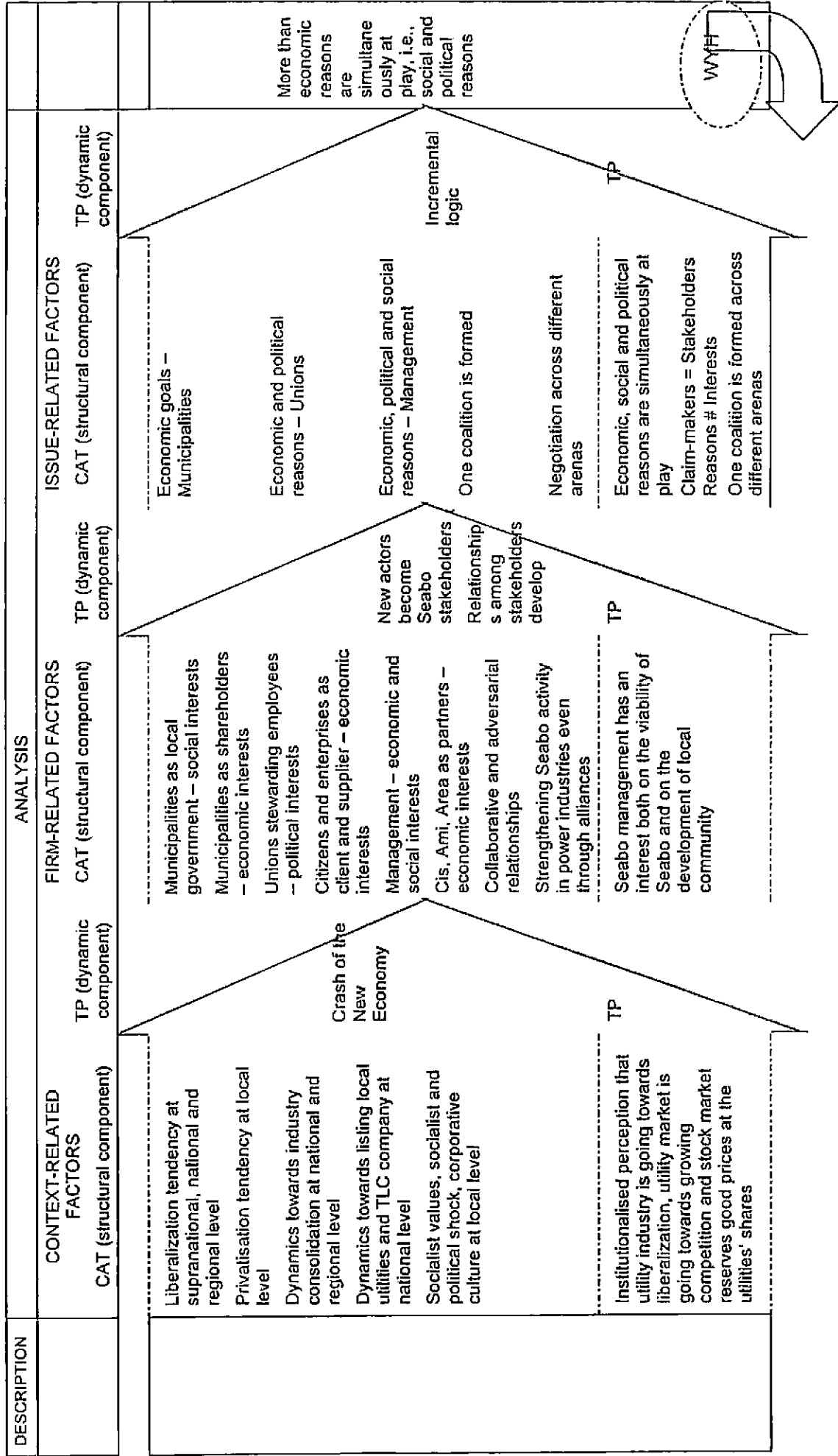
	1 PHASE	2 PHASE	3 PHASE	4 PHASE	5 PHASE	6 PHASE	7 PHASE
CF	CRS-STM		Meeting to make Cf entered in Casa Web	Board of Directors Meeting	Meeting between Seabo Chairman and Trade Unions	Deal of Energia Italiana	Meeting of Comitato Soci
FF		STKCirGroup CisFL-REL(5)-AmilM-REL(5)-ArealRV-REL(5)-CirGroup-REL(5)-MngSB STKMubo-REL(2)-STKOhMu CLKMngAid CLKSb	STKMubo-REL(3)-STKOhMu	CLKSb CLKTu		CLKSb CLKTu CLKMUs	
IF							
		Seabo think about how to enter the power industry					Acquisition of a 1% stake in Energia Italiana by Seab
CF	TR-CF-ECO-EU-STM TR-CF-ECO-NAT-STM						
FF		TR-FF-SS-STK TR-FF-SS-REL CLKMngAid CLKSb	TR-FF-SS-REL	CLKSb CLKTu		CLKSb CLKTu CLKMUs	
IF							

Exhibit 7.10. Reasons behind the decision by Seabo to form Energia Italiana.

<i>Energia Italiana</i>	Claim-maker	Stakeholder	Interests	
Reasons	Economic reasons (competitive advantage and legitimacy dimension)	Seabo Chairman and Board of Directors	Seabo Management .	Economic interest Social interest
		Cgil	Trade Union	Political interest
		Cisl	Trade Union	Political interest
		Uil	Trade Union	Political interest
		Municipality of Bologna (goal)	Local Governments Shareholders	Social interest Economic interest
		Other Municipalities of Bologna province (goal)	Local Governments Shareholders	Social interest Economic interest
	Political reasons	Seabo Chairman and Board of Directors	Seabo Management .	Economic interest Social interest
		Cgil	Trade Union	Political interest
		Cisl	Trade Union	Political interest
		Uil	Trade Union	Political interest
	Social reasons	Seabo	Seabo Management	Economic interest Social interest
	Interaction	Negotiation across different decision-making arena	Cgil	
	<p>Different reasons are simultaneously at stake and behind the decision to set up an alliance</p> <p>All the claim-makers involved are stakeholders as well</p> <p>Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincides with the interests and reasons brought by other categories of claim-makers involved</p> <p>Only one coalition is formed</p> <p>Decision-making process unfolds according to an incremental logic. Just a weak interaction across different arena is at stake</p> <p>In the end a negotiated order is reached</p> <p>Seabo management promote the claim; Seabo management are the only actors that brings all the three categories of reasons</p>			
$CF = K + \beta_1 FF + \varepsilon$	No data		LT - In front of the crash of the new economy the process of establishing Casa.Web continues	
$CF = K + \gamma_1 IF + \varepsilon$	No data		LT - In front of the crash of the new economy the process of establishing Casa.Web continues	
$FF = K + \alpha_1 CF + \varepsilon$	α_1 no significant		LT - In front of the crash of the new economy the process of establishing Casa.Web continues	
$FF = K + \gamma_2 IF + \varepsilon$	γ_2 significant	$FF = K + \gamma_2 IF + \varepsilon$	Cir Group joins Casa.Web and Seabo management proposes to join an alliance with Cir group in the power industry	
$IF = K + \alpha_2 CF + \varepsilon$	α_2 no significant		LT - In front of the crash of the new economy the process of establishing Casa.Web continues	

$IF = K + \beta_2 FF + \epsilon$	β_2 significant	$IF = K + \beta_2 FF + \epsilon$	<p>Cir Group joins Casa.Web and Seabo management proposes to join an alliance with Cir group in the power industry</p>
			<p>Relationships among shareholders worsen because of what happens in the decision-making arena where Seabo privatisation is at hand, nevertheless anything change in the claim-makers system</p>
			<p>LT - Relationships among shareholders bring back into equilibrium and Municipalities join the coalition supporting the alliance establishment</p>
$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 \gamma_1 FFIF + \epsilon$	No data		
$FF = K + \alpha_1 CF + \gamma_2 IF + \alpha_1 \gamma_2 CFIF + \epsilon$	No data		
$IF = K + \alpha_2 CF + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$	α_2 no significant	$IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$	<p>The interaction among the actors involved with the goal to strengthen Seabo activity in power industry develops within the stakeholder system, the corporate strategy and the alliance policy of Seabo; then it develops according to the perception that the actors involved have about the contextual forces</p>
β_2 significant			
$\alpha_2 \beta_2$ significant			
$Y = K + \alpha CF + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \alpha \beta \gamma CFFFIF + \delta FFOth + \epsilon$	$\alpha, \alpha \gamma, \alpha \beta \gamma$ no significant	$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \delta FFOth + \epsilon$	<p>The decision to set up Energia Italiana comes from the interaction among stakeholders acting as claim-makers and bringing even reasons different from their interests. Such an interaction develops within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand. What happens in other arena is filtered by the stakeholder system; unless it enters at play as subclaim brought by one of the claim-maker involved</p>
$\beta, \gamma, \alpha \beta, \beta \gamma$ significant			

Exhibit 7.11. Interplay between the structural and dynamic components of the decision-making to form *Energia Italiana*.



DESCRIPTION	ANALYSIS				INTERPRETATION	
	CONTEXT-RELATED FACTORS CAT (structural component)	TP (dynamic component)	FIRM-RELATED FACTORS CAT (structural component)	TP (dynamic component)		ISSUE-RELATED FACTORS CAT (structural component)
<p>Where does the decision to join Energia Italiana come from?</p> <p>The decision to form Energia Italian come from a compromise among different rationalities and across different arena. It develops within an arena that actors accepts and try to change little by little</p>	<p>CF*FF</p>	<p>Firm-related factors are interrelated to the sides claim-makers take towards the issue at hand and their interaction.</p> <p>FF*IF IF*CF</p>	<p>Firm-related factors are interrelated to the sides claim-makers take towards the issue at hand and their interaction.</p> <p>FF = $K + \gamma_2 IF + \epsilon$</p>	<p>The sides claim-makers take towards the issue at hand is interrelated with the stakeholder system of Seabo, its corporate strategy, its policy of alliance. It is also influenced by the perception that stakeholders have of contextual factors. On top of it, stakeholders filter the impact of the interaction across different arenas</p> <p>IF = $K + \beta_2 FF + \epsilon$ IF = $K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \delta FFOth + \epsilon$</p>	<p>The decision to form the alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders (FF), within the perception of contextual forces that stakeholders have (CFFF) and through their moderation of what happened in other arenas (FFOth)</p> <p>$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \delta FFFIF + \delta FFOth + \epsilon$</p>	

8. What are the reasons behind the decision by Seabo to form Eos Energia?

Introduction. 8.1. Decision-making process to form Eos Energia: description. 8.2. Decision-making process to form Eos Energia: analysis. 8.2.1. Context-related factors. 8.2.2. Firm-related factors. 8.2.3. Issue-related factors. 8.3. Decision-making process to form Eos Energia: interpretation. 8.4. Reason behind the decision by Seabo to form Eos Energia.

Introduction

Eos Energia was set up as a joint venture among Seabo and the utilities of nine cities of Romagna in the spring of 2001: Cis Forlì, Ami Imola, Arca Ravenna, Agea Ferrara, Amga Cesena, Asm Rovigo, Aspes Pesaro, Aura Savignano, Metano di Rimini and Società Gas Rimini. The aim was to allow the eleven local utilities to increase their size and their contractual power, thus buying and selling gas at a lower cost.

Typically, Seabo carried out its activity in gas industry; gas industry is one of the most profitable industries for local utilities. In particular, gas activity was the driving force behind Seabo activity: Seabo utilized gas revenues to peg down the prices of public services that it had to provide local communities with¹.

Since 2000 gas industry has been involved in a reform project. The aim was to introduce competition in gas industry. On one side, local utilities can select their gas supplier; on the other side, their clients can select the utility from which buy the gas they need. In this perspective, local utilities were worried to loose their market share and the revenues that monopoly guaranteed them.

Liberalization of gas industry was due by January 2003. Then by January 2002 the utilities that aimed at operating in gas industry had to separate the activity of gas distribution from the activity of gas selling. At this end they have to institute two different companies. In this perspective, many local utilities across Italy tried to face such a competition through alliances. Typically, local utilities continued to distribute gas; they set up a new company to buy and sell gas, often through alliances. From 2000 to 2002 about thirty alliances were established: they were consortia to buy and sell gas at a lower cost.

Even Emilia Romagna local utilities Meta Modena and Agac Reggio Emilia established an alliance with one of the leading Italian gas provider, Edison: Blumet was the name of such a joint venture.

In this perspective, defending Seabo activity into gas industry was identified as one of the strategic goal for Seabo by all the actors involved. The Municipality of Bologna, the other Municipalities of Bologna province and the Trade Unions agreed on the convenience to defend Seabo activity within the gas industry from the threats of competition. The problem was to identify the course of action that could better ensure to achieve that goal. In particular, the "Documento contenente gli indirizzi per le nomine degli amministratori" stated that Seabo management have to "esplorare tutte le opportunità di attivare canali di fornitura diversi da Snam, grazie alla prossima libertà di vettoriamento; in particolare per la cessione di gas ai clienti idonei (grandi

¹ Seabo carries out its activity in gas and waste management industry. However it provides local community with many loss-making services. They are services that the Municipality of Bologna charges Seabo with. In this perspective, it is worth remembering the debate within the Bologna City Council during the process of making the decision to form Casa.Web. During such a process Bologna Municipality entrusted Seabo with the right of way on water and drainage

consumatori) anche per contrastare le prevedibili azioni dei concorrenti. In questo ambito si potrà anche studiare la possibilità di costituire joint-venture con produttori o importatori del settore, per possibili iniziative congiunte”².

On 3 May, 2001 the Board of Directors of Seabo decided to establish an alliance with Cis Forl., Ami Imola, Area Ravenna, Agea Ferrara, Amga Cesena, Asm Rovigo, Aspes Pesaro, Aura Savignano, Metano di Rimini and Società Gas Rimini in order to buy and sell gas together: on 30 May, 2001 Eos Energia was instituted. In particular, Cis Forl, Ami Imola and Area Ravenna were already partners of Seabo in Casa.Web (before that in Ares consortium).

Seabo had a 39,4% stake in Eos Energia: the aim was to buy and sell gas together with other local utilities in such a way to fetch a good price from suppliers and sell gas at a low price to local community.

Once instituted, Eos Energia started to buy and sell gas with a very good effort.

Eos Energia is currently a subsidiary of Hera.

On these premises, the chapter aims at understanding why Seabo set up an alliance with other local utilities to defend their domain in the face of external threats, instead of choosing alternative instruments, such as internal development, acquisition, merger, other forms of networking, contracting etc.

The research develops through the analysis of the decision-making process that led to take such a decision, through the interplay between its structural and dynamic dimensions. The starting point is constituted by the moment in which all the actors involved agreed on the idea that Seabo had to defend its activity in gas industry; the final point is constituted by the moment in which Seabo signed the deed of Eos Energia: nothing could happen any more and prevent the formation of the decision.

Data were collected from June 2003 to May 2004 through over 1,000 media reports and documents by the actors involved and 13 in-depth interviews with the actors involved (Exhibit 4.7). Different data sources allowed us to draw three parallel stories about the decision-making process to set up Eos Energia, thus checking the reliability of data collected from different sources and complementing them, where necessary. In this perspective, media reports allowed us to draw the list of actions that took place during the decision-making process in a chronological order; stakeholders' documents allowed us to focus on particular actions in the decision-making process; interviews allowed us to grasp the meaning of such actions (from the point of view of the actors involved).

Results show what were the reasons behind the decision to form Eos Energia.

The chapter presents the results of the study, following all the phases through which data were transformed: i.e., description, analysis and interpretation. The first paragraph tells the story that led to take the decision to form Eos Energia, by reconstructing the interaction process among all the actors involved; it is descriptive in nature and identifies the actions performed. The second paragraph analyses the decision-making process to form Eos Energia both in its structural and dynamic components. It is analytical in nature; it identifies concepts at different levels of the conceptual model and pinpoints the critical events. The third paragraph looks for the existence of relationships among concepts identified at different levels of the conceptual model, in such a way to grasp the dynamic interplay between its structural and dynamic dimension. It is

² “Alla luce delle potenzialità di azione offerte dal recepimento della direttiva europea (decreti legislativi attesi per l'agosto 2000), si dovranno esplorare tutte le opportunità di attivare canali di fornitura diversi da Snam, grazie alla prossima libertà di vettoriamento; in particolare per la cessione di gas ai clienti idonei (grandi consumatori) anche per contrastare le prevedibili azioni dei concorrenti. In questo ambito si potrà anche studiare la possibilità di costituire joint

interpretative in nature and aims at providing an explanation about why Seabo set up Eos Energia. Then the chapter ends with some remarks about the reasons behind the decision to form Eos Energia by Seabo and their development over time, in their interplay among the structural and dynamic dimensions of the decision-making process. Such remarks lay the ground for the following cross-case comparison and formulation of propositions.

8.1. Decision-making process to form Eos Energia: description.

The Legislative Decree passed in 2000 about the liberalization of the gas industry stated that: (1) by the end of 2001 local utilities would have had to set up two companies to distribute and sell gas and (2) by January 2003 the gas market would have been liberalized. Thus, by January 2003 local utilities would have been able to buy gas by a supplier they could choose; in the same way, citizens would have been able to choose the utility from which buy the gas they needed. This could have caused a reduction of revenues in gas industry, with negative impacts over all Seabo activity. Seabo used the revenues of gas activity to peg down prices of the other services and subsidize the loss-making activities.

In this perspective, it was necessary to understand how complying legislation, reducing the threats of competitions at the same time. Before that the legislative decree regulating the gas industry was passed, Seabo shareholders stated in the "Documento contenente gli indirizzi per gli Amministratori" that Seabo management have to understand how to face such a competition (eventually through joint ventures).

During the meetings to set up Casa.Web, Seabo Chairman exchanged views with the Chairmen of Cis Forlì, Ami Imola and Area Ravenna about how to face the upcoming competition in gas industry. All the four local utilities had the same problem: defend their activity in such a profitable domain. In this perspective, the idea to join their forces to buy and sell gas started to develop.

"L'unione fa la forza e quindi noi, mettendoci insieme, eravamo in grado di vincere la battaglia della concorrenza utilizzando proprio l'elemento della massa critica come elemento strategico dell'operazione". (IAIdSB081003EO)

Trade Unions were worried about the effects of the liberalization of the gas industry over Seabo activity. Firstly, the introduction of competition threatened to reduce the revenues of gas activity, with dangerous effects over Seabo activity. Secondly, the setting up of a separate company to distribute/sell gas obliged to think about labour conditions and employment levels.

Based on these premises, a first Meeting was arranged between the Trade Unions and Seabo. Trade Unions asked Seabo how it thought to face the liberalization in gas industry. In this perspective a Union representative remembered during the interviews conducted as "*La legge era chiara al riguardo. Era ora compito del management di Seabo individuare il modo per farvi fronte*". Seabo Chairman stated that there was a general agreement for an alliance with Cis Forlì, Ami Imola and Area Ravenna. Nevertheless, the operational arrangements of this project were not defined yet.

A second meeting with Trade Unions was arranged after some months. On the agenda there was the analysis of the alliance policy by Seabo. Trade Unions exploited this meeting for an updating about the next alliance with Cis Forlì, Ami Imola and Area Ravenna in gas industry. Nevertheless, there was not important news yet.

venture con produttori o importatori del settore, per possibili iniziative congiunte" (Documento contenente gli indirizzi per le nomine degli Amministratori").

Meanwhile, firstly Seabo privatisation started to be debated. In particular, in November 2000 the Mayor of the city of Bologna announced to the press that Seabo was ready to be privatised. This announcement raised many reactions: left-wing parties, minority shareholders and Cgil Union all rose up against that proposal. Few weeks before, during a City Council Meeting left-wing parties said that they were not against privatisation *tout court*. Nevertheless, they thought that more time was necessary to increase the shareholders value of Seabo, on one side, and allow Bologna Municipality to develop the capacity to regulate the activity of private enterprises, on the other side. Beyond the uncertainties of the liberalization reform, it was clear that there was a relentless advance towards liberalization and competition. In this perspective, privatisation was a way to make the most of the economic and social value of Seabo. In particular, the leader of left-wing parties stated that:

"Vi sono alcuni punti deboli nel Decreto 7042 (ex 4014), ma chi governa gli Enti Locali e le stesse imprese sa bene quanto è importante il percorso tracciato... Inoltre le normative di settore recentemente adottate (gas ed elettricità soprattutto) dimostrano che il percorso avviato è quello delineato nel 7042 (...)" (DSPRCSIn191000SB(pr)).

Now in front of the speeding up of the privatisation process by the Mayor of Bologna, left-wings parties underlined as in front of the uncertain legislative framework the Mayor's announcement was inconvenient. In the same perspective, the Mayor of the Municipality of the city of Granarolo said that the announcement of Bologna Mayor was the announcement of one shareholder, even if the majority one: Bologna Mayor should have submitted this matter to the Shareholders' Meeting. The Mayor of the city of Casalecchio sul Reno agreed. Also Cgil Union considered the privatisation of Seabo as a mistake: it would have been able to endanger citizens, employees and Seabo itself. It would also be in contrast with prior agreements³. Cgil threatened initiatives in case prior agreements were broken off. For the first time, even the Chairman of Seabo joined such a debate: he underlined as Seabo was not in the same condition of one year before any more; Seabo increased its shareholders value and so Seabo was ready for the market. Nevertheless, Seabo Chairman underlined as such a decision was a task for the shareholders of the company. In November 2000 during one of their monthly meeting, shareholders charged the Board of Directors with the task to draw different scenario for the development of Seabo, thus considering the hypothesis of its privatisation too. Secondly, in the same period the idea to set up an alliance with Cir Group was developing. The aim was to strengthen Seabo activity into the power industry, by tendering for the acquisition of the three Generation Companies that the leading national producer had to put out to tender⁴. All the main Italian local utilities formed consortia to join such a competition. Seabo was still out of the game. Nevertheless, the entry into power industry was relevant for Seabo. The activity in power industry could in fact allow Seabo to balance the probable reduction of its revenues in gas industry. Thus, Cir Group offered Seabo the opportunity to join Energia Italiana (a joint venture instituted by Cir Group to join competition for Gen.Co) with a 11% stake. Seabo liked this opportunity. In this perspective, on 8 February, 2001 the Board of Directors decided to acquire a stake in Energia Italiana.

While the talks with Cir Group unfolded, Seabo explored the opportunity to form an alliance with the utilities of the cities of Romagna to face the liberalization in gas industry. The utilities of the cities of Emilia have

³ Prior agreements established that each decision about Seabo privatisation had to be debated with the Trade Unions.

⁴ As described in Chapter seven, a national law obliged the Italian main power producer (Enel) to sell part of its power stations. The aim was to reduce its market power in such a way to liberalize this industry. For this purpose, Enel set up three Generation Companies (each company owned part of Enel power stations) and put them out to tender.

started to form an alliance with a gas supplier. Seabo could have done the same. Nevertheless, Seabo preferred to look for an agreement with the utilities of the Romagna cities: such an alliance would have allowed Seabo and other utilities to reach a size bigger enough to operate within the gas market on their own (i.e., without joining more powerful local utilities or private partners). In this perspective, a manager of Seabo remembered during the interview that:

"L'altra alternativa grossa poteva essere quella di accordarsi con chi l'iniziativa l'aveva già fatta, Plurigas piuttosto che Blumet o qualcosa del genere. E' chiaro che in questo caso l'autonomia ha vinto perché riuscivamo a raggiungere delle buone dimensioni senza aver bisogno di spossessarci di una cosa magari a favore di altri. Quindi valorizzando la realtà locale (Ifec281003SBEO).

Then an alliance with Romagna utilities would have allowed reaching an important size and market power in a short time, without sacrificing Seabo autonomy and the value of its relationships with the local community. It was easy to institute: it did not require a high investment of resources.

Seabo Chairman proposed this idea to Trade Unions. The occasion was a meeting aimed at analysing the business plan for Seabo. All the three Trade Unions agreed with this idea. In particular, Cgil highlighted as such an alliance allowed minimizing the negative impact of a reform that liberalise natural monopolies, with the risk of compromising the activity of Seabo and its performance.

"(Eos non) produceva degli effetti diretti sui lavoratori; non era stata questa operazione, ma il cambiamento di norme legislative a produrre effetti diretti sui lavoratori. Questa operazione garantiva un minore impatto negativo delle modifiche legislative. L'operazione Eos in sé aveva dei requisiti tali per cui senza andare a fare modifiche dirette sui lavoratori poteva produrre un beneficio in prospettiva sia a loro, sia ai cittadini" (IMU/Cgil070104EO).

Secondly, Cisl and Uil highlighted as this idea ensured many advantages such as: (1) developing Seabo activity, thus offering good chances to create employment, (2) increasing the size of Seabo, thus making easier to realise investments, (3) ensuring the public control and putting no financial resources at risk, thanks to how the project was designed. It was a relevant project, under the strategic point of view; it did not request to transfer employees. During the same meeting the resolution of the Board of Directors about Energia Italiana was presented. Cisl and Uil agreed with the acquisition of a stake in Energia Italiana; Cgil asked that the relevance of this project within the business plan of Seabo was at least reduced.

On 26 February, 2001 Seabo Chairman convened a meeting of Comitato Soci: the aim was to discuss with shareholders about the business plan of Seabo. In such a situation, Seabo Chairman presented shareholders the alliance in Energia Italiana and the idea to institute Eos Energia too. It was the first time that shareholders heard about Energia Italiana, but they generally agreed. Even the alliance with Romagna utilities did not encounter any opposition⁵. Firstly, it allowed complying a legislative decree, without requiring high investments and resources. Secondly, it did not require shareholders any actions. In this perspective, the Privatisation Commissioner of Bologna Municipality remembered as such an alliance: *"Coinvolgeva le aziende non i Comuni. E' stata un accordo aziendale"*. In the same way, the Mayor of the Municipality of Casalecchio sul Reno remembered as the decision-making process that lead to form Eos Energia was very quick.

⁵ In the same perspective, it is worth noting as during the interviews conducted the Privatisation Commissioner of Bologna Municipality does not remember which alliance Eos Energia was. Even the Manager in charge with the relationships between Bologna Municipality and its publicly-owned enterprises did not remember it. They both

"Per il caso di Eos è stato rapidissimo. Per costituire un consorzio per l'acquisto eravamo tutti d'accordo. Quindi rapidissimo" (ICStMuCs261103EO).

On May 18th, 2001 a general agreement with Romagna utilities was signed. On 30th May, 2001 the deed of association for Eos Energia was definitively signed; Eos Energia was formally set up.

After the setting up of Eos Energia, a meeting was arranged with the Trade Unions. Eos Energia was presented and either Trade Unions, or Scabo management express their satisfaction for the making of the decision. Firstly, the leader of Uil Union underlined in a flyer circulated after the meeting as:

"Inoltre è stata costituita la società per l'acquisto del gas, con altre aziende del settore, che non prevede l'inserimento di personale Scabo (sede Ravenna). L'importanza strategica di tale società è a dir poco rilevante, in quanto permetterà alle aziende socie di acquistare volumi più grandi a fronte di prezzi più convenienti (indispensabile in un sistema incentrato sulla concorrenza e sul libero mercato)" (DSPhtUil040601EO).

Secondly, Scabo Chairman remembered during the interview as.

"Eos ha potuto verificare come queste cose siano funzionate. Nel senso che il primo contratto ha portato degli effettivi vantaggi economici e questo ha convinto i soci che questa fosse la via giusta su cui procedere. E quindi il fatto che Eos sia andato bene è stata, come dire, l'elemento premiante dell'operazione" (IAIdSB081003EO).

Based on these premises, firstly the decision to form Eos Energia seems to take place through a set of actions, i.e., situation in which actors join the process and take a particular side towards the issue at hand⁶. Such actions are: first meeting between Scabo Chairman and the Trade Unions, second meeting between Scabo Chairman and the Trade Unions, third meeting between Scabo Chairman and the Trade Union, meeting of Comitato Soci, Deed of association for Eos Energia. According to these actions, it is possible to identify six phases in the decision-making process to form Eos Energia (Exhibit 8.1).

Secondly, the decision to form Eos Energia seems to take place in a metaphorical space, where pluralities of actors directly or indirectly, in different moments and with different claims join and interact⁷. They can join other decision-making arenas at the same time, or it is possible that they joined the same decision-making arenas in the past. In particular, three decision-making arenas can be identified: i.e., (1) arena where Scabo privatisation is debated, (2) arena where the decision to form Energia Italiana develops, (3) arena where Scabo business plan is at hand.

In this perspective, the making of the decision to form Eos Energia: (1) can be conceptualised as an interaction process among coalitions of claim-makers within the decision-making arena; (2) can be understood reconstructing the interplay between the structural and dynamic components of such a process, in their interaction with other decision-making arenas and over time. This means, (1) reconstructing the context-related factors, firm-related factors and issue-related factors that frame the decision-making arena within

underlined as Municipality of Bologna acts as shareholders towards Scabo management: it does not act as managers. Eos Energia is a typical entrepreneurial alliance. It does not involve shareholders.

⁶ As showed in Chapter three, decisions can be grasped only thorough actions. In this perspective, we observe actors' behaviour in particular situations. In particular, as we are interested in grasping the driving force that move their behaviour, we focus our attention on the situation in which actors have to assume a position towards the issue at hand. They can be official meetings, press conferences, moments in which a signature is put on the deed of association etc. In this perspective each phase involves all what happened before these actions.

⁷ Decision to form Eos Energia was formally taken during a meeting of Board of Directors. Formally it is a decision that requires a political consensus of second level; it does not involve shareholders directly and so does not require a shareholder meeting. Nevertheless, such a decision involved many actors that take part to the decision-making process.

which the interaction process develop, (2) reconstructing the interaction process among coalitions of claim-makers developing within such an arena, and (3) understanding this interaction in their interplay with the structural components of the decision-making arena (over the interaction with other arenas and time span).

Insert Exhibit 8.1 about here

8.2. Decision-making process to form Eos Energia: analysis.

8.2.1. Context-related factors.

Context-related factors that frame the arena where the decision-making process to form Eos Energia develops are reported in Exhibit 8.2⁸⁹.

Following the directives of the European Union aimed at eliminating public monopolies, a liberalization process has involved local utilities since 1996. It translated into a draft bill debated in the Italian Parliament; such a draft bill was in a stalemate for a long time and in the end it was left. Nevertheless, many industry-specific decrees and the regional legislation continued to go on along the same way. In particular, a Legislative Decree started to regulate gas industry in May 2000. Such a decree aimed at liberalizing gas industry introducing competition both on suppliers' side, and on clients' side. In this perspective, local utilities can select their gas provider, but at the same time their traditional clients can select the utilities from which buying the gas they need. By the beginning of 2003 the gas industry had to be liberalized. By the end of 2001 local utilities had to set up two separate companies to distribute and sell gas.

Such a tendency well fitted with the dynamism that characterized local utilities during this period: since 2000 more than thirty local utilities all around Italy have established an alliance with other local utilities to buy and sell gas jointly; some local utilities established an alliance with the gas provider. Even all the main utilities of the Emilia cities (Parma, Piacenza, Modena and Reggio Emilia) tried to face liberalization threats, thus establishing alliances *ad hoc*. Generally speaking, since 1997 local utilities have established more than one hundred alliances all across Italy. In the same time the speculative bubble exploded.

Such a situation encountered with a great appreciation of the activity of public sector organizations by Bologna community and a strong relationship between Bologna and Romagna. The activity of public sector organizations was greatly appreciated; the driving idea was not deprive Seabo from its roots in local community. Then Bologna and Romagna relationship was a strong relationship; it was worth safeguarding it, even in opposition to private partners and the utilities of Emilia cities, if necessary. While the utilities of Emilia started to look for a private partner, Bologna and Romagna utilities tried to find in itself the force they needed to face the threats of competition. In particular, Seabo could have followed the example of the Emilia utilities and looked for a private partner. Nevertheless, it preferred looking for another alliance with Romagna utilities. An echo of the political shock following the shift from a left-wing Administration to a right-wing one is still at play.

⁸ Data about contextual factors that frame the decision-making process to form Eos Energia are collected as quoted in documents analysed or referred to by the actors at play in such a process (...). Such context-related factors can match with prior ones, join to prior ones or modify them.

⁹ Some contextual factors are strictly related to the decision to form Eos Energia; other contextual factors are related to decisions simultaneously at play (i.e., decision about the setting up of Energia Italiana, the privatisation of Seabo and its business plan). However even such factors contribute to define the context within which the decision-making process to form Eos Energia unfolded.

Eventually, the time span during which the process to form Eos Energia unfolded was characterized by the conviction that local utility industry was going towards liberalization and, in particular, gas industry was going in that direction. There was a legislative decree that forced local utilities to operate in a liberalized market. In this perspective, it seems significant that all the 13 people interviewed during data collection underlined how identifying a way to face the threats of the competitions was an unavoidable choice. Expressions as "le cose sono sempre scaturite dalla normativa, soprattutto per Eos" and "L'idea nasce da alcune leggi che portano per la prima volta un processo di liberalizzazione in questo settore, e quindi di concorrenza diretta: ha prodotto per forza dei cambiamenti in queste aziende" can be found in all the interviews conducted.

Such elements can be classified into normative, economic, and socio-cultural features at European Union, national, regional and local level.

In this perspective, the features of the normative framework can be categorized into one force (Exhibit 8.2). It is a liberalization force at supranational and national level (cod. CF-EU-NRM-LIB, CF-NAT-NRM-LIB, CF-REG-NRM-LIB): it materializes in the European Union Directives that aimed at liberalizing the utility industry, the draft bill debated in the Italian Parliament, a set of industry-specific and regional laws. In the same way, the features of the economic framework can be categorized into two forces (Exhibit 8.2). The former is an industry-dynamics force at national (cod. CF-NAT-ECO-IND) and regional level (cod. CF-REG-ECO-IND): it materializes in a great number of local utilities facing the threat of liberalization by establishing alliances (both around Italy and in the Emilia Romagna region). The latter materializes in the enthusiasm of the stock market for the share of the TLC companies and in the crash of such an enthusiasm (cod. CF-NAT-ECO-STM). Eventually, even the features of the socio-cultural framework can be categorized into two forces. The former is driven by socialist values (cod. CF-LOC-SCT-SOC): it materializes in the tentative to exploit the upside of the activity of public sector organizations. The latter is driven by corporative values (cod. CF-LOC-SCT-CRP): it materializes in the tentative to face common troubles joining Bologna and Romagna. Both these forces characterize local level (Exhibit 8.2).

A fourth category of context-related factors joins the previous ones: it is related to a socio-cognitive dimension of context (Scott and Richard 1994). In particular, it is constituted by the institutionalisation of a common sensation about legislative framework: it is the belief that gas industry and public utility industry is going towards liberalization (CF-PRC-NRM-LIB).

Insert Exhibit 8.2 about here

All these factors join factors highlighted in Chapter seven. In most of cases they confirm factors already identified, also enriching and complementing them; in some cases they emphasize transformation in factors previously grasped.

Exhibit 8.3 shows context-related factors split for phases, as they are collected, integrated with factors already highlighted.

In this perspective, we can identify two critical events in context-related framework. They coincide with transformations in the features of this framework. The former regards the economic factors at national level along the stock-market dimension: after the euphoria of the stock markets for the TLC companies, at the end of 2000 the speculative bubble exploded. The latter regards the normative factors at national level along the liberalization dimension: the draft bill aimed at liberalizing utility industry was decisively left in the spring of 2001.

Summing up, different categories of concepts frame the decision-making arena where the decision to form Eos Energia is at hand, according to the dimensions of our conceptual model: i.e., (1) liberalization tendency along the normative dimension at national level, (2) privatisation tendency along the normative dimension at local level, (3) industry-dynamics along the economic dimension at national and regional level, (4) socialist values along the socio-cultural dimension at local level, (5) corporative values along the socio-cultural dimension at local level.

On top of it, other categories of concepts join the previous ones. They do not fill the classes identified by our conceptual model: they come out from the field; they deal with an institutionalised perception by the actors at hand. They can be related to a socio-cognitive dimension of the context. They take the form of an institutionalised belief concerning the normative and economic framework.

One critical event can also be identified in phase two: it is a transformation in the economic framework at national level. Another critical event can be identified in phase five: it is a transformation in the normative framework at national level.

Insert Exhibit 8.3 about here

8.2.2. Firm-related factors¹⁰.

Firm-related factors that frame the arena where the decision-making process to form Eos Energia develops can be distinguished into factors related to the stakeholder system, the corporate strategy and the alliance policy of Seabo¹¹.

The stakeholder system of Seabo is characterized by many actors involved in a network of adversarial-collaborative relationships, as showed in Chapter five (Exhibit ...).

Firstly actors that constitute the stakeholder system of Seabo are the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna province, Cgil Union, Cisl Union and Uil Union, Seabo management, Bologna citizens, Bologna enterprises and the utilities partners of Seabo in prior alliances (i.e., Cis Forlì, Ami Imola, Arca Ravenna). They bring stakes towards the viability of Seabo; their contribution is paramount for Seabo activity, and Seabo rewards are paramount for them, even if with different salience¹².

These actors can be clustered into seven classes of stakeholders, according to the interests they aim to satisfy through Seabo activity. The first class coincides with "local government" and involves the Municipality of Bologna and the other Municipalities of Bologna province. They are interested that Seabo satisfies Bologna citizens' needs, by providing local community with a good level of services both in quality and quantity. In this perspective, Seabo activity is an instrument through which Municipalities can gain part of the consensus necessary to legitimise themselves in front of their communities. The second category coincides with "shareholders" and is split into two subcategories "majority shareholders" and "minority shareholders". Such

¹⁰ The first part of this paragraph describes the stakeholder system of Seabo. As a consequence, it coincides with the first part of the same paragraphs of the prior chapters. Nevertheless, to give the reader the possibility to read this chapter and not even the previous ones we chose to repeat it.

¹¹ Data about firm-related factors regard Seabo as a whole and not a specific decision-making within it. Consequently, firm-related factors are analysed in Chapter five and synthesized in the following chapters. They could change along the decision-making in term of: (1) the actors involved, (2) their salience, (3) the nature of the relationships among them and (4) the management role. Nevertheless, firstly we consider a short period of time; secondly, no traumatic events happened. Consequently, we focus our attention on transformation in (1) the actors involved and (2) the nature of the relationships among them.

¹² Look at Chapter five for a deep analysis of: stakeholder identification (i.e., stakes towards the viability and profitability of the firm; contributions, rewards and interests each stakeholder aims at satisfying through the activity of the firm); relationships among stakeholders (i.e., level of trust and control beyond each relationship).

a category involves the Municipality of Bologna (as majority shareholder), the Province of Bologna and the other Municipalities of Bologna province (as minority shareholders)¹³. They are interested to finance parts of their activities, usually loss-making public services, by making dividends from Scabo activity. The third category coincides with the employees of Scabo, as represented by Trade Unions; it can be split into three subcategories (i.e., Cgil, Cisl and Uil Trade Unions), according to the political stance of each union (i.e., Cgil has a strong left stance, Cisl and Uil have a more moderate political attitude). They are interested that Scabo satisfies the employees' needs, by ensuring steady levels of employment and good labour conditions. In this perspective, Scabo is an instrument through which Trade Unions can gain the consensus necessary to their own survival. The fourth category coincides with "management" and involves the Chairman, Board of Directors and management of Scabo¹⁴. Scabo management is interested that Scabo develops its activity in such a way to increase its viability and profitability, supporting the development of local community too. The fifth category coincides with "clients" and involves Bologna citizens, Bologna enterprises, Bologna public sector organizations etc. They are interested that Scabo satisfies their consumption needs, by providing them with good level of services, both under the qualitative and quantitative dimension. The sixth category is constituted by "suppliers"; it involves all Bologna enterprises that are the main suppliers of Scabo. They are interested that Scabo satisfies their productive capacity, by buying the resources it needs by them. The last category is constituted by the "partners" of Scabo in prior alliances; it involves the utilities of the city of Forlì, Imola and Ravenna. They are interested to gain new opportunities of development from Scabo and its network of social relationships.

In this perspective, three classes of interests can be identified. They are brought by different actors acting as stakeholders, as showed in Chapter five and reported in Exhibit 8.4: i.e., (1) economic interests brought by the Municipality of Bologna, the Province of Bologna, the Municipalities of Bologna province (as shareholders), Scabo Chairman, Scabo Board of Directors and Scabo management (as management), Bologna citizens, Bologna enterprises, Bologna public organizations etc. (as clients and suppliers), other local utilities (as partners in existing alliances); (2) social interests brought by the Municipality of Bologna and the other Municipalities of Bologna province (as local governments aiming to satisfy common good) and Scabo Chairman (as management conscious of the social dimension of Scabo activity); (3) political interests brought by Cgil, Cisl and Uil (as Trade Unions representing the employees' interests). As described in Chapter five, economic interests are individual interests, satisfying thorough an exchange relationships, social interests are interests benefiting the whole community, political interests are interests of particular constituencies within the whole community.

¹³ It is worth remembering that the Municipality of Bologna and the other Municipalities of Bologna province (i.e., majority and minority shareholders) are also characterized by a different political tendency: central-right for the Municipality of Bologna and central-left for the other Municipalities of Bologna province and for the Province of Bologna. For the first time after the Second World War Bologna Municipality is run by right-wing parties.

¹⁴ As showed in Chapter five, (1) Scabo Chairman was appointed by the Municipality of Bologna, (2) two members of the Board of Directors were appointed by Bologna Municipality, other two by minority shareholders, (3) the management of Scabo was engaged by the former left-wing Mayor. Nevertheless, the relationships among the Directors and the Chairman were good one. It is worth noting as all the members of the Board of Directors gave us a good portrait of Scabo Chairman during the interviews. In the same perspective, the relationships between Scabo Chairman and Scabo management were good one. After his appointment Scabo Chairman highlighted the great sense of identity that characterized Scabo employees. As a consequence, we do not have any problem between Scabo Chairman, Scabo Board of Directors and Scabo management: we can use only one category to indicate them as stakeholders, i.e., Management.

Secondly, the relationships between Seabo and its stakeholders are collaborative for construction¹⁵. Relationships among Seabo stakeholders can be collaborative, but also adversarial in nature. In particular, as showed in Chapter five and reported in Exhibit 8.5, five categories of relationships can be identified among Seabo stakeholders, according to the level of trust beyond such relationships and the forms of control instituted to govern them. Strong levels of trust characterize the relationships among the Municipalities of Bologna province on one side, and among the partners of Seabo on the other side (grade 5). High levels of trust and weak forms of control characterize the relationships between the Municipality of Bologna and Seabo management on one side, and between Cisl Union and Uil Union on the other side (grade 4). Weak levels of trust and strong forms of control characterize the relationships between (grade 3): the Municipality of Bologna and the other Municipalities of Bologna province; the Municipalities of Bologna province and Seabo management; the Trade Unions and the Municipalities as shareholders of Seabo; Seabo management and the Trade Unions; Bologna citizens/enterprises and Bologna Municipality. Minimum levels of trust and systematic contrasts characterize the relationships between Cgil, on one side, and Cisl and Uil, on the other side (grade 2).

In this perspective, the Municipality of Bologna is the more salient stakeholder (at the same time local governments and majority shareholder), followed by the other Municipalities of Bologna province, the Province of Bologna, the Trade Unions, the citizens and business enterprises of Bologna, the Management of Seabo and the partners of Seabo in prior alliances.

Then, as showed in Chapter five, Seabo management engages stakeholders.

Insert Exhibit 8.4 and 8.5 about here

During the decision-making process to form Eos Energia the stakeholder system develops both along the dimension of actors involved and the relationships among such actors (Exhibit 8.6). In the end of the process new actors join the stakeholder system of Seabo.

Firstly, new actors entered at stake: Cir Group joined Casa.Web and Energia Italiana. Secondly, the relationship between the Municipality of Bologna and the other Municipalities of Bologna province develops from a relationship based on strong form of control (grade 3) to a relationship based on contrasts and come back into equilibrium (grade 2). Then the relationship among Cis Forlì, Ami Imola and Seabo Management strengthen. Both these utilities were already partners of Seabo within the consortium Ares. In the end, new collaborative relationships are established from such actors and Cir Group.

Seabo corporate strategy was defined with the approval of "Documento contenente gli indirizzi per le nomine degli amministratori". Such document represents the operationalization of the Mayor policy and should be operationalised into a business plan by Seabo management. It is based on some pillars: (1) strengthening Seabo activity in gas and power industry, (2) contributing to the development of Seabo activity into water industry, according to the reform of such an industry, (3) instituting subsidiaries, (4) increasing the shareholders' value of Seabo, expecting an eventual future privatisation, (5) developing a policy of alliance. In particular, left-wing parties highlighted the importance to develop an alliance policy for Seabo.

¹⁵ Stakeholders are in fact identified as bringing a stake towards the viability and profitability of the firm. In this perspective, they contribute to its activity: the relationships between stakeholders and Seabo are collaborative.

Summing up, different categories of interests and stakeholders frame the decision-making arena where the decision to form Eos Energia is at hand. They are embedded in a network of collaborative and adversarial relationships. In particular, three categories of interests can be grasped brought by different actors as stakeholders (i.e., economic interests, social interests and political interests). In this perspective, Municipalities bring social interests as local Governments and economic interests as shareholders; Trade Unions bring political interests as stewarding the interests of the employees; Bologna citizens and enterprises bring economic interests as clients and suppliers; Cis Forlì, Ami Imola and Area Ravenna bring economic interests as partners in prior alliances.

On top of it, the Chairman, the Board of Directors and the Management of Seabo brings economic and also social interests as interested on the viability and profitability of Seabo, on one side, and on the development of the local community on the other side.

Such a negotiated order translates into the "Documento contenente gli indirizzi per le nomine degli Amministratori" and into the alliance policy. In particular, such a document established that Seabo had to move beyond traditional industries, perhaps through alliances.

One critical event can also be identified in phase two, because of the entry of Cir Group in Casa.Web. Another critical event can be grasped in phase three and four because of the development of the relationships between the Municipality of Bologna and the other Municipalities of Bologna province.

Insert Exhibit 8.6 about here

8.2.3. Issue-related factors.

Different actors joined the decision-making arena to form Eos Energia. They join in different moments, bringing different claims, with different arguments (Exhibit 8.7 and 8.8).

Firstly, the Chairman of Seabo entered into decision-making arena as claim-makers. He promoted the claim "setting up an alliance" with the utilities of nine cities of Romagna in order to defend Seabo activity into gas industry. The Chairman of Seabo advanced many justifications to explain and promote this position: (1) increasing Seabo market power, thus buying and selling gas at a lower cost and (2) achieving that goal by joining the forces of local utilities, thus facing together the battle of competition. Seabo Board of Directors agreed with this idea with many arguments. Such an alliance allowed reaching a competitive size: (1) without sacrificing the relationship with local community, (2) safeguarding the autonomy of Seabo, (3) without investing an high volume of resources (4) without strong constraints, (5) in a short time, (6) without bringing into play Seabo strategic goals.

Secondly, Cgil, Cisl and Uil Unions entered into such a decision-making arena as claim-makers. Cgil, Cisl and Uil Unions supported unitary the claim promoted by the management of Seabo and joined such a coalition. None proposed alternative solutions, or advanced any claim in the negotiation. They supported the claim to set up an alliance with different arguments, such as: (1) increasing the size of Seabo and its market power; (2) reducing the negative effects of the gas liberalization over Seabo activity; (3) moving Seabo activity beyond the immobilism of monopoly systems, (4) safeguarding labour conditions and employment levels, (5) sharing the financial burden of such an initiatives, (6) ensuring public control over Seabo activity, (7) bringing financial resources no risks.

Thirdly, the Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province entered the decision-making arena. They accepted the claim promoted by Seabo Board of Director

and joined such a coalition: it was in fact not a shareholders' task to identify the course of action that could better ensure to face liberalization in gas industry. Then the solution proposed by Seabo management allowed achieving the goal of defending Seabo activity in gas industry in short time and without high investments.

All such arguments can be classified into two main categories (Exhibit 8.7). On one side, they support the decision to defend Seabo activity in gas industry, but they do not support specifically the choice to set up an alliance for this purpose. On the other side, they justify the decision to set up an alliance instead of choosing other strategic instruments. In particular, the former category highlights the goals that claim-makers aim at achieving through such an alliance (i.e., they coincide with the objectives of the alliance). They are related to the decision to defend Seabo activity in gas industry, by increasing its size and market power: they can be reached even through alternative means, alliance being one of them. The latter category highlights the reasons behind the decision to choose an alliance to defend Seabo activity in gas industry (instead of internal development, acquisition, merger, contracting, network etc.). They highlight the relative advantages of alliances over alternative means: i.e., (1) joining their forces, thus facing together the battle of competition, (2) reaching a competitive size, without sacrificing the relationships with the local community, (3) safeguarding the autonomy of Seabo, (4) reaching a competitive size, without high investments (5) reaching a competitive size, without strong constraints, (6) reaching a competitive size in a short time, (7) safeguarding labour conditions and employment levels, (8) sharing the financial burden of such an initiatives, (9) ensuring public control over Seabo activity, (10) bringing financial resources no risks.

Such reasons can be clustered into two categories: i.e., economic reasons (along the efficiency or competitive advantage dimension) or legitimacy reasons (along the dimension of the isomorphic and fashion effects) (Exhibit 8.7).

In particular, sharing the financial burden of such an initiatives, reaching a competitive size without high investment, and reaching a competitive size without bringing financial resources into risks can be classified as economic reasons along the competitive advantage reasons (RSN-ECO-CMP).

Then other categories of reasons can be grasped.

Generally speaking, such reasons can be related to the nature of the interests behind them. As shown in Chapter three, different actors interpret the environmental factors in different ways, according to their own interests. As a consequence, different actors join decision-making arena with different claims: the aim is to promote a claim able to ensure the satisfaction of their own interests. In this perspective, economic reasons can be related to the economic interests that move actors into action (Exhibit 8.7). On these premises, the other categories of reasons should be related to the other categories of interests: i.e., the interests of the whole community or the interests of particular constituencies within such a community. We call the reasons related to the interests of particular constituencies: political reasons; whereas we call the reasons related to the interests of the whole community: social reasons.

In particular, political reasons involve reasons such as reaching a competitive size: (1) safeguarding the autonomy of Seabo, (2) without strong constrains, (3) defending the autonomy of each partner, (4) defending the labour conditions and the employment levels, (5) ensuring the public control over Seabo activity (RSN-POL). They are related to the interests of specific constituencies within the local community.

Social reasons involve reasons such as: (1) achieving that goal joining their forces, thus facing together the battle of competition, (2) reaching a competitive size without sacrificing the value of local community (RSN-SOC). They are related to the interests of the whole community.

In this perspective, claim-makers as the Chairman and Board of Directors of Seabo promote the claim "setting up an alliance" to defend Seabo activity into gas industry for (1) economic, (2) social and (3) political reasons. Claim-makers as the Trade Unions agreed on the idea to establish an alliance in order to defend Seabo activity in gas industry for political and economic reasons. The Municipality of Bologna, the Province of Bologna and the other Municipalities of Bologna Province support the project proposed by Seabo, for economic and political reasons.

On these premises, we have only one claim promoted and supported by all the claim-makers committed within the decision to form Eos Energia for economic, political and social reasons: only one coalition is formed, involving all the claim-makers at play.

In particular, all such claim-makers are stakeholders too: they are moved into action in such a way to ensure the satisfaction of their own interests. In this perspective, Seabo management brings economic and social reasons in order to satisfy the social and economic interests that characterize their activity as stakeholder. Nevertheless, Seabo management is driven by political reason as well. Trade Unions are driven by political reasons to satisfy the political interests that characterize their activity as stakeholders. Nevertheless, Trade Unions are driven by economic reasons too. Municipalities are driven by economic reasons to satisfy their economic interests as stakeholders. They are driven by political reasons as well.

Insert Exhibit 8.7 about here

Such a coalition develops over time through the entering of different claim-makers. It expands its boundaries involving other claim-makers. Seabo Chairman looks for other actors supporting its claim in such a way to gain legitimacy for it. In particular, Seabo Chairman looks for the support of the most involved stakeholders: Seabo Chairman proposed the idea to form an alliance to defend Seabo activity in gas industry to the Trade Unions at first. In particular, just after that the legislative Decree liberalizing gas industry was passed, the Trade Unions asked Seabo how it intended to face such a problem. Then Seabo informed the Municipality of Bologna and the other Municipalities.

In the end, when even the Municipalities were informed of such a decision, a negotiated order was reached: it is supported by all the claim-makers involved. It is an informal order that will also be confirmed with the sign of the deed of association. In fact in the end all the partners involved express their satisfaction for the decision taken (cod. CLKMus-SAT, CLKsb-SAT).

Based on these premises, the interaction among different claim-makers is completely absent: there is not negotiation either on the operational arrangements for the implementation of the decision or across different arenas.

The coalition of claim-makers develops according to an incremental logic: more and more claim-makers entered such a coalition. They immediately agreed on the idea to establish an alliance to defend Seabo activity in gas industry; no more claims are promoted and no more coalitions are formed.

Actors involved in the decision-making arena considered are simultaneously involved in other decision-making areas: i.e., (1) arena where the decision to institute Energia Italiana develops, (2) arena where the privatisation of Seabo is debated, (3) arena where Seabo business plan is at hand. Then they were involved in previous arenas related to this one: i.e., the arena where the decision to institute Casa.Web and the consortium Ares was questioned. Nevertheless, it seems there is not an interaction between such arenas and what happened within the arena considered.

Summing up, three categories of reasons are behind the decision to form Eos Energia. Economic reasons along the competitive advantage dimension are at play; they are brought by Seabo Management, Cgil, Cisl, Uil and the Municipalities.

On top of it, political and social reasons join economic ones. Political reasons are brought by Cgil, Cisl Uil, the Management of Seabo and the Municipalities; social reasons are brought by the Management of Seabo. All these reasons are at play in the making of the decision to form the alliance; they are simultaneously behind the final decision as well. One coalition is formed, involving all the claim-makers at play. All the claim-makers involved are stakeholders. All the claim-makers at stake bring even reasons that do not coincide with their interests as stakeholders (i.e., Seabo Management bring even political reasons, Trade Unions bring even economic reasons and Municipalities bring even political reasons). All the actors involved bring political reasons. In this perspective, we do not have any interaction among all the actors involved. In the end three critical events can be identified. In phase one the Chairman of Seabo promotes the claim. In phase three the Trade Unions enter into such a coalition and expands its boundaries. In phase four even the Municipalities join the same coalition even with different arguments.

Insert Exhibit 8.8 about here

8.3. Decision-making process to form Eos Energia: interpretation.

The process of making the decision to form Eos Energia develops through the interaction among Seabo Chairman, Seabo Board of Directors, Cgil, Cisl and Uil Trade Unions, the Municipality of Bologna, the Province of Bologna, the other Municipalities of Bologna province, within the decision-making arena.

In particular, all these actors join the arena where the decision about how to face the liberalization in the gas industry is at hand. They support the same claim (i.e., setting up an alliance with other ten utilities of Romagna) for economic, social and political reasons and no interaction develops among them. In the end a negotiated order is reached: it is the best solution for each actors involved: the alliance with the utilities of Romagna looks like the best solution in front of the normative pressures.

Based on these premises, in order to understand why the coalitions of claim-makers develop along an incremental logic without any interaction, it is necessary to look at how the structural components of the decision-making arena interact with the development of the coalitions of claim-makers. This allows us even to understand why the decision to set up an alliance is taken and which is the role of the alliance within the corporate strategy of the firm.

In this perspective, some considerations can be expressed about the interplay among critical events in context-related factors, firm-related factors and issue-related factors.

Firstly, we identified two critical events in context-related factors. The former takes place in phase two. It is an evolution of the economic framework at national level along the stock market dynamics: the euphoria of the stock market for the TLC companies started to decrease. The latter takes place in phase five, when the draft bill aimed at liberalizing the utility industry was completely left.

Secondly, we found out three critical events in the firm-related factors. They take place in phases two, three and four. The first critical event is related to Cir Group joining Casa.Web. The second and third critical events are related to an evolution of the relationships among the shareholders of Seabo because of what

happened in the arena where Seabo privatisation was at hand. In particular, such relationships develop from relationships based on low levels of trust and strong forms of control to relationships based on contrasts and brought back into equilibrium.

Thirdly, we identified three critical events in issue-related factors; they take place in phase one, three and four when: (1) the Chairman of Seabo and the Board of Directors promotes the claim "setting up an alliance with the utilities of Romagna" in order to defend Seabo activity in gas industry, (2) the Trade Unions agree with this idea, (3) the Municipalities also agree.

No one critical event seems to be strongly related to the others (Exhibit 8.9).

In phase one issue-related factors develop and neither context-related factors, nor firm-related factors develop.

In phase two context-related factors develop and even firm-related factors develop, both within the decision-making arena where the setting up of Casa.Web was at hand. Issue-related factors do not develop. In particular, the euphoria of the stock market for the shares of the TLC companies started to decrease and Seabo selects its partner in Casa.Web. In this perspective, it seems difficult to suppose a relationship between the evolution of context-related factors and the evolution of firm-related factors. As a consequence, context-related factors and firm-related factors seem not to vary altogether.

In phase three firm-related factors and issue-related factors vary. In particular, firm-related factors vary because of a worsening of the relationships among Seabo shareholders. In the same time Seabo Chairman and Seabo Board of Directors propose to form an alliance to defend Seabo activity in gas industry. In this perspective, there are not ground to suppose a relationship between firm-related factors and issue-related factors.

In phase four the issue-related factors develop and even the firm-related factors develop. The context-related factors do not vary. In particular, the relationships among Seabo shareholders came back into equilibrium; in the same time Municipalities join unitary the decision-making arena to set up Eos Energia. In this perspective a relationships can be supposed between these two factors: on one side collaborative relationships among shareholders could favourite the success of their interaction as claim-makers and vice versa.

In phase five context-related factors develop because of the failure of the liberalization process at the legislative level. Neither firm-related factors nor issue-related factors vary. Such a relationship can be suppose neither in the long term: the liberalization process was left at legislative level, and Seabo sign the deed of association of Eos Energia.

Based on these premises, none relationship seems to exist among the elements of the conceptual model: the side that claim-makers took towards the issue at hand and their interaction process seem do not interact with context-related factors and firm-related factors. It seems does not interact even with what happened within other arenas. Even context-related factors and firm-related factors seem do not interact each other. Each element seems unrelated to the others: it seems develop on its own. Context-related factors change and neither firm-related factors nor issue-related factors change and vice versa. Just a weak relationship seems to exist between the interaction among stakeholders within the decision-making arena and their relationships as stakeholders of Seabo. Even the interaction among different arenas involving the same actors seems do not exist, when it is filtered by the stakeholder system.

Insert Exhibit 8.9 about here

We maintain that this can be explained by considering the elements of our conceptual model that do not vary across different phases: i.e., socio-cultural factors at local level, shared perceptions along the socio-cognitive dimension of the contextual factors, corporate strategy of Seabo and its policy of alliance.

In this perspective, the elements of the conceptual model look less unrelated; the process to form an alliance to defend Seabo activity in gas industry seems to develop in the interplay among its structural and dynamic elements.

In particular, firstly the decision to form Eos Energia seems to be perfectly consistent with the set of rules established by the decision-making arena: such a process unfolds within a system of rules that actors accept. It is worth noting that there is no interaction among the claim-makers involved.

At contextual level there is a tendency towards liberalization and privatisation, some dynamics towards competition, some socialist values, a corporative values and a cultural shock because of the shift from a left-wing parties Administration to a right-wings parties one. In particular, there is the perception that a legislative decree forcing at liberalizing gas industry is upcoming. At firm level there is a system of actors structured in collaborative and adversarial relationships that reached an equilibrium materialized in the "Documento contenente le nomine per gli Amministratori". At issue level there are some actors that act within that system of rules, without calling it into play. In this perspective, in fact (1) actors promotes an alliance and no alternative instruments are proposed and (2) political reasons are brought by all the actors involved to justify the sides they took, even when they do not coincide with their interests as stakeholders.

Secondly, the decision to form Eos Energia seems to be understandable by considering the actions of the actors involved to shape that system of rules: such process in fact unfolds within a system of rules that actors accept, strengthen and contribute to create.

At contextual level there are in fact different forces, but there are also two dimensions created by actors. The former has its roots on shared values along the socialist and corporative values; the latter results from their institutionalised perception. They are strengthened by the fact that actors go on along the same way: Eos Energia was the third alliance established with Romagna utilities to face together the threat of liberalization. On one side, this allows strengthening the perception that utility industry is going towards liberalization even when the draft bill aimed at liberalizing such an industry was left. On the other side, this allows strengthening the corporative culture among Bologna and Romagna. At firm level there is a stakeholder system that actors strengthen and brought back into equilibrium. At issue level there are some actors that support the idea promoted by Seabo management, by bringing also reasons coinciding with the interests of other categories of stakeholders: i.e., the Management of Seabo that bring also political reason, the Trade unions that bring the economic reasons and the Municipalities that bring also political reason. In this way, each claim-maker looks for a point of contact with the other claim-makers, by highlighting each time different faces of their claim. The aim is to picture the claim in such a way it seems able to satisfy different categories of interests, thus gaining the support of different claim-makers. In this perspective, Kunkel (1995: 240) highlights as "typically, claim-makers attempted to extend the boundary or domain considered to cover additional situations". In particular, he calls such tentative to gain other claim-makers' support: "rationale expansion – in which claim-makers expand their list of reasons of addressing a particular problem (...); the strategy is one of linking people concerned with different issues" (Kunkel 1995: 252).

Insert Exhibit 8.10 about here

In this perspective, the role of Seabo Chairman and management look paramount. Seabo Chairman promotes the idea to form Eos Energia and packages the project in such a way it could be approved by all the actors involved. In this way, Seabo management reaches two important objectives: defending Seabo activity in the gas industry on one side, and strengthening the relationships with Romagna utilities on the other side.

Summing up, we can think that the coalitions of claim-makers develop without any interaction why: (1) the decision-making process to form Eos Energia develops within the decision-making arena complying to it; (2) the decision-making process contributes to strengthen such an arena.

The decision-making seems to develop (1) within a script written by stakeholders system (embedded within the network of their relationships and codified within the strategic goals they established), (2) thanks to the improvisation of single actors. Such actors know to such a degree they can forget the line and begin to ad-lib. They are conscious of their space of autonomy and they move within it. The other actors at play readapt their role and modify their actions around that improvisation and the show goes on, without the audience realize anything happened. In the end, the order comes back on the stage and the audience applauds. The actor that activates the whole process is the management of Seabo.

8.4. Reasons behind the decision by Seabo to form Eos Energia.

The decision about what course of action choose in order to defend Seabo activity in gas industry develops within an arena characterized by a liberalization and privatisation tendency, industry dynamics, socialist values, cultural and political shock and a corporative culture. The institutionalisation of a shared belief that the normative framework is going towards liberalization is also at stake. Above all there is a strong perception that gas industry is going towards liberalization: the legislative decree aimed at liberalizing the gas industry identified the date after which the competition would have been introduced within such an industry.

The stakeholder system framing such a decision-making process is composed by actors bringing economic, political and social interests; it depends on their role as stakeholders. Such actors are embedded in a network of collaborative and adversarial relationships. In particular, Seabo management brings both an economic interest towards the viability and profitability of the firm and a social interest towards the development of the local community. Additionally the pillars of the corporate strategy that stakeholders identified and their attitude towards the establishment of alliances represent other structural elements of the decision-making arena.

In this framework Seabo management proposes to set up an alliance with the utilities of nine cities of Romagna in order to defend Seabo activity in gas industry. This claim was immediately supported by all the actors that join such an arena. To put it simply, the alliance allowed defending Seabo activity in gas industry without high investments, joining Bologna and Romagna safeguarding their relationships with the local communities and preserving the equilibrium among all the stakeholders involved. In particular, the actors involved bring even reasons different from their interests; in this perspective, the Management of Seabo brings economic, social and even political reasons. And all the actors at stake bring political reasons: i.e., they like alliance because it allows not to bring at risk their relationships and equilibrium. Only one coalition is formed. It develops according to an incremental logic. The interaction among claim-makers is completely absent: the order is immediately reached.

In this perspective, Seabo seems to form Eos Energia for different reasons; they are simultaneously behind the final decision. In particular, the decision to form an alliance is supported by economic reasons along the competitive advantage dimension; social reasons and political reasons are also behind such a choice. Such a decision is also influenced both by prior alliances and the network of personal relationships in which Seabo is involved, as Gulati (1998: 310) states: "While considerations of individual quest for resources and complementarities are relevant, it is a firm's social connections that help it identify new alliance opportunities". Nevertheless, it seems not influenced by what happen in other arenas even if the same actors are at stake.

The involvement of different reasons in the decision to set up an alliance can be explained looking at how the coalition of claim-makers develops within the decision-making arena. In particular, it develops within the script written by the stakeholder system that filters the context-related factors (CF*FF), fixes the rule of the game (FF), lead the claim-makers' interaction (FF*IF). It develops thanks to the improvisation of one of the actors on the stage: such an actor is conscious to such a degree he can forget the line ad begin to ad lib. In this perspective, such actors can avoid conflict and pilot the interaction among the other actors involved, by earning their support, even across different decision-making arena.

Based on these premises we can think that Seabo chose to set up Eos Energia as is a compromise able to gain support from all the actors involved: in front of a legislative decree that forces to do something, the alliance does not change the status of different stakeholders and the rules of their interaction. Economic rationality supports such a decision; nevertheless, social and political reasons are at play as well.

Insert Exhibit 8.11 about here

Exhibit 8.1. Chronological list of actions. Decision-making process to set up Eos Energia (July 2000-June 2001).

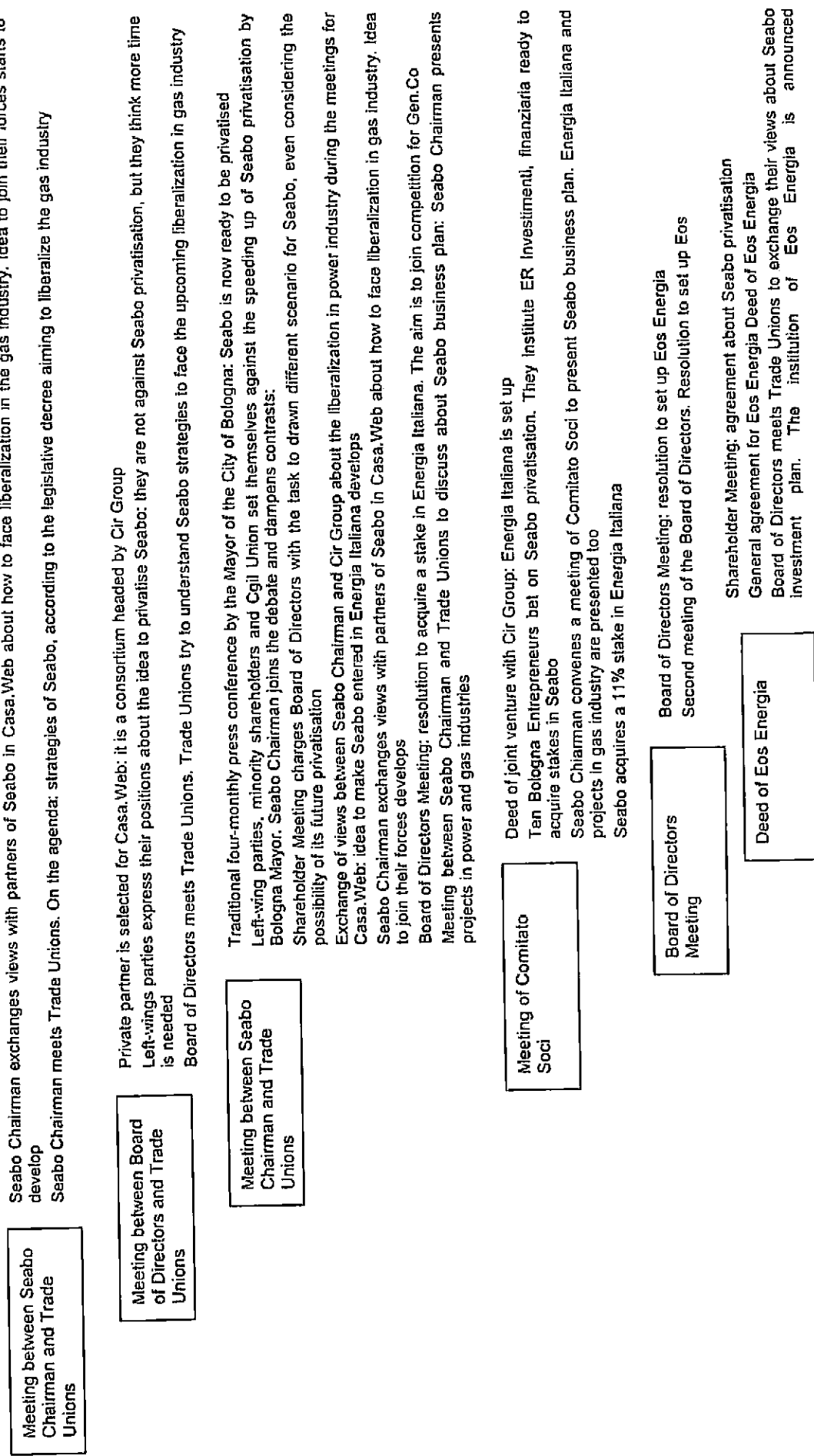


Exhibit 8.2. Context-related factors: categories of concepts (Eos Energia June 2000-July 2001).

NORMATIVE FORCES		
NRM	SUPRANATIONAL LEVEL EU LIB: liberalization tendency	Liberalizing public utility industry: EU political tendency towards liberalization Liberalization in Europe: importance of public organization to regulate liberalized industry
NRM	NATIONAL LEVEL NAT LIB: liberalization tendency	Liberalization in gas industry: Legislative Decree Liberalization in power industry: Legislative Decree Failure of the reform process aimed at liberalizing public utility industry
NRM	REGIONAL LEVEL REG LIB: liberalization tendency	Liberalization in water and waste management industry: Regional laws
NRM	PERCEPTION PRC LIB	Trend in legislative environment: toward liberalization Weaknesses in draft bill debated in Italian Parliament; nevertheless there is the perception of a trend towards the liberalization
ECONOMIC FORCES		
ECO	NATIONAL LEVEL NAT IND: industry dynamics	Dynamism among local utilities all around Italy: perform alliances to buy and sell gas Dynamism among main local utilities: towards Gen.Co acquisition
ECO	NAT STM: stock-market dynamics	Telecommunication speculative bubble exploded
ECO	REGIONAL LEVEL REG IND: industry dynamics	Dynamism among local utilities in Emilia Romagna: perform alliances to buy and sell gas
ECO	PERCEPTION PRC CMP: competitive trend	Trend in competitive environment: enhanced dynamism and expectation of a fierer competition
SOCIO-CULTURAL FORCES		
SCT	LOCAL LEVEL LOC CRP: corporative culture LOC SOC: socialist values	Joining the forces of local utilities to face common threats Activity of public sector organizations as a richness to safeguard Romagna public utility system as a treasure to defend
	LOC POLSHF: political shock	Shift from left to right parties: cultural shock for Bologna community

Exhibit 8.3. Context-related factors: identifying the turning points (Eos Energia June 2000-July 2001).

	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT
EU	LIB	CRS	STM	lib	LIB	CRS	STM	lib	lib	lib	lib	lib	lib	lib	lib	lib	CRS	STM
NAT	LIB	IND	CRS	LIB	ind	LIB	ind	LIB	LIB	IND	LIB	IND	LIB	ind	LIB	ind	LIB	IND
REG	LIB	IND	CRS	LIB	ind	LIB	ind	LIB	lib	lib	lib	lib	lib	lib	lib	lib	LIB	IND
LOC	PRV	CRP	SOC	CRP	SOC	pol	shf	no	ptg	LIB	cmp	fin	LIB	cmp	fin	LIB	cmp	fin
PRC	LIB	CMP	FIN	LIB	cmp	fin	LIB	cmp	fin	LIB	cmp	fin	LIB	cmp	fin	LIB	CMP	FIN

Meeting between Seabro Chairman and Trade Unions

Meeting between Board of Directors and Trade Unions

Meeting between Seabro Chairman and Trade Unions

Meeting between Seabro Chairman and Trade Unions

Meeting of Contiglio Soci

Board of Directors Meeting

Dead of Eos Energia

* CRSSTM Crash of the stock market

• FAILIB Failure of the process to liberalise the utility industry

Exhibit 8.4. Firm-related factors: identifying stakeholders, interests, and their turning points (Eos Energia Italiana June 2000-July 2001).

	LG (CTZ)	MJSHR	MINSH	TU (EMP)	MNG	CLI	SUP	PRT
MuBo	SOC	ECO						
MuCs	SOC		ECO					
MuSL	SOC		ECO					
MuGr	SOC		ECO					
PrBo			ECO					
OthMu	SOC		ECO					
Cgil				POL				
Cisl				POL				
Uil				POL				
MngSb					ECO-SOC			
Ctz						ECO		
BBss						ECO	ECO	
Cis FL								ECO
Ami IM								ECO
Area RV								ECO
Cir Group								ECO

[] critical events in firm-related factor

Exhibit 8.5. Firm-related factors: identifying stakeholders' relationships and their turning points (Eos Energia June 2000-July 2001).

	MuBo	MuCs	MuSL	MuGr	PrBo	OthMu	Cgil	Cisl	Uil	MngSb	Ctz	BBss	Cis FL	Ami IM	Area RV	Cir Group
MuBo		3	3	3	3	3	3	3	3	4	3	3				
MuCs	3		5	5	5	5	3	3	3	3						
MuSL	3	5		5	5	5	3	3	3	3						
MuGr	3	5	5		5	5	3	3	3	3						
PrBo	3	5	5	5		5	3	3	3	3						
OthMu	3	5	5	5	5		3	2	2	3						
Cgil	3	3	3	3	3	3		2	5	3						
Cisl	3	3	3	3	3	3	2		5	3						
Uil	3	3	3	3	3	3	3	3		3						
MngSb	4	3	3	3	3	3	3	3	3				5	5	5	5
Ctz	3															
BBss	3															
Cis FL										5				5	5	5
Ami IM										5			5		5	5
Area RV										5			5	5	5	5
Cir Group										5			5	5	5	5

- REL1 conflict
- REL2 systematic contrasts
- REL3 weak trust and strong control
- REL4 strong trust and weak control
- REL5 collaboration

Exhibit 8.7. Issue-related factors (reasons): categories of concepts (Eos Energia June 2000-July 2001).

GOAL		
GL	ECONOMIC ECO	<ul style="list-style-type: none"> Incrementing the size of Seabo, in such a way to acquire more market power Reaching a competitive size Increasing Seabo market power, thus buying and selling gas at a lower cost Increasing the size and market power of Seabo Moving Seabo beyond the immobilism of monopoly systems
REASONS		
RSN	ECONOMIC ECO CMP: competitive-advantage	<ul style="list-style-type: none"> Increasing the size and the power market of Seabo, without high investments Increasing the size of Seabo in a short time Sharing the financial burden of such an initiatives Putting no risk the Municipalities' financial resources Not requiring high investments
RSN	POLITICAL POL	<ul style="list-style-type: none"> Reaching competitive size, by emphasizing the Seabo autonomy (without sacrificing it) Increasing the size of Seabo, without strong constraints (in a flexible way) Defending each partners autonomy without pulling into play their role and strategic objectives Reducing the negative effects of the gas liberalization on gas industry Defending labour conditions and employment levels Ensuring public control over Seabo activity and corporate organization
RSN	SOCIAL SOC	<ul style="list-style-type: none"> Reaching a competitive size emphasizing the value of the relationships with local community

Exhibit 8.8. Issue-related factors (reasons and claim-maker coalitions): identifying the turning points (Eos Energia June 2000-July 2001).

CLX	CL(all)	but	CL(2)	CL(all)	but	CL(2)	CL(all)	but	CU(noall)	CL(all)	CL(2)	CL(all)	CL(2)	CL(all)	CL(2)
			Meeting between Seabo Chairmen and Trade Unions			Meeting between Board of Directors and Trade Unions			Meeting between Seabo Chairmen and Trade Unions			Meeting of Comitato Sci		Board of Directors Meeting	Dead End Energy
Chairman of Seabo	GOAL-ECO RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC						
Management of Seabo	GOAL-ECO RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC		GOAL-ECO RSN-ECO RSN-POL RSN-SOC						
Municipality of Bologna															
Municipality of Casalecchio sul Reno															
Municipality of Granarolo															
Municipality of San Lazzaro															
Other Municipalities															
Province of Bologna															
Cgil	X		GOAL-ECO RSN-POL		GOAL-ECO RSN-POL		GOAL-ECO RSN-POL		GOAL-ECO RSN-POL						
Cisl	X		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL						
Uil	X		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL		GOAL-ECO RSN-ECO RSN-POL						

What are the reasons behind the decision by Saabo to form Eos Energia?

Exhibit 8.9. Interplay between the structural and dynamic components of the decision-making (Eos Energia June 2000-July 2001).

	1 PHASE	2 PHASE	3 PHASE	4 PHASE	5 PHASE	6 PHASE
		Meeting between Saabo Chairman and Trade Unions	Meeting between Board of Directors and Trade Unions	Meeting between Saabo Chairman and Trade Unions	Meeting of Contino Soci	Board of Directors Meeting
					FAIL-LIB	Board of Eos Energia
CF		STM-CRS				
FF		STKCirGroup CisFL-REL(5)-AmIM- REL(5)-AreaRV- REL(5)-CirGroup- REL(5)-MngSB	STKMuBo-REL(2)- STKOhMu CLKSb CLKTu	STKMuBo-REL(3)- STKOhMu CLKSb CLKTu CLKMUs		
IF	CLKMngAld CLKSb					
CF		TR-CF-ECO-STM				
FF		TR-FF-SS-STK TR-FF-SS-REL	TR-FF-SS-REL CLKSb CLKTu	TR-FF-SS-REL CLKSb CLKTu CLKMUs		
IF	CLKMngAld CLKSb					

Exhibit 8.10. Reasons behind the decision by Seabo to form Eos Energia.

Eos Energia		Claim-maker	Stakeholder	Interests	
Reasons	Economic reasons (competitive advantage dimension)	Seabo Chairman and Board of Directors	Seabo Management	Economic interest Social interest	
		Cgil	Trade Union	Political interest	
		Cisl	Trade Union	Political interest	
		Uil	Trade Union	Political interest	
		Municipality of Bologna	Shareholder and Local Government	Economic interest Social interest	
		Other Municipalities of Bologna province	Shareholders and Local Governments	Economic interest Social interest	
		Political reasons	Seabo Chairman and Board of Directors	Seabo Management	Economic interest Social interest
			Cgil	Trade Union	Political interest
			Cisl	Trade Union	Political interest
	Uil		Trade Union	Political interest	
	Municipality of Bologna		Shareholder and Local Government	Economic interest Social interest	
	Other Municipalities of Bologna province		Shareholders and Local Governments	Economic interest Social interest	
	Social reasons	Seabo Chairman and Board of Directors	Seabo Management	Economic interest Social interest	
	Interaction	No interaction			
	<p>Different reasons are simultaneously at stake and behind the decision to set up an alliance</p> <p>All the claim-makers involved are stakeholders as well</p> <p>Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincides with the interests and reasons brought by other categories of claim-makers involved. All the actors involved bring political reasons</p> <p>Only one coalition is formed</p> <p>Decision-making process unfolds according to an incremental logic, without any interaction among the claim-makers involved</p> <p>In the end a negotiated order is reached</p> <p>Seabo management promote the claim; Seabo management is the only actor that brings all the three categories of reasons</p>				
	$CF = K + \beta_1 FF + \epsilon$ β_1 no significant		<p>The euphoria of the stock market for the TLC industry starts to decrease; nevertheless, the stakeholder system of Seabo develops thanks to the enter of Cir Group in Casa.Web</p>		
	$CF = K + \gamma_1 IF + \epsilon$ No data		<p>LT - In front of the failure of the liberalization process, Seabo sign the deed of association for Eos Energia</p>		
	$FF = K + \alpha_1 CF + \epsilon$ α_1 no significant		<p>The euphoria of the stock market for the TLC industry starter to decrease; nevertheless, the stakeholder system of Seabo develops thanks</p>		

$FF = K + \gamma_2 IF + \varepsilon$	No data	Relationships among shareholders worsen because of what happens in the arena where Seabo privatisation is at hand; meanwhile Seabo propose an alliance to operate in gas industry. There are not grounds to suppose a relationship	
$IF = K + \alpha_2 CF + \varepsilon$	α_2 no significant	LT - In front of the failure of the liberalization process, Seabo sign the deed of association for Eos Energia	
$IF = K + \beta_2 FF + \varepsilon$	β_2 significant	$IF = K + \beta_2 FF + \varepsilon$	Relationships among shareholders bring back into equilibrium and the Municipalities join the coalition supporting the establishment of Eos Energia
$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 \gamma_1 FFIF + \varepsilon$	No data		
$FF = K + \alpha_1 CF + \gamma_2 IF + \alpha_1 \gamma_2 CFIF + \varepsilon$	No data		
$IF = K + \alpha_2 CF + \beta_2 FF + \alpha_2 \beta_2 CFFF + \varepsilon$	α_2 no significant β_2 significant $\alpha_2 \beta_2$ significant	$IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \varepsilon$	The interaction among the actors involved with the goal to defend Seabo activity in gas industry develops within the stakeholder system, the corporate strategy and the alliance policy of Seabo; then it develops according to the perception that the stakeholders involved have about the contextual forces
$Y = K + \alpha CF + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \alpha \beta \gamma CFFFIF + \varepsilon$	$\alpha, \alpha \gamma, \alpha \beta \gamma$ no significant $\beta, \gamma, \alpha \beta, \beta \gamma$ significant	$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \varepsilon$	The decision to set up Eos Energia comes from the interaction among stakeholders acting as claim-makers and bringing even reasons different from their interests. Such an interaction develops within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand.

DESCRIPTION	ANALYSIS				INTERPRETATION	
	CONTEXT-RELATED FACTORS CAT (structural component)	TP (dynamic component)	FIRM-RELATED FACTORS CAT (structural component)	TP (dynamic component)		ISSUE-RELATED FACTORS CAT (structural component)
Where does the decision to form Eos Energia come from?	CAT	CF*FF	Firm-related factors are interrelated to the sides claim-makers take towards the issue at hand and their interaction.	FF*IF IF*CF	The side claim-makers take towards the issue at hand is interrelated with the stakeholder system and their perception of contextual forces	
The decision to form Eos Energia comes from a compromise among different rationalities. It is able to satisfy all the interests at stake			$FF = K + \gamma_2 IF + \epsilon$		$IF = K + \beta_2 FF + \epsilon$ $IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$	
			$Y = K + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \epsilon$			
			The decision to form an alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the perception of contextual forces that stakeholders have (CFFF) and through their moderation of what happened in other arenas			

9. What are the reasons behind the decision by Seabo to form Hera?

Introduction. 9.1. Decision-making process to form Hera: description. 9.2. Decision-making process to form Hera: analysis. 9.2.1. Context-related factors. 9.2.2. Firm-related factors. 9.2.3. Issue-related factors. 9.3. Decision-making process to form Hera: interpretation. 9.4. Reasons behind the decision by Seabo to form Hera.

Introduction

Hera was set up in November 2002 by Seabo Bologna and other ten utilities carrying out their activity in the provinces of Imola, Forlì, Ravenna and Rimini¹. The aim was to set up one of the leading multi-services groups in Italy, in such a way to face the opportunities and the threats of liberalization: "Hera nasce a seguito di un'attenta lettura dello scenario di settore caratterizzato da una progressiva liberalizzazione della domanda, dall'incremento della pressione competitiva e quindi dalla necessità per le imprese di raggiungere una scala dimensionale adeguata per competere in mercati sempre più contendibili e per cogliere le nuove opportunità di crescita favorite dalla deregolamentazione dei tradizionali monopoli" (Relazione di Bilancio al 31 dicembre 2002: pag. 11).

Seabo was set up in March 1995 through the merger between two utilities of the city of Bologna: i.e., a consortium providing local communities with gas, and a municipality-owned enterprise providing Bologna community with waste management. Such a merger gave life to one of the leading Italian local utility, with a turnover of more than 300,000 euros yearly. Seabo provided the communities of Bologna province with gas, waste management and water. After the merger, the Mayor of Bologna announced that Seabo would have been listed on the Stock Exchange: the aim was to obtain enough resources to finance the making of an underground network.

In 1999 a right-wing Mayor won the local election: it was the first time after the Second World War that Bologna Municipality was run by right-wing parties. One of the main goals of the right-wing Mayor was to privatise Seabo²; during his electoral campaign the mayoral candidate highlighted as: "La dipendenza dell'Amministrazione dai partiti di sinistra ha impedito alla nostra città di fare grandi passi in avanti sul terreno delle privatizzazioni. Ed è per questo motivo che Bologna è molto più indietro rispetto a metropoli come Milano e Roma" (DPRRCB250599SB(pr)).

Since the mid of the Nineties the utility industry has been involved in a reform process. The aim was to eliminate public monopolies and introduce competition. A shared belief that it would be better to privatise the publicly-owned enterprises started to spread as well: the national power producer was privatised, as well as the national telecommunication producer and the national airline, to quote some examples. Then some local utilities quoted part of their stocks, even if with a share lower than the 50% of the social capital.

¹ In particular, the eleven local utilities merged were Seabo Bologna, Amf Faenza, Amia Rimini, Amir Rimini, Arca Ravenna, Asc Cesenatico, Sis di San Giovanni, Team di Lugo, Unica di Forlì e Cesena, Ami Imola and Taularia Imola.

² The word "privatisation" is used to say "involvement of private capitals"; it is used in a simplified way. It does not necessarily mean selling at private partners more than the 50% share of Seabo.

Since 1997 the process to liberalise the public utility industry has speed up. Following the European Union Directives, a set of industry-specific legislative decrees was passed by the Italian Parliament: the aim was to liberalise water, gas, power, waste management, mass transit and telecommunication industries. A draft bill aimed at reforming the utility industry was debated in the Italian Parliament as well. In particular, in 2000 it seemed that such a draft bill was going to be passed. Nevertheless, it was abandoned in the spring of 2000. Just at the end of the 2001 the reform process ended, thanks to the approval of one of the articles of the financial act: such article forced local governments to put out to tender public services. Both publicly-owned and privately-owned enterprises could tender for public services. In this perspective, local utilities could try to operate in other territories, whereas they typically carried out their activity within the jurisdiction of the local governments. At the same time, other publicly-owned or privately-owned enterprises could try to provide services within the territories that local utilities traditionally provided.

In this perspective, all the main Italian local utilities set up alliances in order to exploit the opportunities of the liberalization and keep its threats under control. The utility of the city of Roma set up fourteen alliances from 1997 to 2002; the utilities of the city of Milano set up eleven alliances; the utilities of the cities of Torino, Genova and Trieste set up seven, eight and six alliances each during the same time span.

Generally speaking, since 1997 more than one hundred alliances involving local utilities have been set up. Such alliances purported to achieve different goals: i.e., entering new industries and geographical markets, stabilising the relationships with clients and suppliers, increasing the size and the market power of single local utilities. Partners of local utilities in such alliances could be private enterprises, other local utilities or national utilities.

During the same time span, less than ten mergers were performed to face liberalization. In particular, it is worth focusing just on one merger. It was set up in 1997 in the Toscana region and involved the utilities of the cities of Prato, Empoli and Pistoia. Its organization included one parent company and three subsidiaries. The parent company was responsible for the strategic choices as well as for coordinating the business areas. Each subsidiary was sited in a different city and carried out its activity in a different industry (i.e., gas, waste management and water).

Even the local utilities of the Emilia Romagna region were involved in alliances. In particular, Emilia Romagna region is the region with the greatest number of alliances set up. Agac Reggio Emilia set up eight alliances, Meta Modena joined six alliances, Amps Parma was involved in five alliances, Agea Ferrara, Seabo Bologna and Ami Imola joined four alliances each; eventually Cis Forlì was involved in three alliances.

In this perspective, strengthening the activity of Seabo in front of the liberalization was identified as one of the strategic goal for Seabo by all the actors involved. The Municipality of Bologna, the Province of Bologna, the other Municipalities of Bologna province and the Trade Unions agreed on the opportunity for Seabo to form alliances in order to achieve that goal. The "Documento contenente gli indirizzi per le nomine degli amministratori" stated that Seabo management have to develop new strategies for Seabo, even through alliances with public and private partners¹.

On September, 2002 Seabo Shareholders' Meeting approved the setting up of Hera, its listing on the Stock Exchange, its business plan and its corporate organization. On November, 2002 Hera was set up, involving

the utilities of five provinces and 137 Municipalities (i.e., the provinces of Bologna, Forlì-Cesena, Imola, Ravenna and Rimini). In particular, Ami Imola, Cis Forlì and Area Ravenna were already partners of Seabo in Casa.Web and in Eos Energia.

Once set up, Hera started to provide the local communities of the five provinces involved with gas, water, power and waste management. In particular, Hera was made up by a parent company, five company divisions and five 100%-owned subsidiaries (i.e., "Società Operative Territoriali"). The holding is responsible for the strategic choices as well as for coordinating the various business areas. The subsidiaries provide services and safeguard the relationships with the local communities; the five subsidiaries are sited in the five provinces involved: they are Hera Bologna, Hera Rimini, Hera Ravenna, Hera Forlì-Cesena and Hera Ami Imola. The parent company is sited in Bologna. The five divisions are responsible for staff functions (i.e., headquarters, services division, environmental division, network division and marketing division) and are sited in each of the five subsidiaries. The headquarters are sited in Bologna.

On 26 June, 2003 Hera was listed on the Stock Exchange with a good performance: a 55,5% stake is owned by Municipalities, the Bologna Municipality is the majority shareholders with a stake of 17%. The remaining 44,5% stake is free float. In this perspective, the Municipality of Bologna appoints three members of the Board of Directors of Hera, the Province of Bologna appoints one member, the Municipalities of Ravenna, Forlì, Rimini and Cesena appoint one member each; private investors have the right to appoint three members of the Board of Directors⁴. The Chief Executive Officer is appointed by Bologna Municipality, whereas the Chairman is appointed by the Municipalities of Romagna.

In 2003 Hera tendered for the acquisition of a stake in the utilities of the city of Pesaro and got the upper end, then at the end of 2003 the utility of the city of Ferrara joined Hera: a new subsidiary and a new division were set up, both sited in Ferrara.

Hera had a turnover of more than 1,133 millions of euros with more than 4,500 employees.

On these premises, the chapter aims at understanding why Seabo perform a merger to face liberalization, instead of choosing alternative instruments, such as internal development, acquisition, alliance other forms of networking, contracting, etc.

The research develops through the analysis of the decision-making process that led to take such a decision, by focusing on the interplay between its structural and dynamic dimensions; the working model drawn in Chapter three is followed. The starting point is the moment in which all the actors involved agreed on the idea of privatising Seabo, perhaps listing it on the Stock Exchange⁵; the final point is the moment in which the Mayors of Bologna and Romagna cities sign the deed of association: nothing could happen any more and prevent the formation of the decision.

Data were collected from June 2003 to May 2004 through over 1,000 media reports and documents by the actors involved; 13 in-depth interviews with the actors involved were also conducted (Exhibit 4.7). Different data sources allowed us to draw three parallel stories about the decision-making process to set up Hera, thus

³ As showed in Chapter six, the "Documento contenente gli indirizzi per le nomine degli amministratori" is the paper that Bologna Municipality writes to establish the strategic goals that the management of Seabo have to achieve. Such a document has to be approved by the Shareholders' Meeting.

⁴ In particular, the Province of Bologna acts for the minority shareholders of the former Seabo, the Municipality of Ravenna acts for eleven municipalities of its provinces, the Municipality of Rimini acts for twenty-six municipalities of its provinces, the Municipality of Cesena acts for other twenty-five municipalities.

⁵ As showed in the following paragraphs the decision to set up Hera is strictly linked to the decision to list Seabo on the Stock Exchange. In this perspective, the agreement among shareholders about the listing of Seabo represents the beginning of their interaction, even concerning the setting up of Hera.

checking the reliability of data collected from different sources and complementing them, where necessary. In this perspective, media reports allowed us to draw the list of actions that took place during the decision-making process in a chronological order; the documents of the actors involved allowed us to focus on particular actions in the decision-making process; interviews allowed us to grasp the meaning of such actions (from the point of view of the actors involved).

Results show what were the reasons behind the decision to form Hera.

The chapter presents the results of the study, following all the phases through which data were transformed: i.e., description, analysis and interpretation. The first paragraph tells the story that led to take the decision to set up Hera, by reconstructing the interaction process among all the actors involved; it is descriptive in nature and identifies the actions performed. The second paragraph analyses the decision-making process to form Hera both in its structural and dynamic components. It is analytical in nature; it identifies concepts at different levels of the conceptual model and pinpoints the critical events. The third paragraph looks for the existence of relationships among concepts identified at different levels of the conceptual model, in such a way to grasp the dynamic interplay between its structural and dynamic dimension. It is interpretative in nature and aims at providing an explanation about why Seabo set up Hera. Then the chapter ends with some remarks about the reasons behind the decision to form Hera by Seabo and their development over time, in their interplay among the structural and dynamic dimensions of the decision-making process. Such remarks lay the ground for the following cross-case comparison and formulation of propositions.

9.1. Decision-making process to form Hera: description.

After five years of disagreements, on May 3th, 2001 the Shareholders' Meeting agreed on the opportunity to privatise Seabo. In particular, the Advisor entrusted to draw different scenarios for Seabo privatisation suggested to list Seabo on the Stock Exchange: the stock market rewarded with high revenues the local utilities that list their shares. Looking for a private partner was the main alternative.

Bologna Municipality needed resources to finance the underground network and other investments benefiting the local community. Even the province of Bologna and the other Municipalities of the Bologna province agreed on the idea to list Seabo on the Stock Exchange. Listing Seabo would have allowed improving the ability of investment of Seabo. Additionally, it would have allowed local Governments to earn further revenues. Nevertheless, the minority shareholders claimed that: (1) a stake lower than a 50% stake was listed, (2) a part of the Seabo shares was put aside for Seabo workers and for Bologna citizens, (3) a set of meetings with the Trade Unions were arranged during each step of the privatisation process. Anyway, it was a task of the City Councils to pass the resolution for Seabo privatisation.

Meanwhile, the Chairman of Seabo broke a two year silence and highlighted during a press interview as Seabo was ready to be privatised: the listing would have allowed increasing the shareholder value of the company. Anyway, a share lower than a 50% share would be listed.

On 14th June, 2001 the City Council of Casalecchio sul Reno passed the resolution to list Seabo on the Stock Exchange: left-wing parties and right-wing parties agreed; just the extreme-left party set itself against such a project. The listing would have allowed developing innovative services on one side and improving the quality of traditional services on the other side. After some days the same resolution was debated in the Council of

the Bologna Province: right-wing parties supported Seabo privatisation; left wing-parties claimed more time to analyse the issue; in the end they agreed⁶.

Even the Chairman of Federindustria Emilia Romagna joined the debate and supported the privatisation of Seabo: the listing would have allowed Seabo to move beyond the immobilism of the monopoly system.

In the end, even Bologna Municipality passed such a resolution. In particular, the right-wing parties highlighted as in front of the growing competition within the utility industry the contribution of capital by private partners was paramount for the development of Seabo. On the other side, they highlighted as the listing would have allowed shareholders to earn resources to finance public infrastructures. Similarly the left-wing parties agreed with the listing of Seabo. In particular, one of the representative of the left-wing parties stated that they were not against the idea to use the earning of the listing to finance public infrastructure; the big thing was not take away the resources Seabo needed to develop its activity. Then the left-wing parties promoted many claims, such as: (1) listing a share lower than a 50% share; (2) putting aside part of the shares of Seabo to its workers and Bologna citizens, (3) arranging systematic meeting with the Trade Unions to debate Seabo privatisation; in this way the left-wing parties of the Bologna City Council supported the claims promoted by the left-wing and minority shareholders of Seabo. Just the extreme-left party of the Bologna City Council set itself against the listing of Seabo. The extreme-left party was worried about the capacity of Bologna Municipality to keep the activity of a private enterprise under control, with the risk that the quality of public services could worsen. Then the listing of Seabo would have impoverished the Bologna Municipality, thus constraining its capacity to face social issues.

In the end, the resolution for the listing of Seabo was passed by all the City Councils: the claims promoted about the operational arrangements for the implementation of the decision were also passed.

In this perspective, on the 28th June 2004 the Shareholders' Meeting ratified the decision to list Seabo. In particular, the process for listing Seabo was started: the aim was to list Seabo on the Stock Exchange by the end of 2001. The next step was the appointment of the General Coordinator, entrusted to support Seabo shareholders in this effort. Its appointment was scheduled for the Shareholders' Meeting in July.

Meanwhile, the Mayors of the cities of Ravenna, Forlì, Imola, Cesena and Rimini wrote a mail to the Mayor of Bologna: they proposed a merger between Seabo and the utilities of Romagna. The aim was to set up the leading multiutility group in Italy, by safeguarding the history and know-how of the local publicly-owned enterprises.

Such proposal was assessing during the same Shareholders' Meeting that ratified the decision by Seabo shareholders to list the company. In particular, the Municipality of Bologna highlighted as such a project could increase the shareholders value of Seabo. In this perspective, the Privatisation Commissioner of Bologna Municipality stated:

"Nostro primo obiettivo, come socio di maggioranza, è valorizzare l'azienda Seabo. Detto questo, un'alleanza con le aziende della Romagna darebbe valore aggiunto a noi e a loro. Da parte nostra c'è quindi tutta l'intenzione di perseguire un obiettivo di progetto strategico e industriale" (DPRRCB300601HE).

Even the Chairman of Seabo liked the idea of a merger with Romagna utilities. In particular, he highlighted as Seabo had worked systematically with Romagna utility for one year: the merger between Seabo and the

⁶ The President of Bologna Province approved the listing of Seabo during the Shareholders' Meeting of the beginning of July, acting as shareholder of Seabo.

Romagna utilities would have given life at a leading enterprise in Italy, able to support the development of local community as well.

"Da un anno e mezzo lavoriamo con le imprese romagnole, e siamo convinti che, in termini industriali, uno sviluppo di questa collaborazione sia auspicabile". (...) Abbiamo massa critica e capacità funzionale per progetti con importanti ricadute sul territorio. Ora attendiamo con la massima disponibilità le proposte dei colleghi romagnoli" (DPRRCB300601HE).

In this perspective, the Municipality of Bologna and the other Municipalities of Bologna province entrusted Seabo management with the task to make their most to favourite the merger between Seabo and the utilities of Romagna.

Then a meeting with the Trade Unions to debate Seabo privatisation was arranged. Unions were not enthusiastic of such an idea: in particular, Cgil Union was not. Nevertheless, since the decision was taken, the Unions tried to put some constraints, aiming to ensure the satisfaction of their interests, i.e., (1) ploughing the revenues of Seabo privatisation back into the enterprise activity, (2) safeguarding the publicly ownership of Seabo, (3) setting aside a part of the Seabo shares for its employees and Bologna citizens, (4) safeguarding the employment levels and the quality of the public services provided to the local communities.

In this perspective, at the beginning of July 2001, during one of his traditional press conferences the Mayor of Bologna announced that Seabo would have been listed on the Stock Exchange by the end of the 2001.

The Mayors of Romagna rose up against such an announcement; they claimed to put off the listing of Seabo of some months. They suggested performing the merger between Seabo and the utilities of Romagna before, and then listing the resulting company on the Stock Exchange. As well as the listing of the resulting company would have allowed Seabo shareholders to maximise the earnings of such a privatisation. As a consequence, the Mayors of Romagna claimed that Seabo shareholders did not appoint the General Coordinator during the Shareholders' Meeting scheduled for 12th July, 2001. In particular, the Mayor of the city of Ravenna stated during a press interview⁷:

"Da parte nostra la volontà di condurre in porto l'operazione non manca. C'è però un problema di divergenze nell'impostazione del processo (...) Credo che il gioco valga abbondantemente la candela: quanto può valere sul mercato la creazione del più grande polo italiano di servizi rispetto alla quotazione immediata della sola Seabo?" (DPRRCB120701SB(qt)).

The Privatisation Commissioner of Bologna Municipality stated during a meeting of the *Comitato Soci* preceding the Shareholders' Meeting that it was not a good idea to put off Seabo privatisation. Nevertheless, he highlighted his willingness to go on with the project to merge Seabo and the utilities of Romagna.

The Chairman of Seabo stated that the announcement of the Romagna Mayors were important. Nevertheless, it was a task for the shareholders deciding what to do.

The Shareholder's Meeting of the 12th July 2001 started with the Chairman of Seabo reading a mail by the Emilia Romagna Region. Emilia Romagna Region urged Seabo shareholders to do their best to support the agreement with the Romagna utilities. In particular, the Emilia Romagna Region highlighted many advantages for such a merger: i.e., (1) benefiting local communities, by allowing them to buy high quality

⁷ The city of Ravenna is the biggest city among the Romagna cities and its Mayor is one of the most active claim-maker supporting the idea to join Seabo and the utilities of Romagna.

services, (2) coordinating the local governments, thus improving the provision of public services, (3) giving life at a leading enterprise in Italy with strong roots in the Bologna and Romagna communities, thus making the most of the assets of the existing enterprises. On top of it, such an operation could increase the value of the listing utilities.

"In sostanza tutto il sistema territoriale regionale guadagnerebbe in competitività, in coesione, in qualità dei servizi e in tutela ambientale" (DSRShM120701SB(qt)).

The minority Shareholders agreed with the claim of the Municipalities of Romagna: they liked the idea to give life at a leading enterprise. In this perspective, the minority Shareholders claimed to put off the listing of Seabo and the appointment of the General Coordinator. In such a way, it would be possible to increase the revenues of the listing.

"Una integrazione societaria come quella che si può costituire, ottimizza la prospettiva di ingresso nel mercato azionario, condizione necessaria per mettere a disposizione di tutte le aziende multiservizi nuove risorse finalizzate allo sviluppo" (DSRShM120701SB(qt)).

Bologna Municipality did not like this idea. Bologna Municipality confirmed its willingness to favour a merger with the utilities of Romagna, but it did not think that the appointment of the General Coordinator had to be put off. In this perspective, the Privatisation Commissioner of Bologna Municipality stated:

"Ribadiamo la nostra volontà di arrivare a una integrazione con i Romagnoli, operazione che riteniamo strategica per Seabo. Siamo pronti a mettere in piedi ogni iniziativa per raggiungere questo obiettivo. Non crediamo invece che la nomina di General Coordinator costituisca un atto ostile nei confronti della Romagna: anzi è un ulteriore passo verso l'aggregazione" (DPRRCN120701SB(qt)).

In the end, Bologna Municipality carried the day; in particular, it decided by itself to appoint the General Coordinator and not put off the listing of Seabo: i.e., without the agreement of the minority shareholders and by breaking the general agreements among shareholders. In particular, the general agreements among shareholders stated that all the resolutions of the Shareholders' Meeting had to be passed by the 80% of the shareholders. The Municipality of Bologna had a 74% stake. In this case, the Municipality of Bologna decided to approve the appointment of the General Coordinator, with its 74% stake. The Privatisation Commissioner justified such a decision as follows:

"Siamo all'interno di un percorso di valorizzazione dell'azienda che prevede alcune tappe fondamentali. La nomina del 'global coordinator' era una di quelle tappe: per questo abbiamo ritenuto di non dover interrompere il percorso previsto, lasciando tutto lo spazio alla possibilità di un'alleanza con le aziende della Romagna, che resta una priorità strategica" (DPRRCB140701SB(qt)).

The relationships among Seabo shareholders broke down. In this perspective, the Mayor of Casalecchio sul Reno highlighted as³:

"La rottura è immotivata" (...) in poco più di due settimane ben trenta Consigli Comunali hanno adottato la stessa delibera sulla privatizzazione approvata dal Comune di Bologna. Segno evidentissimo di una grande volontà politica da parte nostra" (...) Ma, se non si

³ The Municipality of Casalecchio sul Reno is one of the most important minority shareholders of Seabo. In particular, its Mayor is one of the most active claim-makers involved with (1) the merger between Seabo and the utilities of Romagna and (2) the listing of Seabo on the Stock Exchange. Anyway, he was also the Chairman of one of the two utilities that merged at the end of 1995 and gave life at Seabo.

ricucirà al più presto lo strappo, i Comuni apriranno le ostilità disertando tutte le Assemblee dei soci e congelando tutte le iniziative in corso sul loro territorio" (DPRRCB140701SB(qt)).

On the 24th July, 2003 the Mayors of the Romagna cities confirmed their sides: Bologna had to put off the listing of Seabo and work on the draft for a joint business plan. Meanwhile, the idea of a merger among the utilities of Romagna cities rose up, with the possibility to list the resulting company on the Stock Exchange: "Perimetro Romagnolo" was the name for such a company.

Some days after, the Chairmen of Seabo and Romagna utilities met: they stopped their talks about the merging of their utilities. There were in fact shared views and objectives, but the deadlines were different: Bologna had to list Seabo by the end of 2001 and Romagna utilities were not able to draw a business plan for that date. Such a decision left all the actors involved unsatisfied. In particular, the Chairman of Seabo highlighted as:

"Portiamo avanti il lavoro di collaborazione intrapreso ma per un'integrazione, le romagnole devono prima dotarsi di un loro piano industriale. Tra noi ci sono motivazioni comuni: il processo di avvicinamento continua" (DPRRCB270701HE).

The adversarial relationships among Seabo shareholders worried many actors involved: i.e., the extreme-left parties, the Trade Unions and the Chairman of Seabo exhorted shareholders to bring their relationships back into equilibrium for the best of Seabo. In this perspective, Trade Unions wrote in a flyer circulated among Seabo employees:

"Non ci preme dare giudizi su chi è nato prima, l'uovo o la gallina ovvero su chi è nel giusto e chi nel torto, Comune di Bologna o Comuni della Provincia o per essere ancora più chiari, il centro-destra oppure il centro-sinistra, ma vogliamo evidenziare, che tale situazione rischia di danneggiare tutti: cittadini, lavoratori e la stessa immagine della politica (non solo quella bolognese, viste anche le contraddizioni evidenziate nella coalizione di maggioranza che sostiene l'Amministrazione Comunale di Ravenna)" (DSPhtUil170701SB(qt)).

Nevertheless, the shareholders of Seabo continued to take different sides: (1) listing Seabo by the end of 2001, for Bologna Municipality; (2) putting off the listing of Seabo of a couple of months and preferring the merger with the utilities of Romagna, for the other Municipalities shareholders of Seabo.

In this perspective, the Chairman of Seabo exhorted shareholder to bring their relationships back into equilibrium.

In particular, during the traditional Meeting of "Comunione e Liberazione" in Rimini at the end of August 2001 the Chief Executive Officer of Seabo announced that Seabo was ready to be listed on the Stock Exchange. Such an announcement caused the reaction of the Cgil Union that set itself against the listing of Seabo and threatened to call a strike. In particular, Cgil Union judged the listing of Seabo as a bullying by Bologna Municipality: Bologna Municipality went on with Seabo privatisation against the will of minority shareholders, against the will of Romagna Municipalities and without arranging a meeting with the Trade Unions. In this perspective, Cgil Union supports the claim to perform the merger with Romagna utilities before listing Seabo on the Stock Exchange.

During the Shareholders' Meeting at the beginning of September 2001 the equilibrium among Seabo shareholders brought back. Nevertheless, they continued to support opposite claims: Seabo was ready to be listed in a few days. Meanwhile, the stock market started to worsen and the 11th September 2001 it fell down.

On the 18th September, 2001 Bologna Municipality accepted the proposal to perform a merger by the Romagna Municipalities. Nevertheless, the Municipality of Bologna inserted a clause: listing by 31st March, 2002, otherwise each one could go for different ways.

In this perspective, the Municipality of Bologna tried to go on with the process to list Seabo by 31st March, 2002. Nevertheless, firstly the extreme left and left-wing parties of the Bologna City Councils vote against the following of such a process. The left-wing parties accused Bologna Municipality not to do its best to support the merger with Romagna utilities: they claimed that the merger with Romagna prioritised.

"Presenteremo un ordine del giorno perché in via prioritaria sia realizzato un accordo di programma tra Seabo e le aziende romagnole per governare il processo di integrazione"

The resolution was passed by Bologna City Council (even with the opposition of the left-wing and the extreme-left parties). Nevertheless, it was stopped by the Shareholders' Meeting. The left-wing minority Shareholders refused their consent on the following of the process to list Seabo. In particular, three Shareholders' Meetings were adjourned. The Mayor of Casalecchio sul Reno remembered how the merger with Romagna utilities could increase the shareholders' value of Seabo.

"... l'alleanza con la Romagna ci permetterebbe di valorizzare Seabo e di avere più risorse dalla quotazione". (DPRRCB121001SB(qt))

Only during the fourth Shareholders' Meeting an agreement was reached: the end of March 2002 became the deadline for an agreement with Romagna utilities. Whether an agreement was not reached by the end of March, Seabo could be listed on its own. In this perspective, the process to list Seabo was set out again. Talks with Romagna utilities to perform a merger could start. All the actors involved express their satisfaction for such an agreement. In particular, the Bologna Privatisation Commissioner stated:

"Trovo positivo l'accordo raggiunto, che conferma la bontà del percorso finora seguito. Questa è una tappa molto importante, perché ribadisce la volontà di tutti i soci di andare in Borsa entro il 2002" (DPRRCB131001SB(qt)).

On 29th December, 2001 the reform of the utility industry act was passed by the Italian Parliament together with the financial act: the liberalization was introduced in the utilities industry.

Meanwhile the City Council of Casalecchio sul Reno and the City Council of Bologna passed the agreement with Romagna, on one side, and the Memorandum of Association for Seabo, on the other side. Even the other minority Shareholders agreed with such a resolution. In this perspective, the Mayor of Casalecchio sul Reno stated:

"Poter percorrere la strada insieme al perimetro romagnolo sarebbe comunque davvero molto importante poiché consentirebbe di creare una realtà di rilievo primario a livello nazionale. L'aggregazione fra le società consisterebbe, secondo il sindaco Castagna, di aumentare il valore complessivo dell'azienda grazie alla possibilità di coordinare l'attività di un territorio molto ampio, di incrementare e migliorare i servizi per gli utenti, pianificando anche strategie che possano risolvere problemi importanti come l'approvvigionamento idrico attraverso uno scambio delle acque. Accanto ai vantaggi sul piano organizzativo l'integrazione darebbe inoltre buoni risultati anche su quello economico consentendo una riduzione dei costi fissa, da suddividere su una realtà di vasta scala" (DPRRCB230102SB(qt)).

In particular, in front of the evidence of the upcoming listing of Seabo the extreme-left parties of the Bologna City Council accepted that idea, by fixing some pillars: (1) merging with Romagna utilities, (2) plugging the profit of the privatisation back into Seabo activity, (3) putting a part of the Seabo share aside for Bologna citizens and Seabo workers, (4) safeguarding the publicly-ownership. All the extreme-left parties of the Municipalities involved took the same side. In this perspective, they support the claim to put the merger with the Romagna utilities before listing Seabo.

On 3rd April 2002 Seabo Shareholders met Trade Unions. The Unions agreed on the merger between Seabo and Romagna utilities, as able to give life at the leading multi-utilities group in Italy. Nevertheless, they brought some claims: (1) dismissing no employees, (2) transferring no employees, (3) safeguarding the old labour agreements with Seabo management and Seabo shareholders.

At the end of May 2002 an agreement to set up Hera was passed by the Privatisation Commissioner of Bologna Municipality and the Mayors of Romagna: listing by the end of 2002.

Meanwhile some Regions appealed to the Supreme Court against the legitimacy of the public services reform. Even Emilia Romagna Region lodged in appeal.

Other constituencies of Bologna community supported the idea of an agreement with Romagna with many arguments: (1) safeguarding the presence of local utilities within the local community, (2) making the local community appealing for foreign investment, (3) maximising the earnings of the privatisation.

In June 2002 an agreement between Bologna and Romagna were reached: the approval by the City Councils of the Municipalities involved was expected for the end of July. Meanwhile, left-wing parties claim to devote the earnings of the privatisation to realize a public infrastructure able to solve the water problems of the Bologna province. All the Municipalities minority shareholders of Seabo agreed. Even the Municipality of Bologna agreed.

Nevertheless, during the City Council meeting aimed at approving the act for the merger and the one for the listing, an amendment was passed: it devoted all the earnings of the listing to investments benefiting Bologna community. As a consequence, the other Municipalities of Bologna province threatened not to approve the agreement with Romagna.

In the end of July 2002, an agreement was reached among the Municipalities shareholders of Seabo, the Trade Unions and Seabo. It was stated that employees would not have been dismissed or even transferred. Then extant labour agreement would have been safeguarded.

In September 2002 the Shareholders' Meeting approve the resolution about the merger between Seabo and the utilities of Romagna, the listing of Hera, its business plan and its corporate organization. After a few days, a press conference was arranged: the setting up of Hera was announced. All the actors involved express their satisfaction.

"Si tratta inoltre del più grande progetto finanziario e industriale realizzato dal Comune di Bologna dal dopoguerra ad oggi".

Hera was formally set up in Novembre 2002.

In June 2003 Hera was listed on the Stock Exchange. The next local elections are expected for June 2004.

Based on these premises, firstly the decision to set up Hera seems to take place through a set of decisions unfolding across two different arenas, i.e., the arena where the listing of Seabo and the merger in Hera were

at hand. In particular, it seems that the final point in one arena represents the starting point in the other arena and vice versa: i.e., the order reached in one arena represent the turning point in the other arena. Such turning points are: the agreement about Seabo privatisation and the agreement about the hypothesis to merge Seabo and the Romagna utilities; the disagreement about when listing Seabo and the agreement about not going on with the setting up of Hera; the agreement about setting again with the establishment of Hera; the agreement about the deadline for a deal for the establishment of Hera and the listing of Seabo; the agreement with Trade Unions about the opportunity to merge Seabo and the utilities of Romagna; the final agreement among Seabo shareholders, Seabo management and Trade Unions about the setting up of Hera. In this perspective, six steps can be identified in the decision-making process. Each step is characterised by a set of actions: i.e., situations in which actors join the process and take a side towards the issue at hand⁹. In this perspective, each step can be divided in phases. Exhibit 9.1 shows the decision-making process.

Secondly, the decision to set up Hera seems to take place in a metaphorical space, where a multitude of actors coming from different arenas joins and interacts. Such actors joined other decision-making arena at the same time, and they joined the same decision-making arena in the past.

In this perspective, the decision-making to set up Hera: (1) can be conceptualised as an interaction process unfolding among coalitions of claim-makers within the decision-making arena at hand, across different decision-making arena and over time; (2) can be understood by reconstructing the interplay between its structural and dynamic components, in its interaction with other decision-making arenas and over time. This requires to (1) reconstruct the context-related factors, firm-related factors and issue-related factors that frame the decision-making arena where the interaction process develops, (2) reconstruct the interaction process among coalitions of claim-makers developing within such an arena, and (3) understand the process of interaction in its interplay with the structural components of the decision-making arena (taking into account the interaction with past decisions and other arenas).

Insert Exhibit 9.1 about here

9.2. Decision-making process to form Hera: analysis.

9.2.1. Context-related factors¹⁰.

Context-related factors that frame the arena where the decision-making process to set up Hera unfolded can be clustered into five categories of concepts, according to the dimensions of our conceptual model (Exhibit 9.2).

Firstly, a liberalization force characterized the normative framework at supranational and national level. On one side, there is a set of European Union directives aimed at eliminating public monopolies within the utility industry. On the other side, there is a set of industry-specific laws aimed at introducing competition in gas,

⁹ As showed in Chapter three, decisions can be grasped only thorough actions. In this perspective, we observe actors' behaviour in particular situations. As we are interested in grasping the driving forces that moves actors' behaviour, we focus on the situation when actors have to take sides towards the issue at hand. They can be official meetings, press conferences, moments in which a signature is put on the deed of association etc. In this perspective each phase involves all what happened before these actions.

¹⁰ To make simpler the reading of this chapter, we chose to report just the result of the analysis. On the contrary, this chapter is not the core of our study; it is just useful to test the reliability of the propositions that is possible to formulate about alliance formation (please see the following chapter).

water, waste management, power, mass transit and telecommunication industry. Then since the 1996 a draft bill was debated in the Italian Parliament: the aim was to liberalise the whole local utility industry. After the failure of the end of 2000, such a process was set out again and at the end of 2001 it was closed. At the end of 2001, in fact an article of the financial act was passed. Such an article: (1) forced Local Government to put public services out to tender, (2) forced local utilities to take the status of a joint-stock company, in order to tender, (3) stated that the monopoly system could be extended in case local utilities had given life at a merger of high size and (4) stated that local utilities had to separate the ownership of the network from the management of the services. In this perspective, two separate companies had to be set up: the owner of the network had to be a publicly-owned enterprise, whereas the company managing the services could be privatised (an amendment that excluded listed utilities or utilities near to be listed from such separation was passed as well)¹¹. This article decisively introduces the liberalization in the utility industry. Nevertheless, a regulation setting the details for such a reform was expected. On top of it, many Regions appeal to the Supreme Court claiming the illegitimacy of such a reform. Emilia Romagna Region was one of the claiming Region. Additionally, a liberalization tendency characterised even the regional level, consistent with the laws that Emilia Romagna Region passed in order to introduce the liberalization in the water and waste management industry.

Secondly, a privatisation force characterised the normative framework at national and even local level. At national level the privatisation involved many state-owned enterprises such as the telecommunication company, the domestic power producer, the national airline etc. At local level the tendency towards privatisation characterised the stance of the Bologna Mayor. Already during his electoral campaign the Mayor of Bologna stated his will to privatise Seabo in such a way to earn the financial resources necessary to realise public infrastructures.

Thirdly, a stock-markets dynamics characterized the economic framework at national level. The Stock Exchange reserved good prices at the local utilities that listed their stakes. Nevertheless, at the end of the Summer 2001 the Stock Exchange started to fall down; it crashed on the 11th September, 2001.

Fourthly, industry dynamics characterized the economic framework at national and regional level: i.e., phenomena of industry consolidation were at stake through alliances.

In the end, a corporative culture and some socialist values characterized the socio-cultural framework at local level. On one side, there were strong historical, cultural and political relationships between Bologna and Romagna: in particular, Seabo and Romagna utilities had already joined their forces to face the threats of liberalization in two cases at least. On the other side, there was a strong appreciation for the activity of the public sector organisations; the know-how developed by local utilities and their relationships with the local community were considered as a richness to safeguard.

On top of it, other concepts join the previous ones. They did not fill the classes identified by our conceptual model: they came out from the field; they deal with an institutionalised perception by the actors at hand. They can be related to a socio-cognitive dimension of the context. They take the form of an institutionalised belief concerning the normative and economic framework. In particular, on one side there was a shared conviction that local utility industry was going towards liberalization, on the other side there was a common perception that it was going towards growing levels of competition. In this perspective, the fact that the

¹¹ Thanks to the resolution of the Shareholders' Meeting of the 12 July, 2001 Seabo Bologna was excluded from such a prescription.

merger with Romagna utilities was a good idea was not contrasted by anyone. It seems significant that all the people interviewed highlighted as the process to set up Hera looked like unavoidable under the economic point of view.

Insert Exhibit 9.2 about here

All these factors join factors highlighted in Chapter eight. In most of cases they confirm factors already identified, also enriching and complementing them; in some cases they emphasize transformation in factors previously grasped.

Exhibit 9.3 showed context-related factors split for phases in the moment in which they are collected, integrated with factors already highlighted.

In this perspective, we can identify five critical events in context-related framework. They coincide with a transformation in the features of the normative and economic frameworks. Firstly, they deal with the reform process aimed at liberalizing local utilities: such a reform process was left, then it was passed and in the end some appeals were lodged to the supreme courts against its legitimacy by Regions. Such critical events took place in phase one (sub-phase two) and in phase five (sub-phases one and three) as reported in Exhibit 9.3. Secondly, they deal with the trend of the stock markets: the market started to fall down in the summer 2001 and crashed after the 11th September 2001. Such critical events took place in phase three (sub phases two and three).

Insert Exhibit 9.3 about here

9.2.2. Firm-related factors¹².

Firm-related factors that frame the arena where the decision-making process to set up Hera develops can be distinguished into factors related to the stakeholder system, the corporate strategy and the alliance policy of Seabo¹³.

Consistent with our conceptual model, the stakeholder system of Seabo is characterized by seven classes of stakeholders and three classes of interests: i.e., economic interests as individual interests satisfying through an exchange relationships; social interests as interests benefiting the whole community; political interests as interests of particular constituencies within the whole community. Stakeholders are identified by the interests they aim at satisfying through Seabo activity.

In the end eight categories stakeholder-interest can be identified (Exhibit 9.4)¹⁴.

The first category coincides with "local government" and involves the Municipality of Bologna and the other Municipalities of Bologna province. They are interested that Seabo satisfies Bologna citizens' needs, by providing local community with a good level of services both in quality and quantity: Seabo activity is an

¹² To make simpler the reading of this chapter, we chose to report just the result of the analysis. On the contrary, this chapter is not the core of our study; it is just useful to test the reliability of the propositions formulated about alliance formation. Please, see the following chapter.

¹³ Data about firm-related factors regard Seabo as a whole and not a specific decision-making within it. Consequently, firm-related factors are analysed in Chapter five and synthesized in the following chapters. They could change along the decision-making in term of: (1) the actors involved, (2) their salience, (3) the nature of the relationships among them and (4) the management role. Nevertheless, firstly we consider a short period of time; secondly, no traumatic events happened. Consequently, we focus our attention on transformation in (1) the actors involved and (2) the nature of the relationships among them.

¹⁴ Stakeholders bring stakes towards the viability of Seabo; their contribution is paramount for Seabo activity, and Seabo rewards are paramount for them, even if with different salience. Look at Chapter five for a deep analysis of: stakeholder identification (i.e., stakes towards the viability and profitability of the firm; contributions, rewards and interests each

instrument through which Municipalities can gain part of the consensus necessary to legitimise themselves in front of their communities. In this perspective, they bring social interests.

The second category coincides with "shareholders" and is split into two subcategories "majority shareholders" and "minority shareholders". Such a category involves the Municipality of Bologna (as majority shareholder), the Province of Bologna and the other Municipalities of Bologna province (as minority shareholders)¹⁵. They are interested to finance parts of their activities, usually loss-making public services, by making dividends from Seabo activity. In this perspective, they bring economic interests.

The third category coincides with the employees of Seabo, as represented by Trade Unions; it can be split into three subcategories (i.e., Cgil, Cisl and Uil Trade Unions), according to the political stance of each union (i.e., Cgil has a strong left stance, Cisl and Uil have a more moderate political attitude). They are interested that Seabo satisfies the employees' needs, by ensuring steady levels of employment and good labour conditions. In this perspective, Seabo is an instrument through which Trade Unions can gain the consensus necessary to their own survival. Trade Unions bring political interests.

The fourth category coincides with "clients" and involves Bologna citizens, Bologna enterprises, Bologna public sector organizations etc. They are interested that Seabo satisfies their consumption needs, by providing them with good level of services, both under the qualitative and quantitative dimension. The fifth category is constituted by "suppliers"; it involves all Bologna enterprises that are the main suppliers of Seabo. They are interested that Seabo satisfies their productive capacity, by buying the resources it needs by them. The sixth category is constituted by the "partners" of Seabo in prior alliances; it involves the utilities of the city of Forli, Imola and Ravenna. They are interested to gain new opportunities of development from Seabo and its network of social relationships. All these actors bring economic interests.

The last categories coincide with "management" and involve the Chairman, Board of Directors and management of Seabo¹⁶. Seabo management are interested that Seabo develops its activity in such a way to increase its viability and profitability, supporting the development of local community too. In this perspective, they bring both economic and social interests.

Secondly, such actors are involved in a network of collaborative and adversarial relationships¹⁷. Relationships among Seabo stakeholders can be collaborative, but also adversarial in nature. In particular, as showed in Chapter five and reported in Exhibit 9.5, five categories of relationships can be identified among Seabo stakeholders, according to the level of trust beyond such relationships and the forms of control instituted to govern them. Strong levels of trust characterize the relationships among the Municipalities of

stakeholder aims at satisfying through the activity of the firm); relationships among stakeholders (i.e., level of trust and control beyond each relationship).

¹⁵ It is worth remembering that the Municipality of Bologna and the other Municipalities of Bologna province (i.e., majority and minority shareholders) are also characterized by a different political tendency: central-right for the Municipality of Bologna and central-left for the other Municipalities of Bologna province and for the Province of Bologna. For the first time after the Second World War Bologna Municipality is run by right parties.

¹⁶ As showed in Chapter five, (1) Seabo Chairman was appointed by the Municipality of Bologna, (2) two members of the Board of Directors were appointed by Bologna Municipality, other two by minority shareholders, (3) the management of Seabo was engaged by the former left-wing Mayor. Nevertheless, the relationships among the Directors and the Chairman were good one. It is worth noting as all the members of the Board of Directors gave us a good portrait of Seabo Chairman during the interviews. In the same perspective, the relationships between Seabo Chairman and Seabo management were good one. After his appointment Seabo Chairman highlighted the great sense of identity that characterized Seabo employees. As a consequence, we do not have any problem between Seabo Chairman, Seabo Board of Directors and Seabo management: we can use only one category to indicate them as stakeholders, i.e., Management.

¹⁷ The relationships between Seabo and its stakeholders are collaborative for construction. Stakeholders are in fact identified as bringing a stake to the viability and profitability of the firm. In this perspective, they contribute to its activity: the relationships between stakeholders and Seabo are collaborative.

Bologna province on one side, and among the partners of Seabo on the other side (grade 5). High levels of trust and weak forms of control characterize the relationships between the Municipality of Bologna and Seabo management on one side, and between Cisl Union and Uil Union on the other side (grade 4). Weak levels of trust and strong forms of control characterize the relationships between (grade 3): the Municipality of Bologna and the other Municipalities of Bologna province; the Municipalities of Bologna province and Seabo management; the Trade Unions and the Municipalities as shareholders of Seabo; Seabo management and the Trade Unions; Bologna citizens/enterprises and Bologna Municipality. Minimum levels of trust and systematic contrasts characterize the relationships between Cgil, on one side, and Cisl and Uil, on the other side (grade 2).

In this perspective, the Municipality of Bologna is the more salient stakeholder (at the same time local governments and majority shareholder), followed by the other Municipalities of Bologna province, the Province of Bologna, the Trade Unions, the citizens and business enterprises of Bologna, the Management of Seabo and the partners of Seabo in prior alliances.

Then, as showed in Chapter five, Seabo management engages stakeholders.

Seabo corporate strategy was defined with the approval of "Documento contenente gli indirizzi per le nomine degli amministratori". Such document represents the operationalization of the Mayor policy and should be operationalised into a business plan by Seabo management. It is based on some pillars: (1) strengthening Seabo activity in gas and power industry, (2) contributing to the development of Seabo activity into water industry, according to the reform of such an industry, (3) instituting subsidiaries, (4) increasing the shareholders' value of Seabo, expecting an eventual future privatisation, (5) developing a policy of alliance. No mergers were supposed.

Insert Exhibit 9.4 and 9.5 about here

During the decision-making process to set up Hera the stakeholder system develops along the dimensions of the relationships among shareholders (Exhibit 9.6).

Firstly, the relationships among shareholders broke down in phase two (sub-phase two) when the Municipality of Bologna decided to appoint the General Coordinator without the agreement with the other shareholders: they developed from relationships based on strong forms of control (grade 3) into relationships based on conflict (grade 1). Such relationships came back into equilibrium just in phase three (sub-phase two) when the shareholders agree on the opportunity to list Seabo: they developed from adversarial relationship (grade 1) to a relationship based on strong forms of control (grade 3). Thirdly, shareholders relationships developed into relationships based on systematic contrast in phase four (sub-phase one) when they were not able to reach an agreement about the scheduling of the process to list Seabo (grade 2). They improve such a relationships in the following phase (sub-phase one) (grade 3). Then their relationships got worse in phase six (sub-phase two) dealing with the employment of the resources coming from the listing of Seabo (grade 2), but came back into equilibrium in the next sub-phase (grade 3).

Insert Exhibit 9.6 about here

9.2.3. Issue-related factors.

Different actors join the decision-making arena to set up Hera. They join in different moments, bringing different claims, with different arguments and moving from different arenas (Exhibit 9.7 and 9.8).

Firstly, the Municipalities of Romagna entered into the decision-making arena as claim-makers. They promoted the claim "setting up a merger between Seabo and Romagna utilities" in order to give life at the leading multi-utilities group in Italy, without neglecting the history and tradition of the Romagna local utilities.

Secondly, the Municipalities shareholders of Seabo joined the arena as claim-makers. They supported the claim promoted by Romagna Municipalities with an argument: such a merger would have allowed increasing the shareholder value of Seabo.

Thirdly, even the Management of Seabo entered the decision-making arena as claim-maker and joined such a coalition. They supported the claim to merge Seabo and Romagna utilities with different arguments, such as: (1) increasing the size of the utilities involved, thus increasing their capacity to realize investments, (2) increasing the range of services provided, (3) exploiting the relationships with the local communities.

In the end a negotiated order is reached: Seabo management is entrusted to do all their best to favourite such an agreement.

Such a negotiated order started to become strained when the Mayor of Bologna announces the listing of Seabo by the end of 2001.

Firstly, the Municipalities of Romagna entered into such an arena as claim-makers and promoted the claim "putting off the listing of Seabo" with an argument: i.e., performing the merger with the utilities of Romagna before, and then listing the resulting company. This would have allowed maximizing the earnings of the privatisation.

Secondly, the Emilia Romagna Region entered the decision-making process and joined such an arena. The occasion was the Shareholders' Meeting when the listing of Seabo was at end. In particular, Emilia Romagna Region brought different arguments to support its side: (1) providing local communities with services of a better quality, (2) coordinating the activity of local governments in such a matter, (3) exploiting the existent know-how, (4) creating the leading utilities group in Italy.

The Municipalities of Bologna province, minority shareholders of Seabo, joined the arena as claim-makers and supported the claim promoted by Romagna Municipalities with an argument: increasing the shareholder value of Seabo, thus maximising the revenues of the listing.

Thirdly, the Municipality of Bologna entered such an arena and promotes a different claim, i.e., "going on with the listing of Seabo, without giving up the merger with Romagna". It brings one mainly argument to support its claim, i.e., the two operations are not strictly interrelated.

In the end, the most powerful actor prevails on the others: the listing of Seabo goes on, the relationships among Seabo shareholders are broken, and the talks for the merger stops.

In particular, the Municipality of Bologna, the Municipalities of Romagna, the Chairman of Seabo and the Chairmen of the utilities of Romagna joined the claim to put off the merger, with one arguments: there were shared values and common views, but the deadlines were different. In particular, such order was frozen: on one side, there are the Municipalities of Romagna, the other Municipalities of Bologna province and the Emilia Romagna Region with their claim "prioritising the merger and putting off the listing of Seabo"; on the

other side there is Bologna Municipality: "going on with the listing of Seabo and starting to merge Seabo and the utilities of Romagna".

Such an order was broken when Bologna Municipality supported the claim "putting off the listing of Seabo" and joined the same coalition of the Municipalities of Romagna and minority shareholders. Nevertheless, the Municipality of Bologna joined such a coalition with a claim: listing by the end of March, 2001 otherwise each one could go for different ways. A new negotiated order is reached: it involved all the two arenas at stake.

Such an order was broken when the extreme left and left-wing parties of Bologna City Councils joined the arena with a claim: "devoting every efforts to promote the merger with Romagna and not going on with the listing of Seabo". Secondly, minority Shareholders joined such a coalition always with the same arguments.

In the end the Municipality of Bologna joined such a coalition and a new negotiated order is reached: agreement with the utilities of Romagna by the end of March; otherwise each actor could go for its own.

Such an agreement was reached.

In the end even the Trade Unions support the idea of a merger with the Romagna utilities, in order to increase the shareholder value of Seabo. Nevertheless, they brought some claims as not dismissing and transferring employees and safeguarding extant labour agreements.

Eventually, an agreement was reached with the Trade Unions about the operational arrangements for the implementation of the merger. Additionally, different constituencies of Bologna community support the claim "merging Seabo and the utilities of Romagna and then listing the resulting company" with different arguments such as increasing the shareholders value of Seabo and the value of the whole territory.

All these arguments can be classified into two main categories (Exhibit 9.7). On one side, they support the decision to increase the shareholder value of Seabo, but not support specifically the choice to set up a merger for this purpose. On the other side, they support the decision to set up a merger instead of choosing other strategic instruments to achieve that goal. In particular, the former category highlights the goals that claim-makers aim at reaching through such a merger. The latter category highlights the reasons behind the decision to choose a merger to strengthen Seabo activity and increase its shareholder value, instead of internal development, acquisition, alliances, contracting, network etc. Such reasons are (1) creating the leading multiservices group in Italy, (2) exploiting the industrial advantages of a bigger enterprise, (3) giving life at the first relevant merger among local utilities in Italy. On top of it, another category of reason is at play. Such a reason links the arena where the listing of Seabo and the setting up of Hera are at hand: the merger is in fact able to increase the shareholder value of Seabo, thus allowing its shareholders to maximize the earnings of the privatisation.

Such reasons can be clustered into two categories: i.e., economic reasons, along the competitive advantage dimension, or legitimacy reasons along the dimension of the fashion effects.

In particular, giving life at the first relevant merger among local utilities in Italy can be categorized as a legitimacy reason, whereas all the other reasons are economic ones along the competitive dimension, as reported in Exhibit 9.7.

In this perspective, all the claim-makers involved promote their claim for economic reasons. So the reasons behind the decision to set up the merger were just economic and they were related to what happened in

another decision-making arena, simultaneously at stake: i.e., the decision to perform the merger is interrelated with the decision to list Scabo. In particular, the Municipality of Bologna moves from the arena where the listing of Scabo was at hand: listing Scabo was its main objective. On the contrary, the other actors move from the arena where the merger was at hand: merging Scabo and Romagna utilities was their main objectives. The management of Scabo put themselves on the boundaries between the two arenas: they do not take any side apparently.

On these premises, we have different claims promoted and supported by the claim-makers committed within the decision to form Hera for economic reasons. In particular, three subgroups are at stake: Scabo management, Municipality of Bologna and all the other actors involved.

Not all the claim-makers are stakeholders. The Municipalities of Romagna, the Emilia Romagna Region, the right-wing and left-wing parties, the constituencies of Bologna community are not stakeholders. They do not have a stake towards the viability of Scabo, as the viability of Scabo is not an instrument to satisfy their own interests. In this perspective, they do not contribute to the activity of Scabo and do not expect rewards in exchange. They are moved into action in such a way to ensure the satisfaction of their own interests.

Insert Exhibit 9.7 about here

Such coalitions develop over time through conflicts and negotiations among the actors involved. They expand their boundaries involving other claim-makers. In particular, the Municipalities of Romagna look for other actors supporting their claim in such a way to gain legitimacy for it. In particular, they look for the support of Scabo stakeholders. Their claim gains legitimacy when the minority shareholders and the Trade Unions support it.

In the end, when even the Municipality of Bologna agreed with the claim to put off the listing of Scabo, a first negotiated order is reached. A second negotiated order is reached when the actors at stake agreed about the times of the merging, on one side, and of listing, on the other side. A third negotiated order is reached about the operational arrangements for the implementation of the decision.

Based on these premises, the interaction among different claim-makers develops on three levels. Firstly, it is possible to distinguish between conflict and negotiation. Secondly, it is possible to identify three levels of negotiation. Negotiation develops (1) within the decision-making arena at hand, (2) across different decision-making arenas, and (3) on the operational arrangements for the implementation of the decision.

Summing up, one category of reasons is behind the decision to form Hera: i.e., economic reasons, along the competitive advantage and legitimacy dimension. Several coalitions are formed, involving all the claim-makers at stake. Not all the claim-makers involved are stakeholders. All the claim-makers bring the same reason: economic reasons. Such reasons can be not aligned with their interests. Nevertheless, a strong interaction among the actors involved develops. In particular, such an interaction develops through different levels.

In the end eight critical events can be identified. In phase one (sub-phase four) the Municipalities of Romagna promote the claim "perform a merger between Scabo and the utilities of Romagna": the Municipality of Bologna, the other Municipalities of Bologna Province, the management of Scabo agree with this idea. In phase two (sub-phase two) the Municipalities of Romagna promote the claim "perform a merger between Scabo and the utilities of Romagna, by putting off the listing of Scabo": Emilia Romagna Region and the minority Shareholders support such a claim, whereas the Municipality of Bologna promotes and

opposite claim. In phase two (sub-phase four) all the actors involved agree on the opportunity to stop the process of setting up Hera. In phase three (sub-phase two) Cgil Union rose up against Seabo privatisation and support the claim promoted by Romagna Municipalities; in the end (sub-phase three) the Municipality of Bologna accepts the proposal of the Municipalities of Romagna and joined the same coalition. In phase four (sub-phase one) left-wing parties and extreme-left parties of all the City Councils involved agree with such a claim. In phase five (sub-phase two) even the Trade Unions join such a coalition, together with other constituencies of Bologna community (sub-phase three).

Insert Exhibit 9.8 about here

9.3. Decision-making process to form Hera: interpretation.

The process of making the decision to set up Hera develops through the interaction among the Municipalities of Romagna, the Emilia Romagna Region, the Municipality of Bologna, the Province of Bologna, the other Municipalities of Bologna province, the extreme-left and left-wing parties, the right-wing parties, the Chairman and Board of Directors of Seabo, the Cgil, Cisl and Uil Unions and some constituencies of the Bologna community. Such an interaction develops both within the decision-making arena where the setting up of Hera is at hand and across the interaction with the arena where the listing of Seabo is debated.

In particular, all the actors involved with the setting up of Hera joined the decision-making arena where the issue is at hand with economic reasons. Nevertheless, they did not support the same claim: they give life at different coalitions. Such coalitions developed both through conflicts and negotiations. In particular, negotiations developed on three levels, i.e., within the decision-making arena at hand, across different decision-making arenas and on the operational arrangements for the implementation of the decision. In the end a negotiated order is reached: i.e., (1) merging Seabo and the utilities of Romagna before, then listing the resulting company on the Stock Exchange, (2) not dismissing or transferring employees and safeguarding the existent labour agreements, (3) listing a stake lower than a 50% stake, setting aside a share of Seabo stake for workers and employees, reinvesting part of the earnings of the listing in the activity of the company. It is not the better solution for each actor involved, but it is the solution with which everyone thinks it is possible to live. In this perspective, coalitions of claim-makers develop through conflicts and negotiations, even if all the actors involved bring economic reasons to support their side.

Based on these premises, in order to understand why the coalitions of claim-makers develop in such a way, it is necessary to look at how the structural components of the decision-making arena interact with the development of the coalitions of claim-makers.

In this perspective, some considerations can be expressed about the interplay among critical events in context-related factors, firm-related factors and issue-related factors.

Firstly, we identified five critical events in context-related factors. They can be divided into two groups. The former is related to the normative framework at national level. Such critical events take place in phases one (sub-phase two) and five (sub-phase one and three): (1) the liberalization process was abandoned, (2) it was passed with the financial act, and (3) some appeals were lodged against its legitimacy. The latter is related to the economic framework at national level along the stock-market dimension. Such critical events take place in phase three (sub-phase two and three): (1) the stock market started to fall down and (2) then it crashed.

Secondly, we found out six critical events in the firm-related factors. They are related to evolutions in the relationships among the shareholders of Seabo. They take place in phases two (sub-phase two), three (sub-phase two), four (sub-phase one), five (sub-phase one) and six (sub-phase two and three). The first critical event consists in the breaking of the relationships among Seabo shareholders. The second event consists in the coming back of such relationships into equilibrium. The third event consists in the development of shareholder relationships towards relationships based on systematic contrasts and the fourth event consists in their coming back into equilibrium. The fifth event consists in a further worsening of shareholders' relationship, even if they did not reach a breaking. In the end, the relationships among Seabo shareholders come back into relationships based on low level of trust and strong form of control. In this perspective, it is worth noting that Seabo minority shareholders asked that the *Comitato Soci* was safeguarded, even after the setting up of Hera.

Thirdly, we identified eight critical events in the issue-related factors; they take place in phases one, two, three, four and five: (1) the Municipalities of Romagna promote the claim "perform a merger between Seabo and the utilities of Romagna", and the Municipality of Bologna, the other Municipalities of Bologna Province, the management of Seabo agree with this idea (sub-phase 1.4), (2) the Municipalities of Romagna promote the claim "perform a merger between Seabo and the utilities of Romagna, by putting off the listing of Seabo" and Emilia Romagna Region and the minority shareholders support such a claim, whereas the Municipality of Bologna promotes an opposite claim (sub-phase 2.2), (3) all the actors involved agree on the opportunity to stop the process of setting up Hera (sub-phase 2.4), (4) Cgil Union rose up against Seabo privatisation and support the claim promoted by Romagna Municipalities (sub-phase 3.2), (5) the Municipality of Bologna accepts the proposal of the Municipalities of Romagna and joined the coalition, thus supporting the merger by putting off the listing of Seabo (sub-phase 3.3), (6) left-wing parties and extreme-left parties of the City Councils involved agree with such a claim (sub-phase 4.1), (7) even the Trade Unions join such a coalition (sub-phase 5.2), (8) together with other constituencies of Bologna community (sub-phase 5.3).

Some relationships seem to link such critical events (Exhibit 9.9).

In phase one context-related factors develop and neither firm-related factors, nor issue-related factors develop. In this perspective, it seems difficult to suppose a relationship between the evolution of context-related factors and the evolution of firm-related factors and issue-related factors. Such a relationship cannot be supposed even in the long term. In front of the failure of the legislative process aimed at liberalizing the utility industry, the Municipalities of Romagna, the Municipalities shareholders of Seabo and the Chairman of Seabo agree on the opportunity to explore the possibility of a merger, thus facing the threats and grasping the opportunities of liberalization. Such a process followed with the same argumentation for the whole time span considered. In particular, it continues when the reform of the utility industry was passed and it continues when some Regions lodge an appeal against its legitimacy as well (phase five). Such appeals create uncertainty; Emilia Romagna Region was one of the Regions that lodge the appeal; nevertheless, the process of setting up Hera continues. Such a relationship seems to be confirmed by what happens in sub-phase 3.2: context-related factors develop and issue-related factors develop as well; nevertheless, they develop in opposite direction. In particular, the stock market started to fall down and the Municipality of Bologna and the Management of Seabo announced to be ready to list Seabo. Even firm-related factors develop, as the

relationships among Seabo shareholders brought back into equilibrium. Nevertheless, there are not grounds to suppose a relationship between such factors. On the other side, it seems possible to suppose a relationship between context-related factors and issue-related factors in sub-phase 3.3: they develop together and in the same direction. In front of the crash of the stock market due to the act of terrorism of the 11th September 2001, the Municipality of Bologna accepted to subordinate the listing of Seabo to the merger with Romagna utilities.

In phase two firm-related factors change and issue-related factors change. They also change within the decision-making arena where the listing of Seabo was at hand. In particular, in front of the conflicts among Seabo shareholders about the appointment of the General Coordinator, the relationships within the stakeholder system get worse. This can be linked with the development in the issue-related factors: the idea to perform Hera was abandoned. In this perspective, there are ground to suppose a relationship among what happened in an interrelated arena, the firm-related factors and the issue-related factors. In particular, the stakeholder system seems to introduce within the arena at hand the effect of the interaction among claim-makers about an interrelated issue. Such a relationship seems to be confirmed by the evolution of the firm-related factors in phase three and the evolution of issue-related factors in the following step of the same phase. On one side, the relationships among shareholders brought back into equilibrium, on the other side the Municipality of Bologna joined the claim to put off the listing of Seabo, thus subordinating it to the merger with Romagna utilities. The same thing happened in phase four and five.

In the end, in sub-phase 2.2 issue-related factors change, but never context-related factors nor firm-related factors change as well.

Based on these premises, a set of relationships seems to exist among the elements of the conceptual model: the side that claim-makers took towards the issue at hand and their interaction process seem interact with firm-related factors, even through what happened in other arenas. Firm-related factors change and issue-related factors change and vice versa. Just context-related factors seem do not interact both with firm-related factors and issue-related factors. The development of the contextual factors is linked with the claim-makers interaction only once: after the terrorist attack with the 11th September.

Insert Exhibit 9.9 about here

We maintain that this can be explained on the basis of the fact that the decision-making process to set up Hera develops within an arena that frames it, but that it contributes to shape as well. The interaction among coalitions of claim-makers modified the rules of the game, even unfolding within such a system of rules: it flies in the face of existent rules and aims at modifying it.

In particular, firstly the decision to set up Hera seems to be understandable by considering the actions of the actors to shape the system of rules: such process in fact unfolds within a system of rules that actors contribute to create. In this perspective, it is worth noting that the interaction among claim-makers develops through conflicts and negotiations (even across different arena, within the same arena and on the operational arrangements for the implementation of the decision): actors have to define a new system of rules.

In this perspective, at contextual levels there are different forces, but there is also a dimension created by actors, resulting from their perception. Such a dimension filters the contextual forces and reduce their impact over the interaction among the actors at stake. It is the belief that the utility industry is going towards

liberalization. At firm level there is a stakeholder system that actors transformed: in the end all the stakeholders system of Seabo is completely changed. At issue level there are some actors that support different claims, by bringing economic reasons. Some actors are stakeholders, other are not: the Municipalities of Romagna, the Emilia Romagna Region, the right and left wing parties, the constituencies of Bologna community are not stakeholders. As a consequence, the drivers of the actors' behaviours within the decision-making arena do not coincide with stakeholders' interests necessarily. On top of it, even the behaviours of stakeholders acting as claim-makers seems to be driven by reasons different from their interests. In this perspective, it is worth noting that all the actors involved bring economic reasons; nevertheless they give life at different coalitions and interact through conflict and negotiation. We maintain that this can be explained looking at the composition of such coalitions. On one side, we have the Municipality of Bologna, on the other side we have the Municipalities of Romagna, the Emilia Romagna region, the Municipalities that are minority shareholders of Seabo, the left-wing and the extreme left parties of all the Municipalities involved and the Cgil Union. All such actors share a common political stance: ... (...). The Municipality of Bologna is characterized by a right wing stance, whereas the other actors involved joined a left-wing political stance. In this perspective, there are ground to suppose that the actors' interaction is embedded in a political interaction. As a consequence, the actor interaction seems to be driven by claim-makers aiming at satisfy their personal interests (and not by stakeholders aiming at ensuring the viability of Seabo), at least in the short time. So the Municipalities' behaviour is driven by the contraposition between the political party, in the same way the political dimension seems to drive drive the Trade Unions' action.

Secondly, the decision to set up Hera seems to be understandable within the set of rules established by the decision-making arena: such a process unfolds within a system of rules that actors accept.

At contextual level there is a tendency towards liberalization and privatisation, some dynamics towards competition, some socialist values, a corporative values and a cultural shock because of the shift from left-wing parties to right-wings parties: social values, corporative culture and the political shock characterize actors interaction. At firm level there is a system of actors structured in collaborative and adversarial relationships that have a stake in the viability of the firm. It is that system of actors that brought back the interaction into a shared framework. At issue level there are some actors that share the common interest for the viability of Seabo. In this perspective, in fact Seabo management and even the Trade Unions enter the process more than once exhorted shareholders to come back their relationships into equilibrium. On the other side, Shareholders know on their own they have to bring back their relationships into equilibrium, for the best of Seabo.

Insert Exhibit 9.10 about here

In this perspective, the role of the Municipalities of Romagna and the role of Seabo management look paramount. The Municipalities of Romagna promote a claim aimed at putting the stakeholder system out of its hinges. Seabo management try to keep such a system together. In particular, Seabo management does not take an evident part in the decision-making process. Seabo management does its job on one side, by showing how the merger is economically feasible; on the other side it takes a mediation role among all the actors involved, by exhorted the actors involved to operate for the best of Seabo. In this way Seabo management reaches two important objectives: strengthening Seabo activity on one side, and joining Bologna and Romagna on the other side.

Summing up, we can think that the coalitions of claim-makers develop through conflicts and negotiation across different arenas and on different levels why: (1) the decision-making process to set up Hera contribute to define new rules of the game, (2) within a decision-making arena where the stakeholders involved rooted their action.

The decision-making seems to develop (1) breaking the script written by the stakeholders system (changing the network of their relationships and going beyond the strategic goals they established), (2) thanks to the improvisation of single actors. Such actors are external to the stakeholder system of Seabo. They can make proposals that the stakeholders cannot do. The other actors at play have to readapt their role and modify their actions around that improvisation and the show goes on. In the end, a new order is established on the stage. It could be not the best orders for each actor involved: some actors can loose their role as main characters. Nevertheless, in the end the audience applauds: i.e., the viability of the firm is ensured.

The actors that activate the whole process are the Municipalities of Romagna. The management of Seabo keep the system together.

9.4. Reasons behind the decision by Seabo to form Hera.

The decision about the setting up of Hera develops within an arena characterized by a liberalization and privatisation tendency, industry and stock markets dynamics, socialist values and a corporative culture. The institutionalisation of a shared belief that (1) the normative framework is going towards liberalization and (2) the economic framework is going towards growing levels of competition is also at hand.

The stakeholder system framing such a decision-making process is composed by actors bringing economic, political and social interests; it depends on their role as stakeholders. Such actors are embedded in a network of collaborative and adversarial relationships. In particular, Seabo management brings both an economic interest towards the viability and profitability of Seabo and a social interest towards the development of the local community. Additionally the pillars of the corporate strategy that stakeholders identified and their attitude towards the establishment of alliances represent other structural elements of the decision-making arena.

Within this framework the Municipalities of Romagna propose to perform a merger between Seabo and the utilities of Romagna, by putting off the listing of Seabo. The aim was to create the first leading multi-services group in Italy and making the most by its listing on the Stock Exchange. This claim was immediately supported by all the actors that shared a left-wing stance, whereas Bologna Municipality sets itself against it. Just one reason was at play: it was an economic reason both along the competitive and legitimacy dimension. The actors involved do not bring reasons consistent with their interests as stakeholders necessarily. In this perspective, even if only one reason is at play and all the actors agree on the opportunity to merge Bologna and Romagna more than one coalition is formed: the process develop thorough conflict and negotiation, across different arenas. In particular, negotiated or conflict-based orders are reached and continuously got over. In the end an order is reached. It is not a negotiated order within only one arena among actors that brought different reasons. It is the result of a conflict, where a party-political contraposition is at stake; it is a negotiated order across different arenas. On one side, the Municipality of Bologna aims at listing Seabo in such a way to earn resources to realise some public infrastructure; on the other side, the Municipalities of Bologna province aim at merging Seabo with the utilities of Romagna. In the end, on one side the Municipalities of Bologna province acting as minority shareholders got that the listing was put off and the

merging was performed; on the other side the Municipality of Bologna acting as majority shareholder got that the listing was performed, with high returns thanks to the merger. On top of it, the Trade Unions got that no employees were dismissed or even transferred and that the old labour agreement were safeguarded.

In this perspective, Scabo seems to set up Hera for only one reason. In particular, the decision to set up Hera is supported by economic reasons along the competitive advantage and legitimacy dimension. Nevertheless, a political interactions seem to explain the relationships among the actors involved. Such a decision is also supported both by prior alliances and the network of personal relationships in which Scabo is involved.

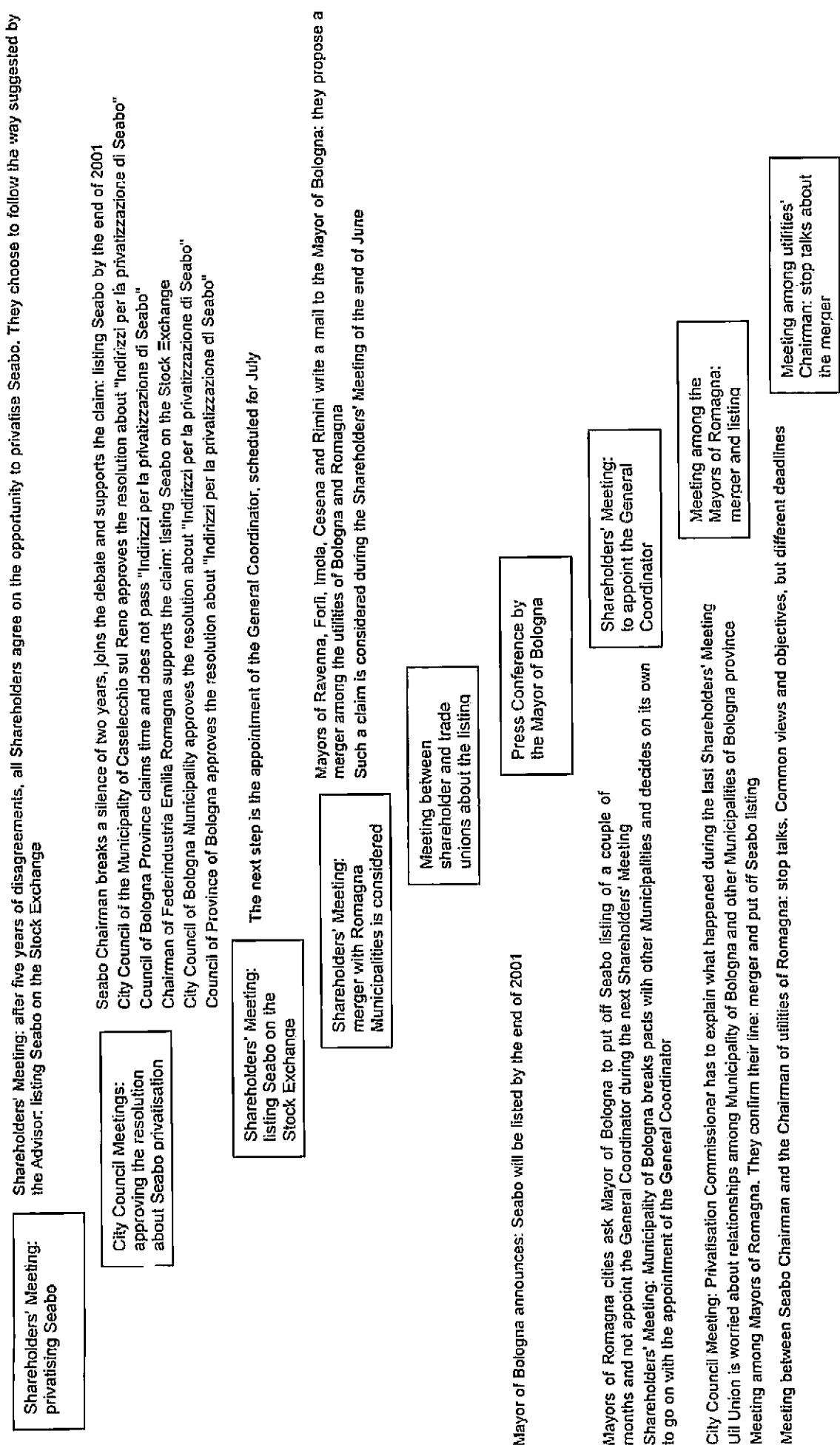
The involvement of only one reason in the decision to set up Hera can be explained looking at how the coalition of claim-makers develops within the decision-making arena. In particular, it develops breaking the script written by the stakeholder system, thanks to the action of some actors that: behave as claim-makers even when they are stakeholders (IF), filter and interpret the context-related factors (CF*IF, CF*FF), and drive the claim-maker interaction (IF*FF). It develops thanks to the improvisation of external actors. In this perspective, such actors cannot avoid conflict and pilot the interaction among the other actors involved. It is a managerial task to do it. On top of it, the stakeholder system helps actors to safeguard their collaborative relationships with Scabo.

Based on these premises, we can think that the merger is the result of the prevailing of one claim-maker over the other. Just its structure can be the result of a compromise among different actors. The merger changes the status of different stakeholders and the rules of their interaction. Economic rationality supports such a decision; nevertheless, political reasons seem to be at stake and drive the interaction among different claim-makers.

Insert Exhibit 9.11 about here

What are the reasons behind the decision by Seabo to form Hera?

Exhibit 9.1. Chronological list of actions. Decision-making process to set up Hera (May 2001–November 02).



Meeting of Comunione e Liberazione in Rimini

Shareholders' Meeting: Shareholders continue to stay on different sides of the river. Listing by the end of 2001 for Municipality of Bologna, waiting for utilities of Romagna for other Municipalities
Meeting of "Comunione e Liberazione" di Rimini, Barilli announces: Seabo listed by Christmas time

Shareholders' Meeting: equilibrium is brought back

Cgil Union arises against the announcement to list Seabo by the end of the year
Shareholders' Meeting: equilibrium among Municipalities is brought back, but they continue to support different claim

Meeting between Seabo shareholders and Mayors of Romagna cities

Meeting between Seabo Shareholders and Mayors of Romagna cities: Shareholders of Seabo accept the proposal made by Romagna. Nevertheless, Municipality of Bologna put a clause: listing by 31march02, whereas ciascuno per la sua strada

Shareholders' Meeting

City Council Meeting. Left-wing parties vote against the development of the process to list Seabo. Nevertheless this process was approved by a majority of vote

1stShareholders' Meeting: Shareholders do not agree: the next step for listing Seabo does not pass

2ndShareholders' Meeting: Shareholders do not reach an agreement

3th Shareholders' Meeting: Debate about listing Seabo is put of. New issue arises: New Memorandum of Association for Seabo

4thShareholders' Meeting: an agreement is reached among Seabo Shareholders.

31March deadline for an agreement with Romagna. Meanwhile Seabo listing continue. Whether an agreement is not reach by 31 March, Seabo will be listed on Stock Exchange on its own

City Council Meeting

General Agreement between Municipalities of Bologna and Romagna: negotiations for Hera can start

City Council of Casalechio passes the agreement with Romagna. It passes also the new Memorandum of Association for Seabo

City Council of Bologna Municipality passes the agreement with Romagna and Memorandum of association of Seabo

1st Meeting among Trade Unions, Shareholders and Seabo

The Privatisation Commissioner of Bologna Municipality and the Mayors of Romagna sign the deed of Hera

2nd Meeting among Trade Unions, Shareholders and Seabo

Deed of Hera by July and listing on the Stock Exchange by the end of 2002

3rdMeeting among Trade Unions, Shareholders and Seabo

Cna supports Hera institution and listing

Hera is set up: Seabo shareholders sign an agreement in Bologna, Romagna shareholders sign an agreement in Cesena

Other claim-makers support the setting up of Hera and the listing of Seabo

Deed of Hera

Formal agreement about Hera among Seabo, Trade Unions and Shareholders

Exhibit 9.2. Context-related factors: categories of concepts (Hera May 2001-November 2002).

NORMATIVE FORCES		
NRM	SUPRANATIONAL LEVEL	
	EU	LIB: liberalization tendency
NRM	NATIONAL LEVEL	
	NAT	LIB: liberalization tendency
		Liberalization in TLC industry: national law Liberalization in gas industry: Legislative Decree Introducing liberalization in public utility industry: draft bill debated in Italian Parliament Liberalization in water and waste management industry: Legislative Decree Liberalization in power industry: Legislative Decree The draft bill aimed at introducing the liberalization in public utility industry is abandoned The art. 35 of the financial act is approved: the liberalization process achieves its goals Some Regions appeal to the Supreme Court against the legitimacy of the local utility reform National policy: towards the privatisation of utilities
		PRV: privatisation policy
NRM	REGIONAL LEVEL	
	REG	LIB: liberalization tendency
		Emilia Romagna Region appeals to the Supreme Court against the legitimacy of the local utility reform
NRM	LOCAL LEVEL	
	LOC	
NRM	PERCEPTION	
	PRC	LIB
		Trend in legislative environment: toward liberalization
ECONOMIC FORCES		
ECO	NATIONAL LEVEL	
	NAT	STM: stock-market dynamics
		Euphoria of Stock Market: good share price for public utilities that list their stakes Stock Exchange continues to fall down Bullish Market for the share of local utilities Twin Tower terrorist attack: stock-market crashes
ECO	REGIONAL LEVEL	
	REG	IND: industry dynamics
		Dynamism among local utilities in Emilia Romagna region: enter the TLC industry Dynamism among local utilities in Emilia Romagna region: enter the power industry
ECO	PERCEPTION	
	PRC	CMP: competitive trend
		Trend in competitive environment: enhanced dynamism and expectation for fiercer competition
	PRC	FIN: financial trend
		Euphoria for TLC industry: high investments in TLC industry and good revenues
SOCIO-CULTURAL FORCES		
SCT	LOCAL LEVEL	
	LOC	CRP: corporative culture
		Strong relationships between Bologna and Romagna: they have worked together for one year Hera as primus inter pares, able to play a coordination role among the utilities of Romagna
W	IF	SOC: socialist values
		Appreciation of the activity of public sector organization: facing together the private enterprises

Exhibit 9.3. Context-related factors: identifying the turning points (Hera May 2001-November 2002).

	EU			NAT			REG			LOC			PRC
	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	NRM	ECO	SCT	
	LIB			FAIL-LIB	IND		LIB	IND		PRV	CRP		LIB
		CRS-STM			CRS-STM						SOC		CMP
											POL-SHF		FIN
1a Shareholders' Meeting: privatizing Seabo	lib				ind		lib	ind		prv	crp		lib
					STM						soc		cmp
											pol-shf		
2a City Council Meetings: approving the Resolution about Seabo privatisation	lib			FAIL-LIB	ind		lib	ind		prv	crp		LIB
											soc		cmp
											pol-shf		
3a Shareholders' Meeting: listing Seabo at the Stock Exchange and appointing the General Coordinator by July	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
4a Shareholders' Meeting: merger with Romagna Municipalities is considered	lib			faillib	ind		lib	ind		prv	CRP		lib
											soc		cmp
											pol-shf		
5a Meeting between Shareholders and Trade Unions about the listing of Seabo	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
1b Press Conference by the Mayor of Bologna	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
2b Shareholders' Meeting to appoint the General Coordinator	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
3b Meeting among Mayors of Romagna: merger and put off Seabo listing	lib			faillib	ind		lib	ind		prv	crp		LIB
											soc		cmp
											pol-shf		
4b Meeting between Seabo Chairman and the Chairmen of the utilities of Romagna	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
1c Meeting of Comunione e Liberazione in Rimini	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
2c Shareholders' Meeting: equilibrium is brought back	lib			faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
3c Meeting between Seabo Shareholders and Mayors of Romagna cities	lib	STM-TWT		faillib	ind		lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
1d Shareholders' Meeting	lib	stm-twt		faillib	ind	stm-twt	lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
1e City Council Meetings	lib			LIB	ind		APP-LIB	ind		prv	crp		lib
											soc		cmp
											pol-shf		
2e 1st Meeting among Trade Unions, Shareholders and Seabo	lib			app-lib	ind		app-lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
3e Deed of Hera	lib			APP-LIB	BULL-PRV	STM		ind		prv	crp		lib
							app-lib				SOC		cmp
											pol-shf		
1f Formal agreement about Hera	lib			app-lib	ind		app-lib	ind		prv	CRP		lib
											soc		CMP
2f City Council Meetings	lib			app-lib	ind		app-lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
3f Meeting with Trade Unions	lib			app-lib	ind		app-lib	ind		prv	crp		lib
											soc		CMP
											pol-shf		
4f Shareholders' Meeting	lib			app-lib	ind		app-lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		
5f Press Conference	lib			app-lib	ind		app-lib	ind		prv	crp		lib
											soc		cmp
											pol-shf		

* FAIL-LIB failure of the reform process

** BULL-STM bullish stock market

*** STM TWT terrorist attack 11 September 2001

**** APP-LIB lodging in appeal against the liberalization reform

Exhibit 9.4. Firm-related factors: identifying stakeholders, interests, and their turning points (Hera May 2001-November 2002).

	LG (CTZ)	MJSHR	MINSH	TU (EMP)	MNG	CLI	SUP	PRT
MuBo	SOC	ECO						
MuCs	SOC	ECO						
MuSL	SOC	ECO						
MuGr	SOC	ECO						
PrBo		ECO						
OthMu	SOC	ECO						
Cgil				POL				
Cisl				POL				
Uil				POL				
MngSb					ECO-SOC			
Ctz						ECO		
BBss						ECO	ECO	
Cis FL								ECO
Ami IM								ECO
Area RV								ECO
Cir Group								

Exhibit 9.5. Firm-related factors: identifying stakeholders' relationships and their turning points (Hera May 2001-November 2002).

	MuBo	MuCs	MuSL	MuGr	PrBo	OthMu	Cgil	Cisl	Uil	MngSb	Ctz	BBss	Cis FL	Ami IM	Area RV	Cir Group
MuBo		3	3	3	3	3	3	3	3	4	3	3				
MuCs			5	5	5	5	3	3	3	3						
MuSL				5	5	5	3	3	3	3						
MuGr					5	5	3	3	3	3						
PrBo						5	3	3	3	3						
OthMu							3	3	3	3						
Cgil	3	3	3	3	3	3		2	2	3						
Cisl	3	3	3	3	3	3	2		5	3						
Uil	3	3	3	3	3	3	2	5		3						
MngSb	4	3	3	3	3	3	3	3	3				5	5	5	
Ctz	3															
BBss	3															
Cis FL										5				5	5	
Ami IM										5				5	5	
Area RV										5				5	5	
Cir Group																

- REL1 conflict
- REL2 systematic contrasts
- REL3 weak trust and strong control
- REL4 strong trust and weak control
- REL5 collaboration


 critical events in firm-related factors

Exhibit 9.6. Firm-related factors: identifying the turning points (stakeholders and relationships).

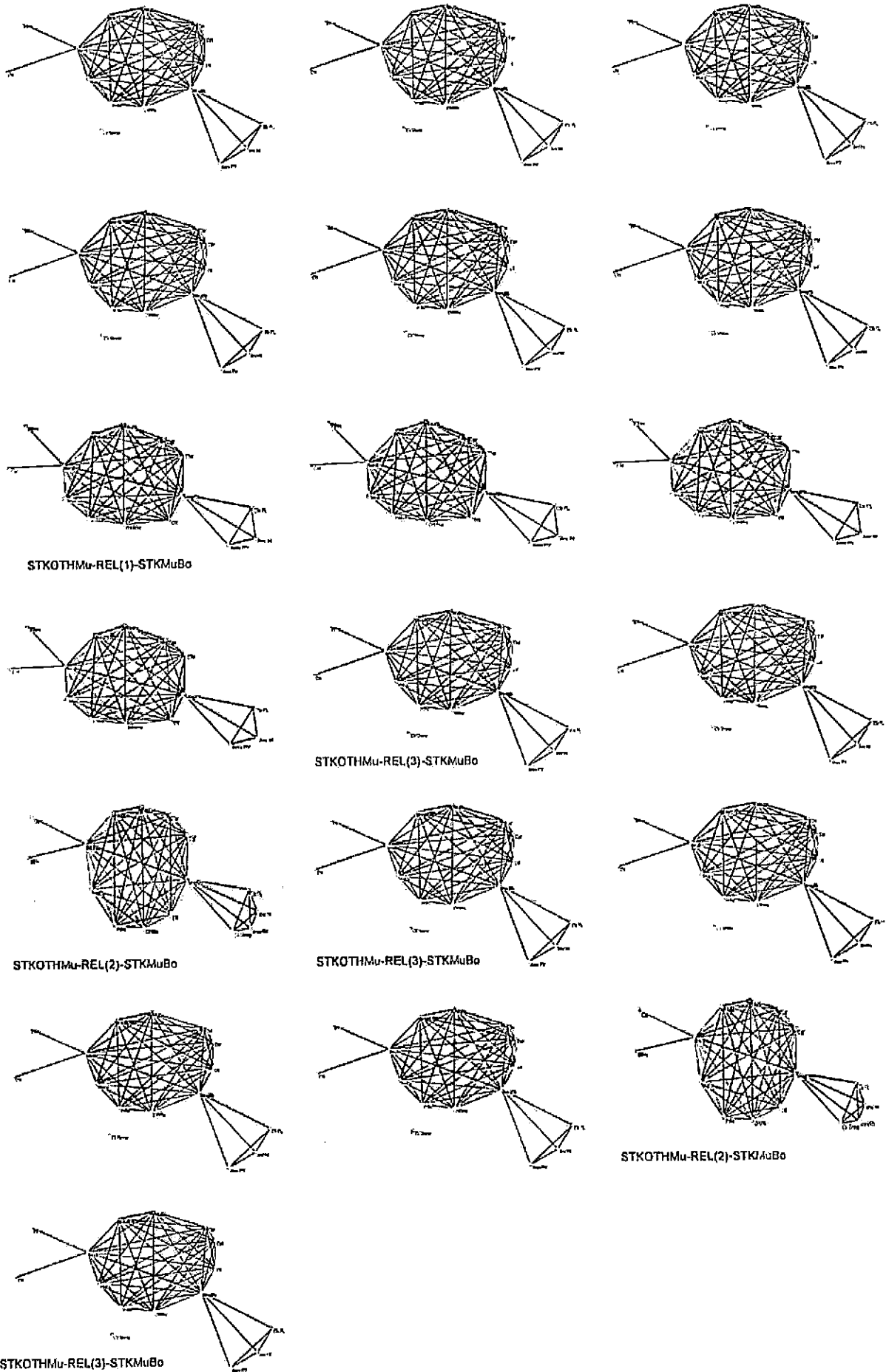


Exhibit 9.7. Issue-related factors (reasons): categories of concepts (Hera May01-Nov02)

GOAL

GL	ECONOMIC	
	ECO	Increasing the shareholder value of Seabo
GL	SOCIAL	
	SOC	Coordinating policies of local governments about provision of public services Benefiting citizens with services of higher quality

REASONS

RSN	ECONOMIC	
	ECO CMP: competitive-advantage	Giving life at a leading multi-utility group in Italy
	ECO OAR: other arena	Maximising the earnings of the listing
RSN	LEGITIMACY	
	LGS FSH: fashion effect	Exploiting the industrial advantages of a bigger enterprise Realising the first relevant merger among local utilities in Italy

Exhibit 9.8. Issue-related factors (reasons and claim-maker coalitions): identifying the turning points (Hera May 2001-November 2002).

CLX	PHASE 1.1			PHASE 2.2			PHASE 2.4			PHASE 3.2		
	CU(mrg)	bu	CU(2)	CU(mrg-ist)	bu	CU(ist-mrg)	CU(stoamrg)	bu	CU(2)	CU(mrg-ist)	bu	CU(ist-mrg)
Chairman of Emilia	ECO-GL ECO-RSN					ECO-RSN						ECO-RSN
Management of Emilia						ECO-RSN	ECO-RSNA					ECO-RSN
Municipality of Bologna	ECO-GL					ECO-RSN	ECO-RSNA					ECO-RSN
Municipality of Casalecchio sul Reno	ECO-GL			ECO-RSN ECO-RSNA			ECO-RSNA			ECO-RSN ECO-RSNA		
Municipality of Granofola	ECO-GL			ECO-RSN ECO-RSNA			ECO-RSNA			ECO-RSN ECO-RSNA		
Municipality of San Lazzaro	ECO-GL			ECO-RSN ECO-RSNA			ECO-RSNA			ECO-RSN ECO-RSNA		
Other Municipality of Bologna Province	ECO-GL			ECO-RSN ECO-RSNA			ECO-RSNA			ECO-RSN ECO-RSNA		
Province of Bologna	ECO-GL			ECO-RSN ECO-RSNA			ECO-RSNA			ECO-RSN ECO-RSNA		
Cgil										ECO-RSN		
Cisl												
Uil												
Municipalities of Romagna	ECO-RSN			ECO-RSN			ECO-RSNA			ECO-RSN		
Emilia Romagna Region				ECO-GL ECO-RSN ECO-RSNA						ECO-GL ECO-RSN ECO-RSNA		
Left-wing party												
Right-wing party												
Constituencies												

CLX	PHASE 3.3			PHASE 4.1			PHASE 5.2			PHASE 5.1		
	CU(mrg-ist)	bu	CU(ist-mrg)	CU(mrg-ist)	bu	CU(ist-mrg)	CU(mrg-ist)	bu	CU(ist-mrg)	CU(mrg-ist)	bu	CU(ist-mrg)
Chairman of Emilia	ECO-RSN ECO-RSNA	being by31March00										
Management of Emilia	ECO-RSN ECO-RSNA	being by31March01		ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Municipality of Bologna	ECO-RSN ECO-RSNA	being by31March01		ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Municipality of Casalecchio sul Reno	ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Municipality of Granofola	ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Municipality of San Lazzaro	ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Other Municipality of Bologna Province	ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Province of Bologna	ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	agreement by31March01		ECO-RSN ECO-RSNA			ECO-RSN ECO-RSNA	no discussing no transferring old agreement	
Cgil	ECO-RSN			ECO-RSN			ECO-RSN	no discussing no transferring old agreement		ECO-RSN	no discussing no transferring old agreement	
Cisl							ECO-RSN	no discussing no transferring old agreement		ECO-RSN	no discussing no transferring old agreement	
Uil							ECO-RSN	no discussing no transferring old agreement		ECO-RSN	no discussing no transferring old agreement	
Municipalities of Romagna	ECO-RSN			ECO-RSN	agreement by31March01		ECO-RSN			ECO-RSN		
Emilia Romagna Region												
Left-wing party				ECO-RSN ECO-RSNA	agreement by31March01							
Right-wing party	ECO-RSN ECO-RSNA	being by31March01		ECO-RSN ECO-RSNA	agreement by31March01							
Constituencies										ECO-RSN ECO-GL		

abc actors that promote the claim
 actors that join the coalition

Exhibit 9.10. Reasons behind the decision to set up Hera by Seabo.

Hera		Claim-maker	Stakeholder	Interests
Reasons	Economic reasons (competitive advantage dimension)	Municipalities of Romagna	.	.
		Municipality of Bologna	Shareholder and Local Government	Economic interest Social interest
		Other Municipalities of Bologna province	Shareholder and Local Government	Economic interest Social interest
		Seabo Chairman and Board of Directors	Seabo Management	Economic interest Social interest
		Cgil	Trade Union	Political interest
		Cisl	Trade Unions	Political interest
		Uil	Trade Unions	Political interest
		Constituencies		
		Political reasons		
		Social reasons		
Interaction	Conflict	Other Municipalities of Bologna province	Municipalities of Romagna	Municipality of Bologna
	Negotiation within the arena	Municipalities of Romagna	Municipality of Bologna	Other Municipalities of Bologna province
		Cgil	Cisl	Uil
	Negotiation on the operational arrangements for the implementation of the decision	Cgil	Municipality of Bologna	Other Municipalities of Bologna province
		Cisl	.	.
Negotiation across different arenas	Municipalities of Romagna	Municipality of Bologna	Other Municipalities of Bologna province	
	Cgil	Cisl		
		Uil		

Just one reasons is at stake and behind the decision to perform the merger

Not all the claim-makers involved are stakeholders as well

Claim-makers bring even reasons that do not coincide with their interests as stakeholders. All the actors involved bring economic reasons

More than one coalition is formed: the actors joining the same coalition share a common political stance. Coalitions develop through conflict and negotiation (within the arena at hand, across different arenas, on the operational arrangement for the implementation of the decision)

Decision-making process unfolds through negotiated orders, continuously brought into play and get over

In the end the most powerful actors prevail. A negotiated order is reached across different arenas and on the operational arrangements for the implementation of the decision

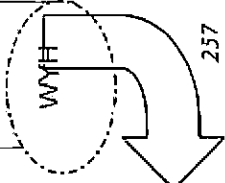
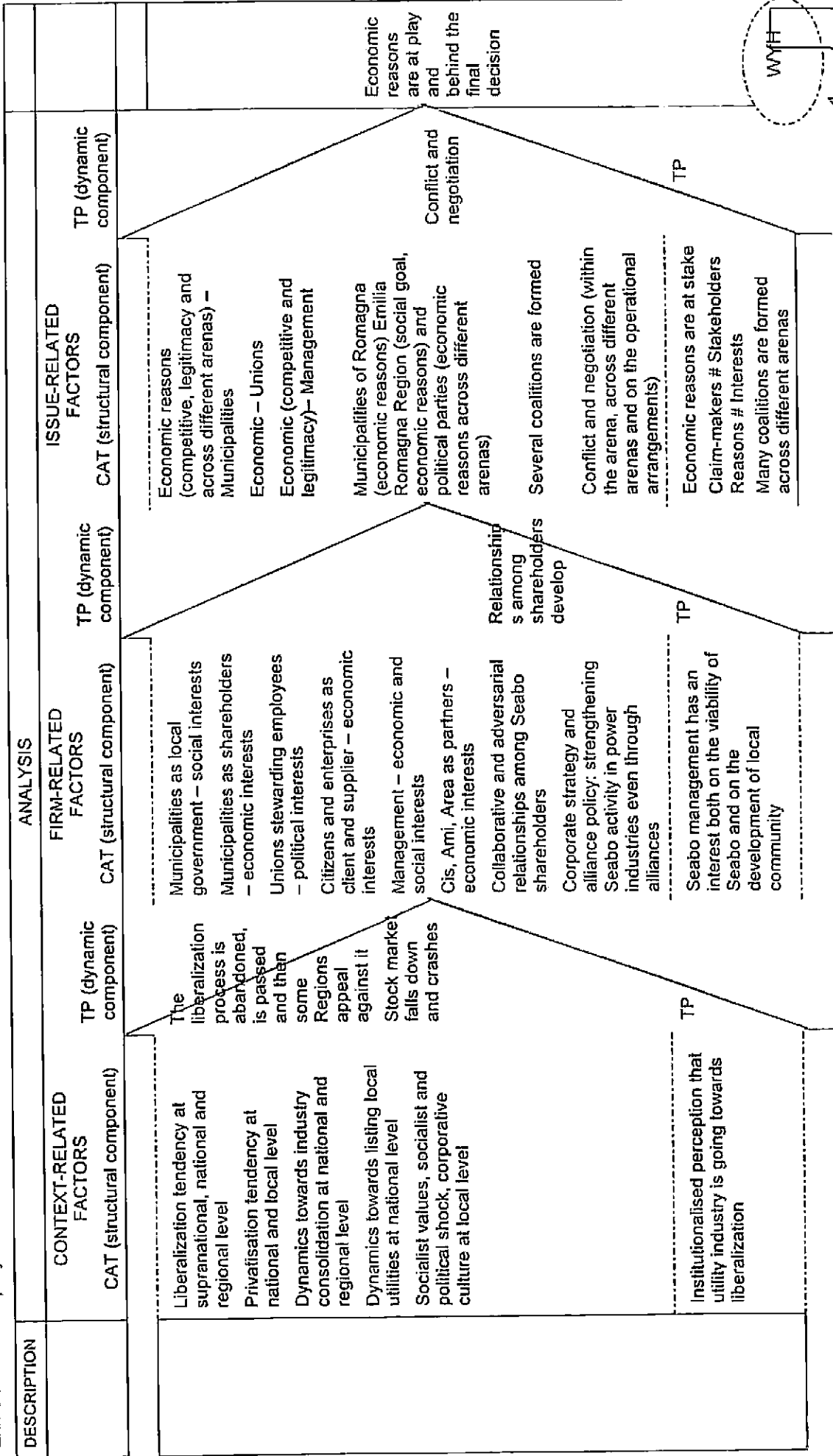
Municipalities of Romagna promote the claim; Seabo management act as mediator

$$CF = K + \beta_1 FF + \varepsilon \quad \text{No data}$$

$$CF = K + \gamma_1 IF + \varepsilon \quad \text{No data}$$

$FF = K + \alpha_1 CF + \epsilon$ No data		
$FF = K + \gamma_2 IF + \epsilon$ No data	$FF = K + \gamma_2 IF + \epsilon$	Relationships among Seabo shareholders change as a consequence of what happens in the arena where the listing of Seabo is at hand; such a transformation affects the interaction among claim-makers within the arena where Hera is at hand
$IF = K + \alpha_2 CF + \epsilon$ α_2 no significant		The process of liberalizing the public utility industry fails, it is passed and it is stopped by some appeals brought by Regions (including Emilia Romagna Region); nevertheless the process of setting up Hera continues The stock market starts to fall down and Seabo management announce the listing of Seabo Just in one case the transformation in context-related factors affects the claim-makers' interaction: it is the crash on the Stock Exchange following the 11 September 2001
$IF = K + \beta_2 FF + \epsilon$ β_2 significant	$IF = K + \beta_2 FF + \epsilon$	Relationships among Seabo shareholders change as a consequence of what happens in the arena where the listing of Seabo is at hand; such a transformation affects the interaction among claim-makers within the arena where Hera is at hand
$CF = K + \beta_1 FF + \gamma_1 IF + \beta_1 \gamma_1 FFIF + \epsilon$ No data		
$FF = K + \alpha_1 CF + \gamma_2 IF + \alpha_1 \gamma_2 CFIF + \epsilon$ No data		
$IF = K + \alpha_2 CF + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$ α_2 no significant β_2 weak significant $\alpha_2 \beta_2$ weak significant	$IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$	Trade Unions and Seabo management exhort shareholders to bring back their relationships into equilibrium. Even shareholders know it is not convenient to emphasize the conflict
$Y = K + \alpha CF + \beta FF + \gamma IF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \alpha \beta \gamma CFFFIF + \epsilon$ $\alpha, \alpha \beta \gamma$ no significant $\beta, \gamma, \alpha \beta, \beta \gamma, \alpha \gamma$ significant	$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \alpha \gamma CFIF + \epsilon$	The decision to set up Hera comes from the interaction among claim-makers bringing even reasons different from their interests. Such an interaction develops breaking the stakeholder system, the corporate strategy, the alliance policy of Seabo on one side, and is rooted on it on the other side. The perception that stakeholders/claim-makers have about the contextual forces contribute to frame such an interaction. It is driven by claim-makers and keep under control by stakeholders

Exhibit 9.11. Interplay between the structural and dynamic elements of the decision-making to form Hera.



DESCRIPTION	ANALYSIS				INTERPRETATION	
	CONTEXT-RELATED FACTORS CAT (structural component)	TP (dynamic component)	FIRM-RELATED FACTORS CAT (structural component)	TP (dynamic component)		ISSUE-RELATED FACTORS CAT (structural component)
Where does the decision to set up Hera come from?		CF*FF		FF*IF IF*CF		
Seabo set up Hera since some actors prevail over the others. Hera is the result of a negotiation across different arenas and on the operational arrangements for the implementation of the decision			Firm-related factors are interrelated to issue related factors, as they change the rule of the game		Issue-related factors are interrelated to the firm-related factors, their transformation and their perception of the contextual factors. On top of it, stakeholders introduce the impact of the interaction across different arenas	
			$FF = K + \gamma_2 IF + \epsilon$		$IF = K + \beta_2 FF + \epsilon$ $IF = K + \beta_2 FF + \alpha_2 \beta_2 CFFF + \epsilon$	
				$Y = K + \gamma IF + \beta FF + \alpha \beta CFFF + \beta \gamma FFIF + \epsilon$		
				The decision to form a merger develops breaking the firm-related factors and establishing new rules of the game (FFIF), through the interaction among all the actors involved (IF), even if such an interaction is rooted in the stakeholder system (FF) and their perception of contextual forces (CFFF)		

10. Reasons behind the decision by firms to form alliances: a cross-case comparison.

Introduction. 10.1. Reasons behind the decision by Scabo to form alliances: a comparison among Casa.Web, Energia Italiana and Eos Energia. 10.2. Reasons behind the decision by Scabo to form alliances: a comparison between alliances and merger. 10.3. The decision to set up alliances and merger in a longitudinal perspective. 10.4. Why do firms set up alliances? Proposition formulation.

Introduction

Our study aims at grasping the reasons behind the decision by single firms to set up alliances, without any a-priori restriction. The purpose is to reach a general understanding of the phenomenon, thus improving our comprehension of the role that alliances can play within the corporate strategy of the firm.

The existent literature gives us useful insights to understand why firms choose alliances over alternative instruments to achieve their strategic goals (Williamson 1991, Eisenhard and Schoonoven 1996, Garcia-Pont and Nohria 2002). In particular, prior studies provide us with a set of a-priori constructs, useful to shape the initial design of the research. According to prior studies firms form alliances for economic or legitimacy reasons. Their decisions can also be influenced by the network of personal relationships and prior alliances, history and past experience, environmental uncertainty or intra-organizational factors. Nevertheless, firstly prior studies lead to the a-priori exclusion of other potential explanations for alliances focusing on the economic and legitimacy reasons, whereas the alliance formation "may be strongly conditioned by political issues and the relative positions of a number of stakeholders" (Child and Faulkner 1998: 68). Secondly, these studies consider such explanations as alternatives and overlook the fact that they can be present at once in the decision to form an alliance by firm, whereas alliances may answer at the same time to efficiency, competitive, legitimacy etc. issues of their partners (Holm 1995). In this perspective, extant studies highlight each time only one facet of the issue, giving us a simplified explanation of the phenomenon (Oliver 1990, Osborn and Haggedom 1997). This leads to the risk of erroneous evaluation about the function and the performance of the alliance. We maintain that this depends on the deterministic and structural approach that they take. Additionally, the focus on public companies contributes to emphasize only the economic dimension of the enterprise activity (Kochan and Rubiscin 2000)¹: in this perspective, a firm is typically a black box aimed at maximizing the shareholder value as overarching goal and the decisions it takes are just the result of an economic judgement by a bounded-rational actor. Based on these premises, firstly Oliver (1990) invites to conduct more research on "how different reasons interact to explain why organizations choose to enter into relationship with one-another". Secondly, Osborn and Haggedom (1997: 274) suggest to "abandon a singular, clear-cut description of alliances based on the assumption of a host discipline in favour

¹ Nevertheless, there are other dimensions of enterprise activity, such as political and social ones. Studies on corporate social responsibility have started to highlight them (Wood 1991). In the same perspective, the Italian theory of the firm leads to consider a firm as an "istituto economico-sociale": its aim is to contribute to the development of social community as well (Masini 1979, Airoidi, Brunetti and Coda 1989, Borgonovi 1993).

of a more robust, sophisticated, multidimensional vision", in such a way to deal with the complexities of alliance formation.

Based on these premises, we proposed a different theoretical framework to investigate the decision to set up alliances. It is constructivist and process-related in nature. Such a framework is based on social world/arena theory as overarching theory (Strauss 1978). In particular, social world/arena theory allows us to deal with alliance formation "without resorting to the a-priori categories (...) characteristic of most organizational researchers"². It also provides us with a conceptual framework with which analysing the social processes, considering simultaneously the interaction between their structural and dynamic components (Clarke 1991)³. Then social world/arena theory allows us to think of firms as multidimensional actors whose goals summarize the interests of a plurality of actors⁴; it also allows us to think of its decision-making as a process that develops in a "field of action and interaction among a potentially wide variety of actors committed to act within it" (Clarke 1991: 119)⁵. As a consequence, social world/arena theory is a useful tool able to help us to grasp the complexity of alliance formation, without a-priori restrictions. In this perspective, the making of the decision to form an alliance can be conceptualised as an interaction process among a plurality of actors involved within the arena where such a decision is at stake, framed by the arena and shaping the arena at the same time⁶. Stakeholder theory (Freeman 1984, Airoldi 1993, Nasi 1995, Adrio et al 2002) and negotiated order theory (Strauss 1979, Gray 1989, Beaulieu and Pasquero 2002) complement social world/arena theory. In particular, stakeholder theory adds the managerial dimension, lacking in social world/arena theory: stakeholder theory allows identifying the actors involved in decision-making, distinguishing between stakeholders and claim-makers and understanding their salience⁷. Negotiated order theory adds the dynamic and network dimension, lacking in stakeholder theory: negotiated order theory allows identifying the

² Typically alliance formation is explained on the base of rigorous adherence to single theoretical paradigm, pre-packaging the answer according to the orientation chosen, whereas "such paradigms may be more complementary than several scholars may believe" (Oliver 1990: 260).

³ Van de Ven (1976) and Ring and Van de Ven (1994) highlight the need of a process-related approach to alliances as well. Nevertheless, they focus on the whole life-cycle of the alliances: formation, managing and dissolution. In particular, regard to the alliance formation they focus on the inter-organizational dimension. In this perspective, they introduce the process-related dimension in the alliance formation, but regard to the relationships among the partners of alliances. On the contrary, we aim at focusing and explaining the motivations of an alliance by and inside single firm (Kogut 1988). So we claim the lack of process-related studies on alliance formation in this perspective.

⁴ This conceptualisation of firm is very similar to the European one (Schmidt 1967, Masini 1979, Airoldi et al. 1989). In particular, Masini (1979: 11) defines firm as "istituto economico sociale" and "(l'istituto come) complesso di elementi e di fattori, di energie e di risorse personali materiali (...) E' una unità per i rapporti che lo costituiscono, ma che proprio si manifestano in quel modo e non in un altro e con vincolo degli elementi e fattori a carattere di complementarità per essere rivolto ad un insieme di fini comuni (...). C'è un bene comune per le persone che con intensità e qualità varia fanno parte dell'istituto".

⁵ This conceptualisation of decision-making is very similar to the conceptualisation proposed by these scholars that adopt a process-related view of the strategy-making research (Pettigrew 1977, 1992, 2002). It is also similar to the conceptualisation aiming at understanding the interaction between "assetto istituzionale" and the strategy formation (Airoldi 1998, Zannoni, Ravasi and Bruni 2002).

⁶ The decision-making arena is a metaphorical space where actors involved with a specific decision interact. We can say that it is the metaphorical space where the "assetto istituzionale e il processo di formazione della strategia" match and interact (Airoldi 1995, Ravasi, Zannoni and Bruni 2002).

⁷ In particular, for stakeholder theory we intend the European approach at the stakeholder theory (Schmidt 1967, Airoldi 1993, Nasi 1995). In this perspective, we call stakeholders of the firm only those actors that have a stake toward the viability and profitability of the firm in the long term. They contribute to its activity, waiting for rewards in return. We call claim-makers all those actors that join a decision-making arena with a claim towards the issue at hand. Some claim-makers are also stakeholders; other claim-makers have not a stake towards the viability of the firm; they are just interest on the decision at hand. In this perspective, the whole conceptualisation has its roots in the Italian "teoria degli interessi istituzionali" (Masini 1978, Airoldi 1993, Borgonovi 1993).

interaction among the actors involved up to the final decision, being it a negotiated order⁸. Consistent with such a theoretical framework, the decision-making process to form an alliance can be conceptualised as an interaction process among all the claim-makers joining the decision-making arena where the setting up of the alliance is at hand: on one side, the interaction among claim-makers is influenced by the decision-making arena; on the other side, it contributes to shape such a decision-making arena. In particular, each claim-maker interprets the issue at hand according to its interests and joins the decision-making arena with a different claim about it. During the decision-making process claim-makers interact, thus trying to gain the support of other claim-makers and gaining legitimacy for their claim. In particular, they try to gain the support of the claim-makers that are at the same time stakeholders and of the most salient stakeholders above all. In such a way coalitions arise around a specific claim; they develop up until a negotiated order is reached, being a negotiated order an informal order, temporarily and situationally based and easily subject to changes. In this perspective, to understand the reasons behind the decision by firms to form an alliance, it is necessary to analyse the developments of the coalitions of claim-makers during their interaction, in the interplay with the decision-making arena⁹. This means (1) reconstructing the decision-making arena, (2) reconstructing the development of the coalitions of claim-makers, (3) in its interplay with the decision-making arena, with other decision making arenas and over time. On these premises, we develop a conceptual model to investigate the decision-making process leading to take the decision to set up an alliance. It is focused on three levels of concepts and unfolds through three dimensions. The three levels of concepts are related to the three levels of the structural components of the decision-making process: they constitute the decision-making arena¹⁰. Such concepts are context-related factors (i.e., contextual forces through the normative, economic and socio-cultural dimension), firm-related factors (i.e., interests, stakeholders, relationships among stakeholders and their salience, corporate strategy and policy of alliance), issue-related factors (i.e., reasons, coalitions of claim-makers and their interaction). Such concepts unfold along three dimensions: i.e., the structural dimension, that coincides with the decision-making arena; the dynamic dimension, that coincides with the development of the coalitions of claim-makers; the interplay between the structural and dynamic dimension, that coincides with the interaction among the three categories of concepts highlighted above. A working model containing a set of research questions is also drawn. It develops along the three dimensions described above. The first set (i.e., "What" question) focuses on the structural dimension and aims at reconstructing the decision-making arena; in particular, it allows understanding what reasons are at play in the decision to form an alliance. The second set (i.e., "How" question) focuses on the dynamic dimension and aims at reconstructing the development of the coalitions of claim-makers involved with the issue to set up an alliance; in particular, it allows understanding how reasons at play in the decision to form an alliance interact up to the final decision. The third set (i.e., "Why" question) is focused on the interplay between the structural and dynamic dimension of the decision-making process and aims at explaining why the coalitions of claim-

⁸ In particular, collaboration allows distinguishing this approach from the political one (March 1962, Allison 1971, Pettigrew 1977). The "political" model focuses on organizations as coalitions of people with competing interests. In this perspective, it gives a negative connotation of the interaction between the actors involved in a situation. Interaction is considered as a pathological element that arises from conflict, whereas conflict can also be solved through a cooperative decisions style (Eisenhardt and Zbaracki 1992). On the contrary, as Gray (1989: 112) highlights: "central to the notion of collaboration is the concept of shared power (...) to define a problem and initiate action to solve it".

⁹ Such an approach is also focused on the actions of all the claim-makers involved, as they allow grasping the reasons at play in the decision (Strauss 1978, Mintzberg et al. 1985).

makers develop in that particular way within the arena where the setting up of the alliance is at hand. In this way, a strong comprehension of why firms set up alliances should be reached; a deeper understanding of the role of the alliance in the corporate strategy of the firm should also be available.

The aim of the study is to extend the "theory of alliances" as Kogut (1988) labels it by introducing other potential reasons for alliances, linked to the political and social dimension of enterprise activity, thus overcoming the limits of traditional approaches.

For this purpose, we employ a case study approach (Eisenhardt 1989): "case-study may be chosen to replicate previous cases, extend emergent theory, fill theoretical categories and provide example of polar case". In particular, a multiple, retrospective, longitudinal case-study is employed. It is based on the experience of one local utility: extending the empirical setting of the studies about alliance formation to Italian local utilities allows us to emphasize the presence of multiple reasons in decision-making, thus maximizing our possibility to grasp their interplay^{11,12}. In particular, we select one local utility among the population of the joint-stock companies listed or near to be listed at the Stock Exchange. It is a local utility for whom the policy of alliance is relevant. It is the utility of the city of Bologna: Seabo Bologna. Seabo Bologna set up three alliances from 1999 to 2003 and one merger (i.e., they are alliances for diversification, vertical integration and horizontal integration). We analysed the corresponding decision-making processes from the early talks about them up to the final decision. The comparison among the three decision-making processes to set up an alliance allows keeping the effect of the objective of the alliance under control, thus strengthening the reliability of the proposition emerging from our analysis. The comparison between alliance decision-making and merger decision-making allows testing further such propositions. Data are collected through documentary analysis and a standard set of interviews. Triangulation involves sources, data collection techniques and process of collection (Denzin and Lincoln 1994). Data are transformed following the three phases of data storing, managing and processing (Miles and Huberman 1984, Wolcott 1994, Glesne 1996). The first phase is typically descriptive and aims at reconstructing the chronological list of events, thus identifying the action performed and dividing the decision-making process into phases. The second phase is typically analytical and aims at building categories of concepts at each level of the decision-making model: i.e., contextual factors, interests, stakeholders, relationships among stakeholders, corporate strategy and alliance policy, reasons and coalitions of claim-makers. The categories of reasons at stake and the modality of their interaction are grasped. The third phase is typically interpretative and aims at grasping

¹⁰ In particular, this classification is based on the one proposed by Airoldi (1993, 1995, 1998), distinguishing between "contesto istituzionale" and "assetto istituzionale". It adds another dimension, useful to analyse the interaction among stakeholder system and decision-making: i.e., issue-related factors.

¹¹ Nevertheless, Italian local utilities are firms where other dimensions (beyond economic one) are important in the enterprise activity: "non ha quindi fondamento la distinzione che continuamente viene proposta tra le due sfere... la vitalità del sistema aumenta grazie al continuo confronto che ha luogo tra momento politico e momento tecnico-economico" (Saraceno 1975: 32). They are also firms where these dimensions can be present at the same time in decision-making: "their decisions are at the same time economic, political and social in nature, even if one dimension can be prevailing on the other according to the particular decision to be taken" (Borgonovi 1979). Additionally, the issue considered (i.e., the decision to enter an alliance) is potentially a multi-party, "messy issue". It involves the interests of manifold interdependent actors variously related with the activity of the firm, since it deals with the health and survival of the firm. Mintzberg et al. (1976) define a strategic decision as one that affect the health and survival of the firm. In this perspective, it seems to be a mess, i.e., an issue that require interaction among different actors to be faced (Ackoff 1975). Coda (1988) places this kind of decisions among corporate strategies: they deal with the definition of firm's inter-organizational relations set.

¹² In this perspective, it is worth mentioning that this setting represents just a special case able to maximize data information power: political and social reasons can be present at the same time in the decision-making of private enterprises as well.

interrelationships among the concepts identified, thus explaining why specific reasons are behind the decision to form an alliance and why they develop in that way over the decision-making process.

Results are expressed in the form of propositions: "of course a theory can be tested. Although validated during the actual research process a theory is not tested in a quantitative sense. This is for another study" (Strauss and Corbin 1998: 213).

Each case study allows us to lay ground about why alliances are set up and about their role within the corporate strategy of the firm. Additionally, they shed light over the making of a strategic decision in a constructivist and process-related perspective, and the managerial role within such a decision-making process.

Within-case analysis is useful to grasp the unique patterns of each case (Eisenhardt 1989: 150). Nevertheless, a cross-case comparison allows formulating more reliable proposition: "Cross-case comparison force investigators to go beyond their initial impressions, improving the likelihood of accurate and reliable theory, that is a theory with a close fit with the data. Also cross-case searching enhances the probability that investigators will capture the novel findings which may exist in the data" (Eisenhardt 1989: 153).

This is what the chapter aims at providing.

In particular, the chapter firstly compares the case-studies about alliance formation. Secondly, it compares the decision-making process leading to form an alliance with the decision-making process leading to set up a merger. Cross-case comparison develops through three variables: (1) reasons at stake and behind the final decision, (2) interaction among them within the decision-making process and (3) interaction among the different levels of the decision-making model.

Eventually a set of propositions can be spelled out about (1) the alliance formation, (2) the decision-making process in a constructivist and process-based perspective, (3) the managerial role in such a process.

10.1. Reasons behind the decision by Seabo to form alliances: a comparison among Casa.Web, Energia Italiana and Eos Energia.

Different categories of reasons are simultaneously behind the decision by Seabo to form an alliance to enter the TLC industry: i.e., economic reasons along the competitive advantage dimension, political reasons and social reasons.

They are brought by different actors: i.e., the Chairman and Board of Directors of Seabo, the Municipality of Bologna, the other Municipalities of Bologna province, Cgil, Cisl and Uil Unions. Such actors are affected by the decision to enter the TLC industry and join the decision-making arena where it is at hand, by supporting the claim "setting up an alliance". All these actors are stakeholders. They bring reasons different from their interests as stakeholders and aligned with the interests of other stakeholders involved: claim-makers attempt to extend the boundary or domain considered to cover additional situations¹³. In particular, Seabo management bring economic and social reasons aligned with their interests as stakeholders; they bring political reasons as well. Trade Unions bring political reasons aligned with their interests as stakeholders; they are also driven by economic reasons. Municipalities do not question the choice to set up an alliance to

¹³ Kunkel calls such attempts to gain other claim-makers' support: "rationale expansion – in which claim-makers expand their list of reasons of addressing a particular problem (...); the strategy is one of linking people concerned with different issues" (Kunkel 1995: 252)

make Seabo enter the TLC industry. They just support the choice to enter the TLC industry with economic and social arguments.

In this perspective, only one coalition is formed. It develops according to an incremental logic, every time different stakeholders decide to enter the coalition. Negotiation takes place only on a minor issue; it is a negotiation on the operational arrangements for the implementation of the decision, promoted by Cgil Union. In the end a negotiated order is reached: i.e., it is the decision to set up the alliance, addressing also the claim promoted by Cgil Union.

Seabo management promotes the claim "setting up the alliance in order to enter the TLC industry"; the idea develops during the meetings with the partners of Seabo in an existent consortium; Seabo management suggests this idea to Municipalities and then submits it to Trade Unions; Seabo management is the only actor that brings all the three categories of reasons at the same time.

In this perspective, the decision to form an alliance in order to enter the TLC industry can be explained as developing within the script written by the stakeholder system. Such a script filters the contextual forces, defines the rules of the game, and drivers the interaction among the claim-makers involved. It develops thanks to the improvisation of one stakeholder that knows to what degree it is possible to forget the line and begin to ad-lib. Such stakeholder is the management of Seabo.

In this perspective, the decision to set up an alliance by Seabo can be thought of negotiated order among different rationalities, unfolding within a stakeholder system that actors accept and try to change according to an incremental logic.

Even the decision to form an alliance to strengthen Seabo activity within the power industry is driven by different categories of reasons, simultaneously behind the final decision: i.e., economic reasons, social reasons and political reasons. In particular, economic reasons are at stake both along the dimension of competitive advantage and legitimacy.

These reasons are brought by the same actors involved with the decision to set up Casa.Web, even if such actors play a different role and have a different salience. The claim "establishing an alliance to strengthen Seabo activity in the power industry" is promoted again by the Chairman of Seabo. Nevertheless, no *ad hoc* meetings are arranged to discuss the matter with the actors involved, as it happened for Casa.Web. The meetings arranged to analyse the business plan of Seabo are exploited for this purpose. On top of it, even the importance of each category of stakeholder is different. Firstly, Seabo management submits the project to Trade Unions; then Seabo management present it to the Municipalities. All the actors involved are stakeholders. They bring reasons aligned with their interests as stakeholders; they also bring reasons aligned with the interests of other actors at stake. Also in this case, Seabo management brings economic, social and political reasons, whereas Trade Unions bring political and economic reasons. Municipalities act just as shareholders supporting the goal that the alliance aims at achieving, with economic arguments.

Also the process of making the decision to set up Energia Italiana develops through an incremental logic. More and more actors join the same coalition. Just a negotiation on minor issue is at play, across different arenas: it is promoted again by Cgil Union. In the end a negotiated order is reached: it is the decision to set up an alliance, taking into account also the claim promoted by Cgil Union.

The process is started by the management of Seabo, which promote the claim and join the process bringing all the three categories of reasons.

In this perspective, even such a decision develops within the script written by stakeholders, according to their institutionalised perception of the contextual forces and thanks to their capacity to drive the interaction among different actors up to the final decision. It develops thanks to the improvisation by Scabo management. On top of it, the process of making the decision to set up Energia Italiana shows the ability of the stakeholder system to filter the impacts of what happens in other arenas simultaneously at stake.

In this perspective, also the decision to set up Energia Italiana can be framed as a compromise solution among different rationalities: it is chosen as it is aligned with the stakeholder system, the corporate strategy and the policy of alliance. On one side, the alliance strengthens it; on the other side it changes it without any shock.

The decision to set up an alliance to defend Scabo activity in the gas industry is also driven by economic, political and social reasons.

The idea develops thanks to the interaction between Scabo Chairman and the Chairman of the utilities of Romagna, which were already partners of Scabo in Casa.Web. Trade Unions play an active role, as they asked repeatedly to Scabo management how they planned to face the upcoming liberalization in the gas industry. All the actors already at play in the other two decision-making processes are involved. As in the previous cases they bring reasons coinciding with their interests as stakeholders; they bring even reasons aligned with the interests of other actors involved. In this perspective, Scabo management brings economic and social reasons, aligned with their interests as stakeholders; they bring also political reasons. Trade Unions bring political reasons; they bring also economic reasons. Municipalities bring both economic and political reasons.

The process develops on one more time through an incremental logic. In particular, in this case the interaction is completely absent.

Scabo management is again the actors that promote the claim, bringing all the three reasons during the decision-making process.

In this perspective, decision-making develops within the script written by stakeholders, according to their institutionalised perception of the contextual forces and thanks to their ability to steer the interaction among the actors involved. The process is again started by the management of Scabo.

In this perspective, the decision to set up Eos Energia can be framed as a compromise solution among different rationalities: it is able to match different rationalities within a stakeholder system that actors accept, strengthen and modify from within.

In this perspective, the three alliances aimed at achieving different goals. Nevertheless, all the three decision-making processes are characterized by the presence of different reasons at stake and behind the final decision, although with a different weight and role. Only stakeholders are involved. No interaction among the actors involved is present. In particular, the interaction is weaker and weaker the more the alliance is perceived as an unavoidable choice by the actors at stake. Scabo is not forced to enter the TLC and the power industries. On the other side, Scabo is forced to do something to face the upcoming liberalization of the gas industry: in this perspective, an alliance looks as the solution with which each actor thinks it is possible to live with. In particular, the alliance is promoted from the very beginning of the decision-making process and no alternative solutions are proposed. In this perspective, the alliance looks like a choice perfectly aligned

with the structural elements of the decision-making process: it develops within the script written by the stakeholders, changing this script without endangering it into crises. It is worth noting that in all the three cases it is the management of Seabo that proposes the setting up of the alliance.

Based on these premises, a set of propositions can be expressed about the alliance formation and the role of the alliance within the corporate strategy of the firm. Some remarks can also be expressed about the development of the decision-making process and the role of the manager within such a process. They can be formulated regarding to Casa.Web; nevertheless, all the other two decision-making processes leading to form an alliance confirm them (Exhibit 10.1). In particular, the process of making the decision to set up Energia Italiana highlights the role of other arenas simultaneously at play: such role does not emerge from the analysis of the decision-making process to set up Casa.Web.

Firstly, we can think that the alliance is a compromise solution able to gain the support of all the actors involved: it does not change the status of different stakeholders and the rules of their interaction; it is also aligned with the corporate strategy of Seabo and its policy of alliance. Economic rationality supports such a decision; nevertheless, social and political reasons are at play as well. Alliance does not threaten to affect the stakeholder system: in fact there is not interaction among claim-makers and the coalitions grows through an incremental logic. In this perspective, the choice to set up an alliance can be framed as a compromise solution, chosen in the short time as it allows changing the structural components of the decision-making process, without straining them.

In this perspective, a set of proposition can be expresses:

Proposition 1a. The reasons behind the decision to form an alliance can be simultaneously economic, political and social in nature.

Proposition 1.1a. Reasons behind the decision to form an alliance can be economic, political or even social in nature.

Proposition 1.2a. Different categories of reasons can be simultaneously at play and behind the decision to set up an alliance.

Proposition 1b. Alliance is chosen over alternative instruments since it is a compromise solution, able to satisfy at the same time different interests.

Proposition 1.1b. Alliance is a compromise solution chosen because it does not put on strain the system of rules that frame the decision-making process, but touches up it.

Secondly, we can think that the key element of the decision-making process is the stakeholder system: (1) stakeholder system filters contextual forces, (2) stakeholder system defines the rules of the game within which the decisions to form alliances develop and (3) stakeholders pilot the interaction within the decision-making arena. In this perspective, in fact, all the more salient stakeholders join the decision-making arena as claim-makers, even if with a different salience and role. On top of it, stakeholder system filters the impact of what happens within other decision-making arena. All these considerations, shed light on the strategy formation through the interplay between the interests of single actors and the viability of the firm.

In this perspective a set of proposition can be expressed:

Proposition 2. The key element of decision-making process is represented by the stakeholder system.

Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by stakeholders, through their perception of contextual forces.

Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is moderated by stakeholders, through the script they wrote.

Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by stakeholders, acting as claim-makers on the basis of their interests.

Proposition 2.4. The interaction between what happened in other arenas and the claim-makers interaction towards the issue at hand is filtered by the stakeholder system.

Thirdly, we can think that the decision making-process is activate by the improvisation of the manager of the firm and develops thanks to his/her ability to pilot the different interests at play. In particular, the manager promotes the claim and brings all the categories of reasons at play, thus giving each time a different shade to it. In this perspective, the manager of the firm plays a key role for the success of the decision-making process. Managers “use” the stakeholder system to govern the actors’ interaction.

Proposition 3. The success or the failure of a decision-making process depend on the management ability to enhance one or another shade of the issue at hand.

Insert Exhibit 10.1 about here

10.2. Reasons behind the decision by Seabo to form alliances: a comparison between alliances and merger formation.

Just one category of reasons supports the decision to set up a merger. They are economic reasons both along the competitive and legitimacy dimension: the idea to be the first mover to realise a merger was an important driver of the decision. On top of it, economic reasons across different arenas are at hand.

Actors different from the actors involved with the decision to set up Casa.Web, Energia Italiana and Eos Energia, are involved. In particular, the decision to set up the merger involves actors that are stakeholders of Seabo and actors that are just claim-makers. Additionally, the party-political dimension of Local Governments is involved. Stakeholders of Seabo involved with the decision to set up the merger are the Chairman and Board of Directors of Seabo, the Municipality of Bologna and the other Municipalities of Bologna Province, Cgil, Cisl and Uil Trade Unions. Claim-makers joining such a decision-making process are the Municipalities of Romagna, the Emilia Romagna Region, the right-wing and left-wing parties of the Municipalities involved and different constituencies of the Bologna community. All these actors bring economic reasons to support their claim.

Although all the actors involved bring economic reasons, two different coalitions are at stake; they developed through different arenas. To put it simply, on one side, there are the Municipalities of Romagna, the minority and left-wing Municipalities shareholders of Seabo, the Emilia Romagna Region, the Cgil Union and the left-wing parties of all the Municipalities involved; they support the claim: “merging Seabo and the utilities of Romagna and then listing the resulting company, even if this caused a delay of the Seabo listing”. On the other side, there is the Bologna Municipality and the right-wing parties that support the opposite claim: “realising the merger with the utilities of Romagna, but going on with the listing of Seabo according to the

original scheduling". The two coalitions are characterized by a shared political stance: central-left for the former and central-right for the latter. In this perspective, the interaction between the two coalitions seems to develop as a political conversation.

Such an interaction takes the form of: conflict, negotiation within the decision-making arena, negotiation across different decision-making arena and even negotiation on the operational arrangements for the implementation of the decision.

In this perspective, the decision-making process develops through conflict-based orders and negotiated orders continuously set up and got over.

The process is activated by the Municipalities of Romagna that are just claim-makers; they are just involved with the decision at hand; they look for the support of the most salient stakeholders. They acquire importance when the minority shareholders of Seabo support their claim. The Management of Seabo join the process acting as a mediator among all the actors at play.

In this perspective, the decision to perform a merger breaks the script written by the stakeholder system and set up new rules of the game. It is worth noting that it develops thanks to the improvisation of an actor external at that stakeholder system. Nevertheless, such a decision is framed by the stakeholders' common stake towards the viability of Seabo.

In this perspective, the decision to set up a merger is the result of the prevailing of one actor over the other; negotiation develops across different arenas and on the operational arrangement for the implementation of the decision.

Based on these premises, a set of propositions can be expressed about alliance formation, decision-making process and managerial role within it. They are useful to test the reliability of propositions expressed about alliance formation.

Firstly, we can think that the merger is the result of the prevailing of one claim-maker over the others. Just the scheduling of the process can be the result of a compromise among different actors; on top of it, the structure of the resulting company can be the result of a compromise. The merger changes the status of different stakeholders and the rules of the game. Economic rationality supports such a decision; nevertheless, political reasons are at stake and seem to drive it. The merger threatens to affect stakeholder interests: in fact there is conflict and negotiation among the coalitions of claim-makers.

In this perspective, a set of proposition can be expresses:

Proposition 1a. Reasons behind the decision to set up a merger are political. Economic reasons can give the rational justification for it. The economic justification is necessary but not enough.

Proposition 1b. Merger is chosen over alternative instruments when an actor is able to prevail over the others. The organization of the resulting company can be the result of a compromise; otherwise the processes that lead to perform the merger can be. Merger is not able to satisfy at the same time different interests.

Proposition 1.1b. Merger is a solution chosen when an actor judges it is convenient to put on strain the system of rules that frame the decision-making process.

Secondly, we can think that the key element of the decision-making process is the claim-maker system; nevertheless, the stakeholder system plays still a critical role. The claim-maker system: (1) filters and interprets contextual forces; (2) changes the rule of the game, (3) pilots the interaction within the decision-making arena. On top of it, even the stakeholder system filters contextual forces; then it frames the interaction among actors, preventing that it degenerates into conflict and favouring the achievement of a negotiated order.

In this perspective a set of proposition can be expressed:

Proposition 2. The key element of decision-making process is represented by the claim-makers system. Nevertheless, the stakeholder system plays a critical role: it allows the interaction does not develop into conflict.

Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by their perception of contextual forces.

Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is driven by claim-makers, through the evolution of the rules of the game, and moderated by stakeholder system, through the shared stake for the viability of the firm.

Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by claim-makers.

Proposition 2.4. The interaction between what happened in other arenas and the claim-makers interaction towards the issue at hand is introduced by the stakeholders system. They are not able to moderate such an impact.

Thirdly, we can think that the decision making-process is activated by the improvisation of an external actor, whereas its success is ensured by the managerial action. In particular, the management keeps itself outside the interaction. Management do its own job. They show that the merger is economically feasible; they also schedule the time for the performance of the project. On top of it, the management work to make actors collaborate. In this perspective, the management of the firm plays a key role for the success of the decision-making process.

Insert Exhibit 10.2 about here

10.3. The decision to set up alliances and merger in a longitudinal perspective.

The decision to set up an alliance with Cis Forli, Ami Imola and Area Ravenna in order to diversify Seabo activity into the TLC industry develops during the meetings among the partners of the consortium Ares. All these firms have the same problems about how to enter the TLC industry and they decided to join their forces. In the same way, the decision to join Energia Italiana develops during the meetings to select the private partner for Casa.Web: Cir Group joined Casa.Web and some days after Seabo joined Energia Italiana. In particular, Seabo had the problem to identify the best way to strengthen its activity in the power industry and Cir Group had set up Energia Italiana to tender for the acquisition of the Enel's Generation Companies. Cir Group proposed Seabo management to join such an alliance and Seabo management judged it convenient. Similarly, the decision to set up Eos Energia develops within the network of prior alliances and personal relationships of Seabo management. The liberalization of the gas industry was upcoming; it was necessary to

understand how to face it; it was unavoidable to look for an agreement with the utility of the Romagna cities. In this perspective, firstly the predisposition of Seabo to form alliances is influenced by the individual and personal relationships of its managers: "strong social position enhances alliance formation by capitalizing on advantages such as contacts, reputation, and status that create opportunity for alliance formation" (Eisenhardt and Schoonoven 1996: 140). Secondly, it can be influenced by the network of past alliances in which it is embedded: "it can both restrict and enable the alliances a firm enters" (Gulati 1998: 300), since such a network feeds information about potential partners and the outcomes of past decisions. Thirdly, the predisposition to form an alliance can be influenced by the track record of successful alliances (Arino and De La Torre 1998, Park et al. 2002).

Thanks to these premises, the decision to set up Hera was perceived as the logical conclusion of a long way, on one side; on the other side, there was a set of trust and personal knowledge to support it.

10.4. Why do firms set up alliances? Proposition formulation.

The comparison among the three decision-making processes to set up an alliance confirm each other. On the other side, the decision-making process to perform a merger gives opposite answers. In this perspective, the reliability of propositions formulated about alliance formations is strengthened by the comparison with the proposition formulated about the merger formation.

Based on these premises, the decision to set an alliance can be supported by reasons different from the economic ones: i.e. political and social reasons. In this perspective, the alliance can be chosen as it allows satisfying the interests of single constituencies or benefiting the whole community, without having to negotiate on the operational arrangements for the implementation of the decision.

Based on these premises, the literature about alliance formation can be enriched by other evidences: social and political reasons can join economic reasons in explaining the alliance formation.

Additionally all these reasons can be simultaneously at play.

In this perspective, to understand where the decision to set up an alliance comes from it is necessary to look at all the range of reasons behind them. It is in fact possible that the decision to set up an alliance does not answer at economic rationalities. It is even possible that such a decision does not answer at single rationalities.

In this perspective, firstly the decision to set up the alliance can look not rational under the economic point of view; nevertheless, it can answer at a different rationality. In this perspective, the decision by Seabo to form an alliance with the utilities of the Romagna in order to enter the TLC industry could be strange under the economic point of view: Seabo could have set up an alliance with a private partner from the very beginning. Additionally, it is worth noting that Seabo had the higher stake in Casa.Web and was responsible after the withdrawing of the private partner. Nevertheless, the alliance with the utilities of Romagna was the first tentative by Seabo management to strengthen the relationships with Romagna. In this perspective, the setting up of the alliance was a success.

Secondly, the decision to set up the alliance can not be the best solution, according to any rationalities at play: it could be a compromise solution with which each actor thinks it is possible to live in the short time at least. Garcia-Pont and Nohria (2002: 318) state: "we know that alliances do not last forever. In fact, most of them are set up ex ante to have a limited life. And few even last the full duration of this initial agreement. This raises several interesting questions. Are alliances merely an intermediate step in an eventual

restructuring of an industry?" In the same perspective, there are grounds to believe that alliances are a mean to sit on the fence waiting for other solutions: i.e., they are chosen in the short term as they are able to gain the support of all the actors affected by them.

The set of proposition expressed above can be confirmed.

Proposition 1a. The reasons behind the decision to form an alliance can be simultaneously economic, political and social in nature.

Proposition 1.1a. Reasons behind the decision to form an alliance can be economic, political or even social in nature.

Proposition 1.2a. Different categories of reasons can be simultaneously at play and behind the decision to set up an alliance.

Proposition 1b. Alliance is chosen over alternative instruments since it is a compromise solution, able to satisfy at the same time different interests.

Proposition 1.1b. Alliance is a compromise solution chosen because it does not put on strain the system of rules that frame the decision-making process, but touches up it.

The comparison among the four decision-making processes shed light on the process of decision-making as well.

In particular, the comparison allows grasping the critical role of the stakeholder system within the decision-making process. Firstly, the stakeholder system filters the contextual forces. In this perspective, the context-related factors do not impact directly on the decision-making process. They impact on the decision-making process through the stakeholders' perception. Secondly, the stakeholder system frames the decision-making process. In particular, the role of the stakeholder system is stronger when the decision is aligned with it; it is based on the shared stake for the viability of the firm when the decision aims at take it off its hinges. Summing up, the stakeholder system frames the decision-making process keeping the actors together and preventing struggles among them: it is the structural elements of the decision-making process able to match the individual interests with the viability of the firm.

A set of proposition can be expressed about stakeholders and decision-making.

Proposition 2. The key element of decision-making process is represented by the stakeholder system. It allows the interaction among actors bringing different interests does not develop into conflict.

Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by stakeholders, through their perception of contextual forces.

Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is moderated by stakeholders, through the shared stake for the viability of the firm.

Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by claim-makers.

In the end, the four decision-making processes allow grasping the managerial role. It is a critical role for the success or the failure of the process. On one side, management is one of the actors at stake aiming at

contributing at the decision-making process bringing its own competencies. On the other side, it is the promoter or the director of the play on stage.

Exhibit 10.1. Comparison among decision-making process to form an alliance: Casa Web, Energia Italiana, Eos Energia.

Casa Web	Energia Italiana	Eos Energia
Different reasons are simultaneously at stake and behind the decision to set up an alliance	Different reasons are simultaneously at stake and behind the decision to set up an alliance	Different reasons are simultaneously at stake and behind the decision to set up an alliance
All the claim-makers involved are stakeholders as well	All the claim-makers involved are stakeholders as well	All the claim-makers involved are stakeholders as well
Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincide with the interests and reasons brought by other categories of claim-makers involved	Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincide with the interests and reasons brought by other categories of claim-makers involved	Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincide with the interests brought by other categories of claim-makers involved.
Only one coalition is formed	Only one coalition is formed	Only one coalition is formed
Decision-making process unfolds according to an incremental logic. Just a negotiation on the operational arrangements for the implementation of the decision is at hand	Decision-making process unfolds according to an incremental logic. Just a weak interaction across different arena is at stake	Decision-making process unfolds according to an incremental logic, without any interaction among the claim-makers involved
In the end a negotiated order is reached	In the end a negotiated order is reached	In the end a negotiated order is reached
Seabo management promote the claim; Seabo management is the only actor that brings all the three categories of reasons	Seabo management promote the claim; Seabo management are the only actors that brings all the three categories of reasons	Seabo management promote the claim; Seabo management is the only actor that brings all the three categories of reasons
The decision to set up Casa Web comes from the interaction among different claim-makers bringing different reasons, within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand.	The decision to set up Energia Italiana comes from the interaction among stakeholders acting as claim-makers and bringing even reasons different from their interests. Such an interaction develops within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand. What happens in other arena is filtered by the stakeholder system	The decision to set up Eos Energia comes from the interaction among stakeholders acting as claim-makers and bringing even reasons different from their interests. Such an interaction develops within the stakeholder system, the corporate strategy, the alliance policy of Seabo and the perception that stakeholders have about the contextual forces. Such an interaction is driven by stakeholders, acting as claim-makers towards the issue at hand
The decision to form an alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders' (FF), and within their perception of contextual forces (CFFF)	The decision to form the alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders' (FF), within the perception of contextual forces that stakeholders have (CFFF) and through their moderation of what happened in other arenas (FFOth)	The decision to form an alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders' (FF), within the perception of contextual forces that stakeholders have (CFFF)

Exhibit 10.2 Comparison between the decision-making processes leading to set up an alliance and a merger.

Alliances	Merger
<p>Different reasons are simultaneously at stake and behind the decision to set up an alliance: economic reasons, political reasons and social reasons</p> <p>All the claim-makers involved are stakeholders as well</p> <p>Claim-makers bring even reasons that do not coincide with their interests as stakeholders: such reasons coincides with the interests and reasons brought by other categories of claim-makers involved</p> <p>Only one coalition is formed</p> <p>Coalition develops through an incremental logic</p> <p>Decision-making process unfolds according to an incremental logic</p> <p>In the end a negotiated order is reached</p>	<p>Just one reasons is at stake and behind the decision to perform a merger</p> <p>Not all the claim-makers involved are stakeholders</p> <p>Claim-makers bring even reasons that do not coincide with their interests as stakeholders. All the actors involved bring economic reasons</p> <p>More than one coalition is formed: the actors joining the same coalition share a common political stance</p> <p>Coalitions develop through conflict and negotiation (within the arena at hand, across different arenas, on the operational arrangement for the implementation of the decision)</p> <p>Decision-making process unfolds through a set of negotiated order, continuously brought into play and got over</p> <p>In the end the most powerful actors prevail. A negotiated order is reached across different arenas and on the operational arrangements for the implementation of the decision</p> <p>Municipalities of Romagna promote the claim; Seabro management is the only actor that plays a mediation role</p>
<p>The decision to form an alliance develops through the interaction among all the actors involved (IF), piloted by stakeholders (FFIF), within the script written by stakeholders' (FF), within the perception of contextual forces of stakeholders (CFFF) and through their moderation of what happened in other arenas (FFOth)</p>	<p>The decision to set up a merger develops breaking the firm-related factors and establishing new rules of the game (FFIF), through the interaction among all the actors involved (IF), even if such an interaction is rooted in the stakeholders system (FF) and in their perception of contextual forces (CFFF)</p>

Exhibit 10.3. Propositions.

Alliances	Merger
<p>Proposition 1a. Reasons behind the decision to form an alliance can be simultaneously economic, political and social in nature.</p> <p>Proposition 1.1a. Reasons behind the decision to form an alliance can be economic, political or even social in nature.</p> <p>Proposition 1.2a. Different categories of reasons can be simultaneously at play and behind the decision to set up an alliance.</p> <p>Proposition 1b. Alliance is a compromise solution chosen because it does not put on strain the system of rules that frame the decision-making process, but touches up it.</p> <p>Proposition 1.1b. Alliance is chosen over alternative instruments since it is a compromise solution, able to satisfy at the same time different interests.</p>	<p>Proposition 1a. Just one category of reasons is behind the decision to set up a merger. The economic justification is necessary but not enough.</p> <p>Proposition 1.b. Merger is chosen over alternative instruments when an actor is able to prevail over the other. Its structure can be the result of a compromise; otherwise the process that leads to perform a merger can be the result of a compromise. Merger is not able to satisfy at the same time different interests.</p> <p>Proposition 1.1b. Merger is a solution; chosen when an actor judges it is convenient to put on strain the system of rule that frame the decision-making process.</p>
<p>Proposition 1a. Reasons behind the decision to form an alliance can be economic, political and social in nature.</p> <p>Proposition 1.1a. Reasons behind the decision to form an alliance can be economic, political or even social in nature.</p> <p>Proposition 1.2a. Different categories of reasons can be simultaneously at play and behind the decision to set up an alliance.</p>	<p>Proposition 1a. Reasons behind the decision to form an alliance can be simultaneously economic, political and social in nature.</p> <p>Proposition 1.1a. Reasons behind the decision to form an alliance can be economic, political or even social in nature.</p> <p>Proposition 1.2a. Different categories of reasons can be simultaneously at play and behind the decision to set up an alliance.</p> <p>Proposition 1b. Alliance is a compromise solution chosen because it does not put on strain the system of rules that frame the decision-making process, but touches up it.</p> <p>Proposition 1.1b. Alliance is chosen over alternative instruments since it is a compromise solution, able to satisfy at the same time different interests</p>

Alliances

- Proposition 2. The key element of decision-making process is represented by the stakeholder system.
- Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by stakeholders, through their perception of contextual forces.
- Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is moderated by stakeholders, through the script they wrote.
- Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by stakeholders, acting as claim-makers on the basis of their interests.
- Proposition 2.4. The interaction between what happened in other arenas and the claim-makers interaction towards the issue at hand is filtered by the stakeholders' system.

Merger

- Proposition 2. The key element of decision-making process is represented by the claim-makers system. Nevertheless, the stakeholder system plays a critical role: it allows the interaction does not develop into conflict.
- Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by their perception of contextual forces.
- Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is driven by claim-makers, through the evolution of the rules of the game, and moderated by stakeholder system, through the shared stake for the viability of the firm.
- Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by claim-makers.
- Proposition 2.4. The interaction between what happened in other arenas and the claim-makers interaction towards the issue at hand is introduced by the stakeholders system. They are not able to moderate such an impact

Proposition 2. The key element of decision-making process is represented by the stakeholder system. It allows the interaction among actors bringing different interests does not develop into conflict.

Proposition 2.1. The relationship between the context-related factors and the claim-makers interaction is moderated by stakeholders, through their perception of contextual forces.

Proposition 2.2. The relationship between the firm-related factors and the claim-makers interaction is moderated by stakeholders, through the shared stake for the viability of the firm.

Proposition 2.3. The interaction among claim-makers within the decision-making arena is led by claim-makers

Alliances

Proposition 3. The success or the failure of a decision-making process depend on the management ability to enhance one or another shade of the issue at hand.

Proposition 3. Managers play a critical role within the decision-making process. They ensure the satisfaction of the economic dimension of the enterprise activity on one end, and play a mediation role among the stakeholders involved

Merger

Proposition 3. The success or the failure of a decision-making process depend on the management ability to bring stakeholders back into equilibrium

Conclusion

The aim of the study was to examine the decision-making process leading to form an alliance within the context of Italian local utilities, without any a-priori restriction.

In this perspective, the results of the study could be contributions at two levels.

Firstly, under the theoretical point of view, the study (1) extends the literature about alliance formation, (2) explores the relationships between stakeholder system and decision-making, and (3) develops a theoretical framework and a working model useful to analyse the decision-making in a constructivist and process-based perspective.

Literature about alliance formation is a very rich literature. Nevertheless, Oliver (1990) and Osborn and Hagedoorn (1997) claim as prior studies highlight each time only one facet of the issue, giving us a simplified explanation of the phenomenon. In this situation, at the beginning of the Nineties Oliver (1990) invited to conduct more research on "how different reasons interact to explain why organisations choose to enter into relationship with one-another". Some years later Osborn and Hagedoorn (1997) still claimed the assumption of host disciplines in the study of alliance formation. Consequently, they suggest to "abandon a singular clear-cut description of alliances based on the assumption of a host discipline in favour of a more robust, sophisticated, multidimensional vision" (Osborn and Hagedoorn 1997: 274): the aim is to deal with the complexities of alliance formation.

Our study helps to fill this gap, by highlighting the wealth of potential reasons simultaneously underlying strategic decisions, linked not only to the economic dimension, but also to the political and social dimensions of enterprise activity. Then it is based on an empirical work. On top of it, the extension of the setting at local utilities represents another contribution.

Literature about stakeholder and decision-making acknowledges that firms do not take strategic decisions in isolation: firms take their strategic decisions within a system of stakeholders that they influence and from whom they are influenced (Freeman 1984). In this perspective, many studies focused on the relationships among firm and its stakeholders (Donaldson and Preston 1995, Mitchell et al. 1997, Freeman 1999). These studies give us useful insights to identify and classify stakeholders; they also provide managers with many techniques useful to restrain stakeholders' influence on firm's decision-making. Nevertheless, extant studies give us a limited view of the role played by stakeholders in strategic decision-making (Andriof et al. 2002): they give us some snapshots of the interaction among firm and its stakeholders. The perspective is unidirectional, conflict-based and static: stakeholders try to influence firm's decisions, in such a way to make their claims satisfied, and firm tries to respond to this pressure, in such a way to satisfy its own goal.

There are grounds to believe that firm and its stakeholders join a network in which each actor contributes to decision-making and share responsibilities about the achievement of its goals (Rowley 1997, Beaulieu and Pasquero 2002). On these premises, a networking, collaborative and dynamic perspective seems necessary to develop an overall understanding of the role played by stakeholders in the strategic decision-making by firms.

In this perspective, our study shows how stakeholders play a key role in strategic decision-making by firms. Stakeholders both constitute the structural component of decision-making arena. When the decision does not put on strain the equilibrium among different interests, firstly stakeholder system represents the script within which different characters play their part. Secondly, stakeholders' improvisations allow the play develops: improvisation breaks the order constituted by script and forces actors on stage to reinvent their speeches and interactions. On the contrary, when the decision take the stakeholder system out of its hinges, the stakeholder system holds the actors involved together for the best of firm. In the end a new script is developed and a new play is put on: perhaps, it is not the best play for all the actors on the stage, but what is important is that at the end the audience applauds.

Further researcher could test the propositions expressed about decision-making even in other settings.

Literature about decision-making analyses strategic decisions under a deterministic and structural perspective: they aim to test cause-effect relationships among variables that describe environment, organization and strategy. Pettigrew (1977, 1992, 2002) claims as this leads to one-sided, clear-cut description of strategic decisions, whereas strategic decisions require interaction among different actors. He highlights the necessity to adopt a process-related approach in strategic management research to bring this field forward. On top of it, Eisenhardt and Zbaracki (1992) highlight as it is convenient to move beyond the traditional approaches that interpret the actor interaction as adversarial in nature for approaches based on collaboration.

Our study provides a theoretical framework and a working model useful to investigate decision-making in such a perspective. In particular, a multi-level and multi-dimensional model is developed, both under the theoretical and methodological point of view.

Further studies could be developed to test the reliability of the working model proposed.

Secondly, under the managerial point of view, the study provides managers with (1) useful insights about the function of alliances within the corporate strategy of the firm and (2) the role played by stakeholders in the strategic decision-making. On top of it, the study lays the ground for some remarks about the role played by the management of local utilities, even considering corporate governance models based on the stakeholder engagement.

Alliances are not necessary the result of a collaborative strategies. They can be used to sit on the fence, expecting that another decision can be taken.

Stakeholders are central in decision-making process. In this perspective, managers have to understand how to balance firm and stakeholders' interests: stakeholder management becomes a process of mutual contribution. In this perspective, strategic decisions come from the use of stakeholders' interests to govern their interaction.

Based on these premises, the role of the manager of local utilities is to mediate among the different interests at stake. Such a mediation can translate into the shaping of the claim in different ways according to the actors involved; otherwise, it can translate into the tentative to bring the conflict among actors back into equilibrium.

In this perspective, the manager of the local utilities seems to play a double role within the network where the decision is taken. On one side, the manager is one of the stakeholders at stake, aimed at contributing at the decision formation bringing his own competences; on the other side, he is a *deus ex machina*, aimed at driving the actions of the actors involved.

Further studies could be conducted to test the relationship between the role played by management and the failure and success of the decision-making process. In particular, it could be useful to analysing a decision-making process where the final decision was not taken to understand whether this depend on the role played by management.

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