

**Does power push or resist institutional change?**  
**The ambivalent role of strategic and structural power**  
**in Italian state steel privatization**

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**ABSTRACT**

This article investigates the role of power and politics to understand the forces underpinning institutional change. Grounding on a longitudinal study of Italian steel industry privatization, we elaborate a process-model, that makes three contributions: first, it proposes a distinction between structural and strategic power based on their stock and flow properties. Second, the model explains how strategic and structural power dynamically interact over time. Third, we formulate a number of propositions on how strategic power, structural power and institutional change interact over time to produce equilibriums with different characteristics. We found that, in explaining the dynamics of institutional change, crucial role have the asymmetry in the distribution of symbolic power and the misalignment between the interests of the actors that hold symbolic capital.

**INTRODUCTION**

What is power in neo institutional theory? How is it distributed and contested? And how does the change in its distribution affects institutional change over time? Many scholars acknowledge the

need to investigate the role of power and politics to understand the forces underpinning institutional change (Hensman, 2003; Levy and Scully, 2007; Lawrence, 2008; Clegg, 2010). Received literature, however, is elusive on the nature of power and on how it is allocated, contested and redistributed so to affect institutional change. In this paper, grounding on a longitudinal study of Italian steel industry privatization, we elaborate a process-model to explain the dynamic interplay between power allocation and institutional change.

The vibrant research on institutional entrepreneurship tackles the issue of agency by focusing on the properties that an individual must be endowed with to trigger and implements institutional change. As Giddens suggests 'agency implies power' (1984: 9) and the desire to maintain power drives agency (Hargrave and Van De Ven, 2006: 879). So, notions of power are implicitly employed in this literature in three manners. The first notion of power, generally, refers to resource endowments (DiMaggio, 1988). A second view investigates power as taking a structural or positional stance. For example, Greenwood and Suddaby (2006) highlight the positional power of the actors that are central in a field and, thanks to this advantageous position, are able to become institutional entrepreneurs. A third notion of power emphasizes institutional entrepreneurs' skills (Fligstein, 1997; Rao, 1998; Garud *et al.*, 2002; Maguire *et al.*, 2004; Rojas, 2010.). In the latter perspective, the repertoire of skills of an institutional entrepreneur captures the 'strategic face of power'. Yet, literature on entrepreneurship and institutional change is elusive on how the three forms of power coexist and interact. This elusiveness left unexplored three key issues. First, recent work on institutional entrepreneurship focused on how discourse is constitutive of institutions (Phillips, Lawrence, and Hardy, 2004). Consequently, power that follows from discursive strategies and skills gained centrality. However, as Levy and Scully stress, 'a discursive focus risks obscuring material dimensions of field structures and strategies' (2007: 973) and it is still unclear whether and how discursive skills ground on other forms of power. A second avenue of research refers to the interplay between structural and strategic power. A typical narrative in institutional literature portrays a 'hypermuscular' entrepreneur (Clegg, 2010:5) that uses her strategic power to overturn the

structural power crystallized in established institutions. This narrative hinges on the clear distinction between the agents that are endowed with the power to reproduce institutions (structural power) and those that have the power to change institutions (strategic power). A variant of this narrative, suggests that strategic and structural power may be coupled when institutional change sparks off from agents that hold central position in a field and, consequently, are able to resist coercion of established institutions (Greewood and Suddaby, 2006). In general, this perspective presents two shortcomings. First, it is unable to explain processes in which the allocation of both structural and strategic power creates an asymmetric and nuanced distribution among different social actors. For example, when a number of social actors have different interests, different endowments of strategic and structural power and use both forms of power to both reproduce and change institutions. Second, given the limited attention devoted to the analysis of the interaction among structural and strategic power (few notable exceptions are Hensmans (2003) and Lawrence (2008)), the narrative does not address the circumstances that leads pressures to change or to reproduce institutions to overcome each other. Neither it explains how the interaction explains the dynamics of institutional instability and stasis.

To address these research questions, we present a longitudinal study of steel privatization in Italy. The privatization process in Italy has been a dramatic and contested issue that challenged entrenched interests. The process mobilized a variety of discursive strategies and alliances among social actors embedded in a complex web of power relations and interests. We explore the complexity of these relations, using Bourdieu's concepts of 'field of power', that is the battlefield of agents endowed with different kinds of capital that permits them to dominate the respective fields (Bourdieu, 2005, 2009). Following the example of Meyer and Höllerer (2010), we used a qualitative and quantitative strategy, combining content analysis and a multiple correspondence analysis. We traced discursive strategies in the public debate on newspapers in the period 1984-1995. Moving away from an actor-centric approach, we elaborated a process-model that explains how power relations and institutional arrangements observed in different points in time are part of a sequence

connected by an historical narrative. The model makes three contributions. First, it proposes a distinction between structural and strategic power based on their stock and flow properties. Second, the model explains how strategic and structural power dynamically interact over time. Third, grounding on the model, we formulate a number of propositions on how strategic power, structural power and institutional change interact over time to produce equilibriums with different characteristics. We found that, in explaining the dynamics of institutional change, crucial role have the asymmetry in the distribution of symbolic power and the misalignment between the interests of the actors that hold symbolic capital. In this light, we bridge perspectives that look at institutional change as the consequences of interest misalignments (Greenwood and Hinings, 1996; Clemens, and Cook, 1999; Seo and Creed, 2002; Henisz and Zelner. 2005) and the literature that investigates the role of power relations in institutional change. The paper is organized as follows: in the next section we review our theoretical background. In the third section we portray the research setting. In the fourth section we present our methodology and data. Section five reports analysis of results. Section six discusses results, describes our process-model and submits a number of propositions. Section seven concludes.

## **ENTREPRENEURSHIP AND THE COMPOSITE NATURE OF POWER**

A fundamental tenet of recent neo-institutional literature is that ‘institutions are not just social constructions but social constructions constituted through discourse’ (Phillips, Lawrence and Hardy, 2004:638). Hence, power is itself constituted through discourse (Clegg,1998 :31) and analysis of agency increasingly focused on the ability to manipulate discourse and to conduct ‘politics of signification’ (Benford and Snow, 2000: 625). Successful institutional entrepreneurs produce texts that draw on discourses from other fields to create new institutions or to delegitimize existing ones (Greewood *et al*, 2002. Phillips *et al.*, 2004: 648; Maguire and Hardy, 2009). The legitimacy to speak of entrepreneurs attributes power (Maguire *et al.*, 2004) and the literature pointed at several strategies to gain legitimacy (Suchman, 1995), such as storytelling (Lounsbury and Glynn, 2001),

theorization (Greewood *et al.*, 2002; Rao *et al.*, 2003), the use of rhetoric and the exploitation of contradictions embedded in dominant institutional logics (Greewood and Suddaby, 2006), the framing of contested issues (Meyer and Höllerer, 2010), of new standards (Garud, Jain and Kumaraswamy, 2002) and problems (Tracey, Phillips and Jarvis, 2011), the creation of legitimating accounts (Creed *et al.*, 2002), persuasion (Maguire *et al.*, 2004: 676), the use of impression management (Elsbach and Sutton, 1992) and the formation of discourse alliances (Hensmans, 2003; Meyer and Höllerer, 2011). Yet, producing convincing frames or legitimating accounts entails cultural power in terms of accumulated knowledge (Tracey *et al.*, 2011), 'local knowledge' (Clegg, 2010: 10), access to information (Hensmans, 2003; 363) and 'social stocks of knowledge' (Meyer and Höllerer, 2010: 1242). Similarly, Phillips *et al.* suggest that skilled entrepreneurs need resources, formal authority, and centrality to maximize text diffusion or prevent other actors from being able to disseminate their texts (2004: 648). To make sense of relations among legitimization and other forms of power, Bourdieu proposes that four kinds of capital exist: economic, social, cultural and symbolic (Santoro, 2009). Economic capital is explained by the possession of economic assets, cultural capital is connected to the possession of knowledge and information, and social capital refers to access to durable network of more or less institutionalized relationships. Yet, capital is field specific: the kinds of capital are powers that defines the chance of profit in a particular field. To each field corresponds a particular kind of capital that is current, as a power or stake, in a particular moment (Bourdieu, 2009). Holders of dominant capital may exchange it in symbolic capital, that allow the exercise of symbolic power. Bourdieu's symbolic power corresponds to what neo-institutional theory calls legitimization, or right to voice, as 'in the struggle to impose legitimate vision, agents posses power in proportion to their symbolic capital', that is in proportion to the recognition they receive from agents of the field (Bourdieu, 1991:106). Following this line, it is not important the nature of the resources of power, but the extent to which they can be transformed in symbolic power (Bourdieu, 1991) through a process that Bourdieu labeled 'transubstantiation' (1986).

## **STRATEGIC AND STRUCTURAL VIEWS OF POWER**

As conceived in received literature, institutional entrepreneurs are heroic actors that produce 'praxis', that is, a creative effort leading to a reflexive shift in consciousness and to the reconstruction of social patterns by recognizing the limits of present social forms (Seo and Creed, 2002: 225). Yet, social forms crystallize interests. Thus, institutional change is not only a cognitive endeavor but also a political one. As Clegg suggests 'strategic action by institutional entrepreneurs demonstrates a strategic face of power' (2010: 10). Addressing power, Levy and Scully lament that at the core of institutional theory is a structural theory of power. They recommend to concentrate on the power that 'transcends possession of material resources, formal authority or discursive legitimacy' to underscore the strategic skills that institutional entrepreneurs utilize to 'overcome structural power by outmaneuvering field dominants' (2007: 976). Actually, the fact the power is 'a relational phenomenon, rather than a commodity' (Lawrence, 2008: 174) and that it is connected with entrepreneurs' skills is well engrained in the neo-institutional literature. Political skills of entrepreneurs are operative when employed as mobilization devices (Rao, 1998) to 'outflank dominant actors with superior resources' (Clegg, 2010: 10) and to convince powerful existing organized actors (Fligstein and Mara-Drita, 1996). Diffusion of novel institutions requires the deployment of multiple of political skills (Fliegstein, 1997; Maguire *et al.*, 2004: 676). To combat or co-opt rivals (Scott, 1994), entrepreneurs use lobbying (Haveman and Rao, 1997: 1646) and, trying to maneuver enforcement mechanisms (Garud *et al.*, 2002: 208), they adopt strong-arm tactics. Received literature prosperously described the panoply of skills entrepreneurs must be endowed with. Reported repertoire spans from mechanisms of influence such as moral suasion, negotiation, rational persuasion, ingratiation and exchange (Lawrence, 2008: 183) to a variety of social skills (Fligstein (1997). Rather than the lack of attention to political behavior as a form of strategic power, what is to be lamented is the unexploited opportunities to integrate structural and strategic views of power. Neo-institutional narrative evokes a clear distinction between the agents that are endowed with the power (and interest) to reproduce institutions (structural power) and those

that have the power (and interest) to change institutions (strategic power). Yet, given that dominant frames seldom are consensual (Morris, Zald, and Rao, 2003) and elites are fragmented (Zelner, Henisz and Holburn, 2009) the allocation of both structural and strategic power may be asymmetric and nuanced. For example, a number of social actors may have different interests, different endowments of strategic and structural power and use both forms of power to both reproduce and change institutions. To distinguish strategic and structural power, we prefer to use the term 'structural power' to elicit the stock-like nature of power as crystallized in the state of institutions and in the distribution of capital of different nature. Strategic power is the power associated to the agency that either change or reproduce the state of institutions. Both definitions are independent of whether structural or strategic power are used to either change or reproduce institutions.

### **DYNAMIC FIELDS OF POWER**

According to Lawrence (2008), institutional agency makes use of episodic forms of power grounded on influence and force to change institutions. On the other hand, institutions make use of systemic power based on discipline and domination to exercise institutional control. Whereas episodic power and institutional agency evoke actions directed at changing a state, systemic power brings to mind a pervasive form of power that represent a state embedding actions. Similarly, in Hensmans' evolutionary model (2003), performative power underpins strategic agency that is aimed at changing the state of a field and represents a variation mechanism. On the other hand, systemic power both retains successful variations and constraints performative power. These contributions contribute feedback models that support the analysis of the interaction between structural and strategic power. Yet, questions remain regarding the circumstances that leads pressures to change or to reproduce institutions to overcome each other. Neither the models explain the dynamics of institutional instability and equilibrium and when the dynamic interactions lead to stable or unstable states. In this respect, the concept of 'field of power' (Bourdieu, 2005, 2009) contribute to a longitudinal analysis of the interplay between structural and strategic power. A field of power is the

battlefield of different kinds of capital; more precisely is the battlefield of agents endowed with different kinds of capital, that permit them to dominate the respective fields. In the field of power, actors gains symbolic power by leveraging their owns capitals and exchanging them in symbolic capital through a rate of exchange that is at the core of the struggle, as changing this exchange rate means changing the relative importance of capitals within a field of power. Yet, Bourdieu's framework is rich of unexplored dynamics. For example, the principal mean through which symbolic power operates is symbolic violence, that is, the inculcation of ideas and the exclusion of other as unthinkable. To what extent, once symbolic power is established, changes in the allocation of economic, cultural and social capital may disturb equilibrium? In other words, how resilient is symbolic violence to misalignment in both the distribution of different forms of capital and interests of dominant actors?

## **RESEARCH CONTEXT**

The history of state steel production is tightly connected with IRI (Istituto di Ricostruzione Industriale). This state-owned holding, was initially created in 1933 with a temporary status to salvage and to reorganize the Italian banking system during the crisis of the 1930s. At the end of 1933, IRI directly owned the entire military and 40% of the civil steel industry and in 1938 a company was created, Finsider, directly controlled by IRI, to organize all the state-owned steel producers. In 1938, Finsider produced 66% of national pig iron and 45% of national raw steel. After WWII, IRI obtained a permanent status and received the mandate to restructure the weak Italian industrial system. Retrospectively, the state contributed to place Italy among the leading steel producers in Europe. Despite the fact that, during the second world war, large part of the Italian installed capacity was destroyed, in 1974 Italy produced nearly 24 million tons/year; Great Britain, France and Germany produced, respectively, 22, 27 and 53 million tons/year. The privatization of state steel can be analyzed in three periods. In the second half of 1980s, the globally spreading 'privatization wave' (Bortolotti and Pinotti, 2008) forced political elites to consider privatization as

a policy to counter skyrocketing public debt. State-owned steel producers were good candidate for privatization since they experienced dramatic financial tensions and the industry had suffered pathological problems of overcapacity in the previous ten years. Between 1983 and 1993, with very short interruptions, the government was held by a five-party coalition (Partito Socialista Italiano (PSI) along with Democrazia Cristiana (DC), Partito Socialdemocratico (PSDI), Partito Liberale (PLI) and Partito Repubblicano (PRI)). As expected, the debate concerning privatization was complex and heated. Difference in opinions emerged not only between government and opposition but even within the government itself. In the government coalition, PLI and PRI, typical expressions of laic liberal thought, inclined to principles of free market, coexisted with PSI and DC, these latter more prone to buttress a statist approach. First steps to steel privatization were moved in the period 1983-1986, with the sale of Cornigliano, a large plant in the north of Italy owned by Finsider. A second period in Italian privatization runs from 1992 to 1993. In this period, Italy experienced a strong economic and political turmoil. Mounting public debt raised international concerns on the robustness of Italian economy and currency. This was especially dramatic in the face of impending pressures to accomplish to the financial and economic parameters set by the Maastricht Agreement. These shocks were managed by two governments that lasted one year each. Despite the fact that the coalition of parties supporting the two governments was almost the same (only PRI decided to leave the coalition). A difference was in the men asked to lead the coalitions: Giuliano Amato and Azelio Ciampi. The former a socialist who had worked in the preceding governments as an economic expert and who had been Treasury Minister; the latter had been governor of the Bank of Italy and belonged to the elite of Italian technocracy. To give a feeling of the mounting pressures in Italy at the beginning of the 1990s, in July 1992, Mr. Amato passed a financial law worth nearly 100,000 billion of Italian Lira, the largest after WWII, to cover the public deficit. The same government pushed forward the privatization process passing a law that transformed large state holding owned directly by the Minister of Treasury - IRI, ENEL and ENI<sup>1</sup> –

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<sup>1</sup> ENEL (Ente Nazionale per l'energia ELettrica) was the state-owned utility that provided electricity and ENI (Ente

into private companies whose equity could be held by the Ministry. This technical step was meant to be preparatory to the re-organization of state-owned holdings to be conducted through mergers and privatization. In this window of opportunity for privatization, in 1992, a large plant located in Piombino, in the western coastal area of Italy, was spun off from Italsider, a state-owned steel producer, to create a new firm (Acciaierie e Ferriere di Piombino) participated by the state and the private company Gruppo Lucchini. In the last period, from 1994 to 1995, a new coalition came to power led by Mr. Silvio Berlusconi and supported by newly created parties, such as Forza Italia (created by Mr. Berlusconi himself), Lega Nord (that supported a federal organization of the state) and two small parties that inherited the tradition of the dissolved Christian Democrats. Mr. Berlusconi's government lasted for only one year and was substituted by a government led by independent technocrats. In 1994, AST, a state-owned company producing stainless steel, was sold to Thyssen Krupp and, between 1994 and 1995, ILVA, the larger state-owned company that included most of state-owned capacity for flat products, was sold to a private producer, Riva. Finally, in 1995, Acciaierie e Ferriere di Piombino was completely privatized as the state sold its share of equity to Gruppo Lucchini. Finally, in 1996, Dalmine, a pipe producer, was privatized by direct sale of 84% of the equity to the Techint Investment Netherlands.

## **METHODOLOGY AND DATA**

An inductive approach is particularly suited to study unclear phenomena (Strauss and Corbin 1990), but many scholars have asked for combining qualitative and quantitative methods (e.g., Mohr, 1998; Schneiberg & Clemens, 2006; Meyer & Höllerer, 2010). We thus combined an in-depth content analysis with the multivariate technique of multiple correspondence analysis. Content analysis is an effective and established methodology (e.g. Krippendorff, 2004) for studying human communication and performing analysis of the intentions, attitudes and values of individuals as crystallized into the meaning of textual messages (Morris, 1994). We used content analysis for

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Nazionale Idrocarburi) was the state-owned utility operating in a number of businesses such as chemicals, gas and petrol extraction and infrastructure building.

inductively reconstructing meanings assigned to privatizations in the public debate. Since our aim is to analyze the interaction between power allocation and strategies to gain power, we interpreted results with Multiple Correspondence Analysis (MCA) to generate maps that relates agents of the field of power, position toward privatization and frames deployed in the debate. More specifically, in order to capture the longitudinal unfolding of the interaction, we divided our data in three historical periods and created three topographic maps, one for each period. The three periods selected refers to three key shifts both in the privatization process. The first period, 1984-1991, includes the beginning of the public debate on privatization and the start of the privatization process. The second period, 1992-1993, signs the promulgations of the key laws to guide the privatization process. Finally, the 1994-1995 time frame refers to a normalization in which steel privatization process was concluded.

### **Data sources and sampling.**

Meaning is molded in the public debate, that is suited for studying struggles over meaning, as it the place where problems and solutions are discussed (Meyer & Höllerer, 2010). This was our data retrieving strategy was: first we strengthened our knowledge of Italian steel industry privatization through technical and historical publications, balance sheets and other archival data regarding IRI and steel industry; in particular we had access to three important database: IRI historical archive, the Prodi<sup>2</sup> archive and the Gibellieri<sup>3</sup> archive. In addition we conducted hours of interviews with leading experts of the steel industry. Then, we built on this knowledge to compile a list of keyword related to steel privatization that we used for searching through on-line newspapers' article databases. We collected as our units of analysis the actor's statements on the issue of privatization. To be included in our dataset each statement had to comply with four properties: i) Statements have to be a quote or a direct paraphrase. This means that the author must be clearly identified. ii)

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<sup>2</sup> Romano Prodi has been the President of IRI from 1982 to 1989 and in 1993-1994; has been president of the European Commission in the period 1999-2004 and Italian Prime Minister twice.

<sup>3</sup> Enrico Gibellieri has been the last President of the ECSC (European Community for Steel and Coal) Consultative Committee and he is Co-President of the Consultative Commission on Industrial Change within the EESC (European Economic and Social Committee). Since March 2006 he has been elected as Deputy Vice-President of the Steering Committee of the European Steel technology Platform (ESTEP).

Statements must refer to steel industry privatization or privatization in general<sup>4</sup>. iii) Statements must refer to privatization in Italy. iv) Narrow focused statements were discarded. With "narrow focused statements" we identify very specific statements, which general meaning is impossible to understand<sup>5</sup>. We retrieved our data from two out of the three more important daily newspapers: *La Repubblica* and *Il Sole 24 Ore*<sup>6</sup>. The former encompasses a moderate leftwing vision, while the latter, owned by the Large Industrial Firms' Organization (Confindustria), is an economic newspaper and is inspired by a more market oriented view. Our dataset covers articles issued in the time period 1984-1995: figure 1 shows that we capture the beginning of Italian debate on privatizations, that follows the British stream of privatization, as well as its development and conclusion. The yearly number of reference quickly decline in 1995: steel industry privatization is already decided and almost carried out. Our sample comprehends a total number of 537 articles: 246 from *La Repubblica* and 291 from *Il Sole 24 Ore*. We collected articles from each section of the newspapers, including editorials and letters to the editors, and sampled them according to the keyword list, that included several sets. The first is composed by the names of the state-owned or privatized steel factories: *Ilva*, *Dalmine*, *Italsider*, *Finsider*, *Cornigliano*, *Breda*, *Acciai Speciali Terni*. The second is about cities where plants are based<sup>7</sup>: *Cogne*, *Piombino* and *Taranto*. The third set includes the more important private entrepreneurs in steel industry: Lucchini, Falck, Rocca, Riva and the most important steel unions and of the Large Industrial Firms' Organization: *Fiom*, *CGIL* and *Confindustria*. The last set of keywords included the Italian translations for steel and for privatization: *acciaio*, *siderurgico*, *siderurgica*, *privatizzazione*, *privatizzazioni*. We then extracted

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<sup>4</sup> Sometimes discourses about privatization in general and in the steel industry overlap. In these cases we saved the whole sentence. We rejected statements referring to other industries' privatizations.

<sup>5</sup> An example is a statement related to a buying offer. "Lucchini's [buying] proposal is not satisfying". In these case we cannot understand neither why, nor what the actor suggest, so we cannot use the statement.

<sup>6</sup> Choosing two newspaper only main seem to limit the amount of data but, as we will show, our number of total references is large if compared to similar works. Our newspapers are the second and third more important in Italy: *Il Corriere della Sera* has a wider circulation, but has no electronic database before 1992. Moreover, the only comprehensive repository of paper copies is in Milan, at the newspaper's head quarter. Still, researchers are not allowed to consult it.

<sup>7</sup> Italian journalist use to substitute the name of the company with the name of the city where the plant is based; Ilva, the most important steel factory, becomes thus Taranto. For Dalmine, Cornigliano and Terni the names of cities and companies are the same.

statements out of the articles: we retrieved 1.902 statements: 770 from *La Repubblica* and 1.132 from *Il Sole 24 Ore*. This is a fairly high amount of data if compared to similar studies (e.g. Gamson & Modigliani, 1989; Semetko & Valkenburg, 2000; Van Gorp, 2005; Meyer & Höllerer 2010).

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FIGURE 1 HERE  
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### **Coding scheme**

We coded each statement according to four categorical variables: actor, content of the statement, position adopted on the privatization issue and year. Actor is anyone who participated to the public debate about privatization by a direct quote or a paraphrase; this means that actors are the agents of the fields that have at least a certain right to voice, in Bourdieu's terms. We found 15 categories of actors. Compared to other studies, this number is fairly high and describes the richness and the variety of agents involved in the public debate. Six categories deals with political parties: i) Christian Democrats (CD), the party that leaded government for almost 50 years; ii) Socialists (SOC), that aggregates two governmental socialist parties: Socialist Party and Social Democratic Party; iii) Liberist (LIB), aggregation of several center-right neo-liberal parties: Republican Party, Radical Party, Liberal Party, Alleanza Nazionale; iv) Independents (IND), which collects all the statements of ministers that are not bound to any party; v) Communists (COMM), which aggregates statements from non-governmental communist and post-communists parties; vi) Post (POST), which aggregates statements of the parties born in what has been defined la *Seconda Repubblica* (the second Republic): Forza Italia and Lega Nord. Two categories are used for unions: FIOM, the more leftwing steel union, and UNION for the other unions. We have three categories for entrepreneurs: i) Main entrepreneurs and large industrial firm organizations aggregated in the association of large employers named *Confindustria* (LIFO); ii) Small and medium entrepreneurs (SME); iii) Foreign entrepreneurs (FE). Other actors are managers of state-owned enterprises (SOEM), financial and consulting firms (FCF); journalists (JOU) and technocrats (TEC):

academicians and the part of the technocracy that is not directly involved in the management of State owned enterprises.

From the content of the statement we extracted *frames*, that are collective, interpretive maps which organize experience and guide action (Goffman 1974). They denote "schemata of interpretation" that enable individuals to locate, perceive, identify, and label occurrences within their life space. They provide coherence to a set of idea elements (Gamson & Modigliani, 1989), are "charged" differently with regard to an issue, and bring about different "field positions" for actors. (Meyer & Höllerer, 2010). Frames help to render events or occurrences meaningful and thereby function to organize experience and guide action (Snow & Benford, 1988). In particular, media frames, organize the world both for journalists and for who rely on their reports". (Gitlin, 1980). In other words, frames provide us with a series of mental filters through which we make sense of the reality. Following Meyer & Höllerer (2010) we considered that frames are held together by story lines that array actors, objects and events in a meaningful way to organize experiences (Gamson, 1992). Frames may be inductively developed or deductively chosen and applied to the case under research (Semetko & Valkenburgh, 2000). They may be general or issue specific (Matthes, 2009). To capture the richness of privatization issue, we inductively developed issue specific frames through four steps. First, we analyzed each statement. Statements were paraphrased to be coded to a claim which represents a basic unit of interpretation and that what we called a *node*. Each node is thus a set of statements dealing with the same key idea about privatization issue. We identified 126 nodes. Coding was performed together by the two authors. Second, we then iteratively analyzed the code book, that is the collection of nodes, to stabilize it. Third, we inductively elicited the frames that molded the public debate. We built frames by aggregating nodes that are held together in storylines that weave them into a meaningful worldview: we casually extracted each node and assigned it to a developing frame by considering that a claim reveals at least the next or the previous step of the storyline of which it is a part. Claims can thus be analyzed to retain not only the explicit but also the implicit meaning (Meyer & Höllerer; 2010). An important assumption of framing theory is indeed

that whenever a reasoning device is not explicitly stated in a text, it will nevertheless be evoked by the frame message during the interpretation process of the reader (Van Gorp 2005). The final product of this third step was the generation of 12 frames. In the fourth and last step, we iteratively analyzed each frame until reaching a stable nodes-frames matching and a complete agreement. In this respect, to decide whether a set of nodes was a different frame or a side narrative, we applied Snow and Benford's (1988) notion of core framing tasks: diagnostic framing identifies problems; prognostic framing involves the articulation of a proposed solution to the problem, or at least a plan of attack. Motivational framing provides a "call to arms" or reason for engaging in action. Following Meyer & Höllerer, (2010) we defined separate frames if either the diagnosis or the prognosis was different. In our analysis of the public debate we elicited frames of different nature. A first group of frames includes broad world views: their roots evidently go deep into different ideologies, which inform their diagnostic and prognostic characteristics. We labeled them *systemic frames*. A second group of frames consist of narrower frames, which are the expression of more specific tactics and interests within the sociopolitical field. We labeled them *tactical frame*. A third group is constituted of frames, which discourse pretends to be less rooted in ideologies. These frames presents themselves as concerning practical and technical issues, more than being concerned with theory or general ideas. We labeled them *technical frames*. Our inductive result is confirmed by Feigenbaum and Henig's tipology (1994; Feigenbaum et al., 1998) of pragmatic, tactical and systemic definition of privatization. We will discuss our frames in the next section.

Since a frame implies a range of positions, allowing for controversy among those who share a common frame, and not every disagreement is a frame disagreement (Gamson & Modigliani, 1989) we coded each statement according to the positions about the privatization issue: positive, negative, neutral or ambivalent. Year was used for dividing the total amount of statements in the three before mentioned time periods. Period I includes 563 references; period II 941 references and period III 398 references. The higher amount of references of period II reflects the mounting public debate and the acceleration of the steel privatization process.

## **Analysis**

Multiple correspondence analysis (MCA) is an exploratory technique that allows investigating meanings and their relationship with the social space in which they are embedded. Similar to principal component analysis, correspondence analysis is particularly suited for social science research that relies on qualitative data. A full description of MCA goes beyond the aim of this paper: for a full technical account we refer to standard literature and statistical software manuals (Greenacre and Blasius, 2006; Nenadic & Greenacre, 2007; 2012). MCA proceeds inductively from contingency tables, matching rows (unit of analysis) and columns (categorical variables) and projecting this multidimensional space into a lower dimensional one. The result is a two-dimension topographic map where different variables' categories are plotted in the same Euclidean space. This map allows the understanding of the relationships between variables and categories, that are depicted in the same field. The system of meanings competing in the field may thus be related to the actors (Meyer & Höllerer, 2010). Categories that frequently co-occur are plotted close together, while those that do not co-occur are plotted apart. The inertia of the model is the total amount of variance of all the categories. The higher the percentage of inertia explained by the Euclidean space defined by the two axis of the topographic map, the higher the quality of the model. Then, the quality of the topographic map is measured by the inertia percentage accounted for by two principal axis. Some categories have more weight in the definition of the Euclidean space, contribute more to explain the total inertia of the model and, conversely, their variance is better explained by the space. These categories are those that are crucial in assigning the meaning to the axis. Also, the quality of the plot of each category is assessed and is useful to interpret categories' positions. Interpreting the relationship of dimensions and points is thus somehow recursive: the position of a point is used to induce the meaning of the dimension through the percentage of inertia explained by that particular

point. For the analysis we used the statistical software R. MCA is performed by R through a package called "ca", written by Nenadić and Greenacre<sup>8</sup>.

## FRAMES

In this paragraph we outline a description of frames following the previously explained typology.

### **Systemic frames:**

- i) ***Labour versus Capital (LVSC)***: this frame opposes owners of means of production and workers. The general idea underlying this frame is the opposition between the system of private firms owned by private capital and only inspired by individualistic aims, and the system of state-owned enterprise that are aimed at preserving public goods and not to pursue profit only. Consequently, the state must be involved in economic life to protect jobs and state-owned firms should provide employment and a stable working life to employees. Privatizations are evil, as they both imply mass layoffs and point at overturning the system of state-owned firms.
- ii) ***Continental Capitalism (CC)*** calls for ‘mobile borders’ between the systems of privately and state owned enterprises. The idea is that the role of the state in an economy is central to redistribute wealth. Yet, times are changing and reforms must be implemented to create a better industrial system. In this light, privatization may be one of the tools available in the repertoires for industrial policies. According to the frame, industries exist in which the presence of the state is strategic and non-questionable, while other industries may be partially or completely privatized.. Privatization may be an opportunity to devise a better economy, where state and private companies co-exist without wars, each one specialized in different niches. Privatizations must be planned to avoid the shift from state monopolies to private ones. Renan model is evoked<sup>9</sup>.
- iii) ***Neo Liberalism (NL)*** charges state-owned companies' privatizations with a symbolical meaning: it has to be a profound cultural revolution and it will lead to a improved economic system. Italian

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<sup>8</sup> categories' labels were added through a graphics editing program for improving legibility

<sup>9</sup> In this case the model makes less reference to the governance system typical of Renan model, with the co-presence of workers and managers in boards, but refers more appropriately to a model of mixed economy.

state-owned enterprises are an anomaly: we thus have to quickly move to market and leave the invisible hand work. Neo liberalism pretend to derive its strength from being rooted in economic science and not in political discourse: economic logic is considered above political one. Everything can thus be privatized in a reform that will remove power for parties, destroy corporatism, create a better stock and job market, create the conditions for better capitals' movement, will create better enterprises that are not characterized by the rigid bureaucracy, slowness and lack of result that are typical of state-owned companies. Private enterprise is explicitly defined as an actor who only has to pursue profit: there is no stakeholder view. "Stalinism" and "catholic solidarity" are usually scornfully described as degenerations, as they don't pursue profits. Market superiority will create a better industry system through popular capitalism.

iv) *Developmental State (DS)* envisions an economy in which the state and politics has an important role in guiding the development of an economy. The role of the state as an entrepreneur is legitimized and rooted in the specific historical economic development of the country where the state substituted for the weak private sector in developing large investments in fixed capital and infrastructures. SOEs are considered as a natural and effective mean to develop economy. Good results of state-owned enterprises are emphasized and the evident failure in financial management is explained by reference to exogenous disturbances rather than to the form of ownership.

**Tactical frames:**

i) *Protecting Rents (PR)* is a frame used especially by politicians to maintain the existing power structure. Ill-omened consequences for Italy if the privatization process takes place are forecasted: loose of sovereignty on economy, colonization by foreign entrepreneurs, these latter focused only on their interests, small and medium enterprises' disappearance. Privatization is described as going to transform state monopolies in private ones, making the situation worse. Little or no effect on state's budget is expected as privatizations' partisans will pursue their interests by using underpricing and clearance sale of firms in loss. Supporters of this frame advocate state bailout of

firms in loss. As a corollary, if the selling of state-owned enterprises has to happen, the government has to lead the process and minority share of the equity may be sold only.

ii) ***Captious View of Privatization (CSVP)*** is a frame used especially by entrepreneurs and large industrial firm organizations to support the privatization process and to drive it to pursue their interests. Large firms' importance for economy is underlined, as well as the need to plan the process in coordination with private entrepreneurs. Will to participate to the acquisition of privatized firms is manifested. Stigmatization of state-owned monopolies is performed: not because they are monopolies, but because they are state-owned.

iii) ***Capture View Privatization (CVP)*** is somehow antagonistic to Captious View, as it warns against the hidden vested interests driving the privatization process. For example, SMEs stigmatize corporatism, as it may lead to state owned enterprises' clearance sale for the benefit of large powerful industrial firms. Also, discourse that ascribes the need to privatize to external constraint is opposed, as it is described as a rhetoric strategy used by Italian firms that want privatizations so to make their interests. Also, the interests of foreign firms is stigmatized that want a less concentrated and thus less powerful Italian steel industry. Moreover, the threaten of privatizing profits and socializing losses is underlined.

iv) ***Stigma Inertia "Boiardi" (SI)*** blames actors and forces opposing privatizations to protect existing power structures. Among the actors blamed as responsible for this hidden sabotage unions, communists and leftwing parties and even conservative rightwing parties are hold responsible. A categories of actors especially blamed are the bureaucrats working at state owned enterprises, labeled *Boiardi* (*Boiardi* is an Italian word that indicates the members of the very high Russian aristocracy. This feudal aristocracy was often deemed even more powerful than the monarch himself). According to the frame, *Boiardi* are the bureaucrats that do not want to face free market forces, as they prefer to be protected by political membership and to comply with the requests of this latter. Governmental parties are blamed too, as they are too weak to conceive of a serious privatization plan and to impose privatizations.

v) ***Stigma Lottizzazione (SL)*** *Lottizzazione* is an Italian neologism, typically referring to the pathological allotment of power among political parties in state-owned holdings. *Lottizzazione* is blamed as a burden that must be removed from Italian enterprises if we want them to perform well. Thus any other consideration against privatizations is pointless.

**Technical Frames:**

i) ***Technical Pragmatic View (TPV)*** is a frame that uses a technical language for dealing with Italian problems. With apparently no ideological flavor, the frame describes privatizations as technical mean to reform Italian industrial system: as an example, the allocation of property right of privatized enterprises must be decided on a case by case basis, appropriate institutions and laws must be set to perform privatizations in a clear and transparent way. Privatizations must be performed quickly to increase market's trust; every possible buyer is suited, foreigner or Italian. Measures to cope with resulting unemployment must be taken into consideration. Before starting the process of privatization, it is important to decide whether the aim is to maximize profits, to reduce public debt or to use underpricing to push diffusion of stocks, thereby changing the structure of capital market. Cuts to production capacity imposed by European Community are described as a problem, as well as the bad conditions of several state-owned enterprises that are in loss. The emphasis of this frame changes over times, moving toward a clearer position in favor of privatizations; yet and underlying rhetoric strategy remains: the apparent search for a shared solution to Italian economic problems hides the inculcation of a vision that identifies privatizations as a technical, neutral, tool.

ii) ***European Forces (EF)*** basically ascribes the need to privatize state-owned enterprises to an external, unquestionable, constraint exogenously imposed by European Commission. Thus chances of avoiding privatizations are low. Actually, European Coal and Steel Community (ECSC) imposed the suppression of State financial aids to steel firms in trouble. State financial aids to state-owned enterprises was allowed only in change of production capacity reduction.

iii) ***Taken for granted (TFG)*** is a frame that collects the wide amount of references that mention the successful privatizations that have completed in a large number of western economies to legitimize the support of the privatization process in Italy. The difference between technical pragmatic view and taken for granted is that in the former we find references that analyze how to privatize; in the latter we find references that say that privatization is the better thing to do.

## ANALYSIS OF FIELD DYNAMICS

### **Period I (1985-1991): A fragile equilibrium and the awakening of dormant conflicts**

Figure 2 is the map of field of power generated with the MCA for period I. This map explains 73,7% of total inertia. The first and most important dimension (the x-axis) is highly explanatory and accounts for 56,3% of inertia. The second dimension (the y-axis) adds another 17,4%. With regard to the quality of the model, all categories are well explained by two dimensions with two small exceptions, which total inertia is very low. The meaning of both axis can be explained in relation to capital and power endowments. The vertical axis explains the endowments of political capital, that permits control over SOEs in steel industry: in the lower part of the map we find the political elite, composed by CD and SOC, that ruled the country for almost 50 years. Close to them are the managers appointed according to their political belonging (SOEM). In the middle of the map, COMM belong to the political elite without being part of the government, and IND belong to the government without being part of ruling parties. Here, LIB are positioned as well, since they are a minor party in the government. Unions (UNION and FIOM) are located in the upper part of the map. Interestingly, this positioning signals that unions have less political influence on SOEs than the other agents positioned in a lower part of the map, such as TEC, JOU and even private enterprises in steel industry (LIFO and SME).

The x-axis explains the distributions of economic and cultural capital, with the more powerful pole on the right. LIFO and SME possess the major share of economic capital, as they are the owners of the private firms operating in the Italian steel industry. TEC, JOU and IND possess large share of

cultural capital: they pertain to the technocracy elite, they are academicians and write editorials on the most important newspapers or are appointed as ministers for their knowledge and technical skills. As for FCF, their capital allocation is subtle. They are endowed with economic capital since they are heads of banks and other financial institutions. Also, they have cultural capital since they both know the Italian industrial structure and the unfolding dynamics of the international privatization process. In the upper left part of the map, unions are left with poor capitals. Thus our axis confirms Silva's description (2013) of the pre-privatization state of affairs in Italy where *de facto* and *de iure* power, that is, the elites holding economic and political power, reinforced each other (Acemoglu and Robinson, 2012). The x-axis, at the same time, portrays the strong opposition between positive position toward privatization, on the far right, and negative position toward privatization, on the far left. The map highlights thus the presence of opposite views on the role of the state in economy, with a market oriented institutional logic on the right and a state oriented institutional logic on the left.

Overall, the map portrays a field of power where different agents, endowed with different capitals, form discursive coalitions through the use of frames. They pursue their interests with the final aim to influence the state of institutional arrangements. To do so, the fight to obtain the monopoly of legitimately defining the meaning of the privatization process. Three main clusters are depicted on the map. In the right part of the map we have privatization supporters: this is a cluster composed of all the actors that strongly support privatizations and have an interest in the process: firms (LIFO and SME) together with technocrats (TEC), independent politicians (IND) and journalists (JOU). LIB as well are here. The map well captures two key elements of strategic power: the capability of framing issues and to build networks (Hargrave and Van de Ven, 2006: 865). In the map, discursive strategy is a blend of genuine beliefs that privatizations may change for better Italian economy, frames aimed at weakening opposing cluster and frames that signal clear interests in taking advantage of the process. The pillar of the strategy is the systemic frame NL, that considers privatizations as a definitive answer for the weaknesses of Italian economy. The strategy is

associated to a technical frame, TFG, which anchors privatizations to the increasing global legitimization to present them as the right thing to do. The third element of the strategy is the erosion of the legitimization of ruling political elite. This takes two ways; the frame SL blames the incursion of politics into SOEs, while SI stigmatizes the attempt to sink privatizations in the quagmires of political and bureaucratic procedures. The tactic frame CSVP signals the vested interests in the process, as privatizations would eliminate from the market SOEs that are competitors of large entrepreneurs; also, these latter had an interest in buying underpriced privatized SOEs.

In the lower part of the map, close to neutral/ambivalent positions toward privatization we have the privatization skeptics, CD, SOC and SOEM, that are mainly endowed with political power. Ruling parties have a strong interest in maintaining their power deriving from the control of SOEs. Beginning in the 1960s at the head of IRI were managers referring to CD that imposed a twist in the management. Abandoning the principle of the first generation of IRI managers, who proudly advocated the independence of the management from political objectives, new guidelines for IRI operations adopted the principle of the *oneri impropri* ('improper costs'), that assumes that SOEs pursue social aims and consequently need to support additional costs that pure profit maximization would not imply. This principle paved the way for the use of SOEs as economic arms of political parties to promise employment and investments in specific geographical areas (Silva, 2013). On their part, SOEM want to keep the power stemming from their posts in SOEs' boards. In addition to interests, entrenched state logic motivated politicians and managers, as they had been the engineers of the developmental state that revived the Italian economy from the dust of the WWII. On their right, FCF are on the right camp of the map, in between positive and neutral/ambivalent positions. Endowed both with political and economic/cultural capital, they have an interest in the process, since they may be assigned rich consultancies. Yet, they maintain a proximity with ruling political elite and SOE's managers, that are in charge of planning the restructuring plans. Actors in the skeptics cluster mainly rely on the systemic frame CC, which represents a position that asks for

coexistence of state and private enterprises, while the most radical frame DS, in this period, is located on the left, further from the parties sitting in the government. Yet, the closeness to the PR frame, reveals that behind the words of SOC but also CD and SOEM is possible to glimpse some tactics to protect their powerful positions. The presence of TPV and EF in this cluster highlights a discursive strategy that relies on the control of technical discourse as a mean to legitimate its political elite. The use of technical discourse well describes how political power had been transformed into symbolic capital and how this latter allows owners to strategically devoid discourse from its ideological content. In the middle of the map, COMM are stuck in a transition away from orthodox Marxism. The absence of a clear framing of the privatization issue is reflected in their loneliness. This position reveals the complexity of the tradition of PCI: while maintaining a conflict view towards market-economy, the party contributed to build up the Italian state and has been a key piece of the ruling political class in the post WWII, despite never directly participating to national governments. Moreover, despite being entitled to embrace a resolute refusal of privatization, COMM as well enjoyed shares of political power into the SOE to be privatized.

In the upper left map of the map we find FIOM and UNION, that compose the third cluster, that we label privatization antagonists. They voice the LVCS frame and the tactical CVP frame. Figure 5 shows the relative space obtained in the articles pertaining to our sample by different categories of agents. Presence in public debate reflects legitimation, that is symbolic power (Darras, 2005). Thus the higher the share of space for an agent, the higher his symbolic power (and thus legitimation) in the field of power. Number of references is expressed as a percentage to allow comparison between periods. In period I privatization supporters accounts for about 40% of references, with LIFO, TEC, JOU and LIB as the most represented agents (17%, 14%, 12%, 7% respectively). Privatization skeptics account for about 36%, with SOEM accounting for 17%, CD for 7%, SOC and FCF for about 6%. Privatization antagonists have a very poor share of legitimation, as they account for less than 6%. COMM are in a similar situation. Thus political and economic/cultural poles have a significant share of symbolic capital, that is used for struggling on institutional arrangements by

means of strategic skill rooted in discursive alliances. Symbolic capital's distribution is balanced, but interests strongly conflict, as the two main coalitions have very different aims. As for the presence of discursive strategies on newspapers, figure 6 shows the relative presence of frames in the three periods. During 1984-1991 NL frame is the more important one, with about 27% of share, but the sum of the spaces obtained by the systemic frames in the political cluster - CC and DS - makes the same result. Yet, the difference is in the space obtained by tactical frames aimed at weakening the political cluster: both SI and SL have a significant share of space, with 6% and 9%, while PR has about 5% of references. The fact that TPV has about 15% of the space in newspapers highlights the importance of controlling technical discourse. The fourth systemic frame - LSVC - is at 3%. Figure 7 shows the relative space obtained in articles by different positions toward privatization: more than half of the references are supporting privatizations, while neutral, contrary and ambiguous positions accounts each one for about one third of the remaining references: this imbalance signals how strong is the attack to traditional state logic.

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FIGURE 2,5,6,7 HERE  
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### **Period II (1992-1993): Change in power structure towards a new equilibrium**

Figure 3 is the result of MCA of period II. It explains 67,7% of total inertia, with x-axis accounting for 53,8% and y-axis accounting for 13,9%. All categories are well explained except few that have a very low total inertia. Overall meaning of map and axis remain the same that we described before, but the figure four is horizontally turned, if compared to previous one. This is a side effect of projecting a multidimensional space in a two dimensional space performed by the software and has no other meaning. We now analyze how agents' positions, power endowments and discursive alliances changed in period II as the results of strategic power enacted in period I. As shown in figure 1, in Period II the peak is reached in the public debate on privatizations. The map reports a shift in power balance. The fragile equilibrium between powers was disrupted by several factors

that amplified the discourse strategy of privatizations supporter aimed at delegitimizing ruling political class. Mounting public debt raised international concerns on the robustness of Italian economy. Moreover, the financial tensions that state-owned steel producers experienced were considered a destabilizing factor. This was especially dramatic in the face of the constraints set by the Maastricht Agreement. In addition, between 1990 and 1991, the number of privatizations peaked in Western Europe (Bortolotti & Milella, 2008). This contributed to the discourse that frames privatizations for granted as a remedy to counter budgetary tensions. In 1993, the erosion of legitimization of ruling coalition's political capital's, led to the formation of a government led by Azeglio Ciampi, a technocrat who was the first chief of an Italian government not member of the parliament. With political capital losing importance in favor of economic and cultural ones, symbolic power is redistributed in favor of the coalition supporting privatizations. Figure 5 shows that all privatization skeptics lose symbolic power: SOEM, SOC and CD halved their presence and COMM as well did not escape from the impoverishment of political capital. LIB are a partial exception, but they are among the privatization supporters. The cultural capital improves its rate of change with symbolic one: both JOU and IND dramatically increases their presence in public debate, The case of FCF is clarifying: as they embrace a clearer position in favor of privatization, moving leftward on the map, they take advantage of the changing situation and gain symbolic power. As FCF, TPV and EF join the market oriented part of the field, the technical discourse about privatization is completely in the hand of privatization supporters. Effects on the other frames and actors are clear: CC moves leftward, signaling a change of the "mobile borders" between state and market that now is unbalanced in favor of market. Indeed frames, as collective schemata of interpretation, are not fixed set of meanings that never change, but are exposed to the field's system of forces. POST and FE appear for the first time in public debate, both of them clearly in the market oriented part of the map. The fact that POST, that are seeking popularity before 1994 elections, support privatization signals that the general mood favor privatizations. Firmly anchored in the

market oriented part, IND, move downwards, toward a stronger political power: this is confirmed by the fact that two technical governments were in charge during this period.

Ruling parties, CD and SOC, still own political capital since they are the political coalition supporting governments (they are in lower part of the map). Yet, governmental leadership is technical, more than political. What changed is the exchange rate to transform political capital into symbolic capital and legitimization. These parties are near ambivalent positions toward privatizations, as neutral position move upwards. They try to protect their positions by avoiding a overt opposition to taken-for-granted privatizations through the use of CVP, that warns against vested interests in the process. COMM move to the far right camp of the map: during the harsh part of the struggle, traditional positions and the search for a political space induced these actors to take a clear stance against privatization, in the hope that this may grant political support from traditional leftwing voters. UNION and FIOM remain in the state oriented part of the map, but now they move a little toward neutral positions.

We can see the presence of power at work by tracing its effects (Clegg, 2010): figure 6 shows a decrease of the presence of systemic frames used by skeptics. NL is still the more important frame, but all of the technical frames increase their presence. This highlights a technical twist, that frames privatization as a technical, neutral tool. It's symbolic power in action, aimed at permanently changing institutional arrangements. The fact that this supposedly technical exercise is not that technical is unveiled by figure 7, where we notice that positive position toward privatization increases its space and negative position almost disappears.

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FIGURE 3 HERE  
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### **Period III (1994-1995): It is useless to resist: A new equilibrium within domination**

Figure 4 is the result of MCA of period III (1994-1995). The map explains 68,9% of total inertia, (x-axis 55,4%; y-axis 13,5%). Overall meaning of map and axis remains the same. Legal framework necessary for privatization was already in place and the privatization of steel industry was going to

be completed. The equilibrium reached is more stable than the preceding: now political, cultural and economic powers are aligned. Indeed, holders of economic and cultural capital used their symbolic capital to set their capitals as the dominant ones. The first effect in period III is the almost complete disappearance from the map of the agents that were endowed with political capital in period I. CD disappeared from the map, as the party ended up dissolving before 1994 elections. Splinters of the former CD were present in political field during period III, but their absence from public discourse signals their weakness. SOC are in the upper part of the map, far from political power, and almost disappeared from newspapers, as the DS frame. SME have been driven out from the core of the field, as they are the losers of the privatization game. Despite having entered the arena as privatization supporters, they moved toward ambivalent positions that reflected the fear of not being able to capture any advantage from the process, as actually happened. As for SOEM, they were part of the privatization skeptics in previous period and now joined the winning cluster. Other actors now concentrate in the market oriented part of the field. Well in the middle of this gathering, we find POST, recently born parties that won 1994 election. This coalition represents a new discourse alliance under a market logic. Not surprisingly, the most important party within POST is Forza Italia, Silvio Berlusconi's party, that brings into politics business language and logic. Mr. Berlusconi portrayed himself as a businessman, who wanted to contribute with his business experience to old-fashioned politics. The mobilization of such a concentration of capital allows a variety of discourse strategies and alliances. First, the monopoly of technical discourse (TPV) allows the pedagogic action (Jenkins, 1992) of imposing a new institutional arrangement as if it was a neutral tool. This is emphasized by the reference to the need of international legitimization (EF) and the reference to taken for grantedness of privatizations. Second, the emphasis on neo-liberalist principle (NL) remains the gist of the discourse but it is enriched by new elements as, for example, the reference to forms of continental capitalism (CC). Once the battle to privatize state was won, neo-liberalist and more nuanced positions started to coexist in the same coalition. Moreover, the increased share of SI reveals the demand for removing the few remaining obstacles in the shiny path of privatizations.

Moving right, again near ambivalent/neutral position toward privatizations, among the losers, we find COMM. As we can see in figure 5, they are disappearing from the public debate as well. Interestingly, FIOM and UNION move in period III toward neutral position, leaving behind their traditional antagonistic behavior. This relocations entitles FIOM, UNION and their frame LSVC with a unprecedented right to voice, as we see in figure 5. The phenomenon can be seen under two perspectives both illuminating the relationships between structural and strategic power. First, being privatizations on their way, opposing them does not pay. Rather, a neutral position may be profitable to have access to the design of the organizational and ownership structure of privatized firms. To do so, it is necessary to change discursive strategy. Indeed frames and actors opposing privatization have to change position if they want to survive the institutional change and the dramatic change in power distribution: the price paid for earning space in newspapers by FIOM, UNION (figure 5) and LSVC (figure 6) is leaving behind their opposition to privatizations. In fact in figure 7 we see that references against privatization are now negligible and ambivalent position are lowering their importance as well. Second, their increased reception in the public debate, gives evidence of what Bourdieu called the ‘domestication of dominated’ (Bourdieu, 1990). The dominant symbolic system fulfills its political function as the instrument that permits one class to dominate another by bringing their own distinctive power to force dominated to define themselves in relation with the dominant culture. (Bourdieu, 1991). In this process the hegemonic discourse, instead of expelling antithetical discourses, maintains delegitimized arguments to adorn domination with a façade of pluralism.

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FIGURE 4 HERE  
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## **DISCUSSION**

Our general research question dealt with the role of different forms of power in institutional dynamics. This question regards both how different forms of power interact in institutional change and how institutional stasis and change can be explained by recurring to the concept of power. The

system of SOEs in Italy had been built with the support of Confindustria and this latter often benefited from state support; for example, when IRI accepted to buy inefficient private firms. The aim to support employment in SOEs made unions strong supporters of the system as well. This was a typical case of globally inefficient institutions that persisted 'because they favor particular actors who have the power to defend them' (Ingram and Clay, 2000: 526). In addition, power was balanced, a coalition of political parties tightly held power over a series of succeeding governments in the previous forty years; communist party held many regional administrations and maintained a large share of the member of the parliament. Large firms, represented by Confindustria, held large economic capital, this latter often supported by protectionist policies and strategic devaluation of the national currency. Legitimization to speak, or symbolic capital, was evenly distributed as well. Ruling politicians had been the constituents of the post second world war political institutions and had ruled the country without real political competition for forty years; on the other hand, large entrepreneurs were considered the backbone of Italian postwar renaissance. More importantly, until that moment both ruling political and economic elites had no reasons to reciprocally weaken their legitimization. A number of exogenous disturbances, however, such as the mounting Italian public debt, the need to accomplish with the financial standards set by the European Union and the international enthusiasm for privatizations disrupted this equilibrium. The privatization issue broke up a truce, produced a fragmentation of interests and revived dormant differences in institutional logics, once sedated within an historical institutional arrangement. Two large coalitions of interests arose. Unions, large part of ruling political elites and managers of SOEs countered privatizations, or were fairly skeptical about them. This coalition mainly relied on political capital of SOC, DC and SOEM. The second coalition supported privatizations and included *Confindustria*, smaller political parties, small enterprises, politicians independent of parties, large part of the technocracy and journalists. This coalition especially took advantage of economic and cultural capital. Yet, the misalignment of interests was not a sufficient condition to give rise to institutional change, as alignment in power distribution was an obstacle to institutional change.

PROPOSITION 1: Institutional arrangements are in equilibriums when social actors elaborate truces and form coalitions in which power relations are symmetric and interests are aligned.

PROPOSITION 2: Misalignment of interests is a necessary but not sufficient condition for institutional change. Symmetry in power relations among social actors, which have different interests, may contribute to preserve institutional equilibrium.

The system described, however, was sitting on an unstable equilibrium for two reasons. First, the globally spreading support to privatizations and to market-oriented economics, and the collapse of the political system standing behind the so called 'iron curtain', weakened the rate of exchange of political capital of actors such as UNION, FIOM and COMM so that conceiving effective discursive strategies was increasingly difficult for these actors. As for unions, in the upper left-end corner of the map, they initially remained clung to a strongly dialectical frame (LVSC), thereby losing legitimization in the privatization discourse since their positions were considered ideological and prejudicial. As for COMM, the difficult transition let them stuck in an ineffective equidistance from a number of frames, without really supporting any of them. Their relative position in terms of capital allocations and interests puts them in strategic isolation. On the other hand, ruling political elite, to preserve rate of change of her political capital, had an interest in playing her historical role of brokerage between the instances of labor and capital. In this light, they had an interest in sticking to frames legitimized in this tradition and taking distance from more dialectical frames. This assigns to the cluster of SOC, CD and SOEM, the 'privatization skeptics', a rich repertoire of discursive strategies and alliances that can be played out by. Namely, the alliance between Socialist and Christian Democrats traditions endowed privatization skeptics with a nuanced arrays of available logics to interpret the relationships between state and economy (DS and CC frames). This picture, however, implies that the anti-privatization coalition faced further fragmentation in interests and this made troublesome to deploy strategic power. On the other hand, the actors located on the right of the vertical axis, the 'privatization supporters', had on their camp a large convergence of interests and a number of arguments to try delegitimizing ruling political

parties. The consequence is that, despite the equilibrium in capital endowment and in symbolic capital between privatization skeptics and supporters, the fate of the struggle was decided by the effectiveness of the respective discourse strategies and alliances. Observing strategic power at work, we notice that the privatization supporters were able to articulate the battlefield on two frontlines. On one frontline, both privatization supporters and skeptics fought by leveraging their symbolic power and used their legitimization to numb debate and smoothen dialectics using technical discourse or what we can call a reciprocal ‘pedagogic action’ (Jenkins, 1992; Oakes, 1998). Yet, privatization supporters put in place a larger alliance with a variety of social actors and, opening a second frontline, they deployed a number of tactical frames to erode opponents’ legitimization and present themselves as less committed to prevailing practices and thus more legitimated to promote privatization (Greewood and Hinings, 1996: 1043). As a result, in period II, legitimization of skeptics decreased dramatically. Interestingly, their political capital did not immediately decrease as well. Despite in period II two different governments succeeded in which the prime ministers were not a clear expression of mainstream politics, political parties ruling these governments were the same as in period I. What happened in the delicate journey from period I to period II was that the rate of exchange of political capital into symbolic capital decreased. The accumulation of symbolic power allowed privatizations supporters to force political capital to pass laws to privatize not only the steel industry but to set the conditions to privatize the entire system of state-owned enterprises as well. The crossing between period I and II, therefore, illuminates two theoretical findings. First finding pertains to the nature of power. Our analysis confirms the key role of discourse (Phillips, Lawrence and Hardy, 2004) as constitutive of institutions and emphasizes symbolic power as the diffused belief in the legitimacy of words and of those who pronounce them (Bourdieu, 1991). Also, the strategic face of power (Levy and Scully, 2007) is fundamental since discursive strategies and alliances are the main engine to reallocate symbolic power. Yet, strategic power does not take place in a vacuum, rather it is constrained by stocks of capital endowments. For example, lack of capital endowment and their sharply defined interests and ideologically-laden frame took unions at

the margin of the struggle. In this respect capital endowments of different nature and proximity, or distance, among interests constraint effectiveness of strategic power.

PROPOSITION 3: Symbolic power, that is, the power to impress institutional change is structural, positional and strategic. It is positional because it depends on the relative closeness of interests of social actors, it is structural because it hinges on capital endowments and it is strategic because it depends on how positions and capitals are leveraged to enact discursive strategies and alliances to change its allocation.

The typical two-stages structuration model of institutional change (Powell and DiMaggio, 1984), more recent dialectical models of institutional change (Seo and Creed, 2002; Hargrave and Van De Ven, 2006) and models of institutional change informed by diffusion process typical of social movements (Garud et al.; 2002) do not provide information concerning the stability features of initial and end points of institutional change. The analysis of the shift from equilibrium in period I to the start of institutional change in period II suggests that:

PROPOSITION 4: Institutional arrangements in which symmetry in symbolic power distribution counters misalignments in interests are unstable equilibriums. Imbalances in capital endowments or in strategic power are factors of institutional instability to the extent they produce imbalances in symbolic power.

Furthermore, the analysis of the shift from period II and period III, contributes to draw light on the dynamic of departure from the unstable equilibrium. The misalignment in interests and the asymmetry of symbolic capital distribution produced a strong redistribution of capital endowments and a recombination of relative interests' position in period III, thereby influencing the feasible discursive strategies and alliances. The loss of legitimization of ruling political elite had been so violent that overwhelmed traditional political parties and alliances, and undermined the credibility of existing political institutions; new parties arose and, in 1993, the voting system shifted from proportional to a majority first-past-the-post system. In 1994, new elections were held and new political parties ushered in the so called *Second Republic*. In the meantime, the last vestiges of the

once powerful Italian state steel was privatized and the glorious IRI started to sell its participations to begin its gradual liquidation. In period II and much more in period III, given the loss of symbolic capital, privatization skeptics were deprived of the use of technical discourse, which became monopoly of the privatization supporters coalition. A whole elite of politicians and managers of SOEs that had historically hold political capital since WWII was eliminated; new parties endowed with new political capital won elections by supporting market logic and privatizations. A new class of SOEs' managers joined the coalition as well. Part of the SOEs managers accepted the new logic to survive, others belonged to that portion of public officers genuinely in favor of a deep revision of the relationship between the state and the economy. In other words, the shift in political capital endowments selected the managers that were ready to support privatizations either genuinely or because they foresaw in the demising of an old institutional logic an opportunity to gain status (Lounsbury, 2002). As for unions, since in period III their privatization battle was lost, they had an interest in accepting the state of facts and move towards position more prone to dialogue and accept a 'war of position' (Gramsci, 1971: 233-238). In this respect, we suggest that institutional change contributed to reallocate capital endowments and to force a new alignment of interests. At the end of period III, the concentration of political and economic capital in the hands of privatization supporters, and the interests alignment within this coalition, produced a powerful discursive strategy and alliance. This alliance acquired uncontested symbolic power that, in turn, allowed to impress in an unprecedented way the change of SOEs. Actors initially against privatizations had to accommodate their interests in order to gain some voice in the discourse. This leads to a new interest alignment under a new truce. In figure 8, we present a feedback model that portrays how the interplay between institutional change and power produced the acceleration towards a new equilibrium. Discursive strategies and alliances ground on capital endowments and exploit relative distance among interests (link 1 and 2 in figure 8). By affecting the exchange rates among different capitals, discursive strategies and alliances produced redistribution of symbolic capital (box 3 in figure 8). These imbalances set in motion modifications of institutional arrangements (link 4 in

figure 8) that, in turn, produced the reallocation of capital endowments (link 5 in figure 8) and the repositioning of interests (link 6 in figure 8). In this reinforcing loop, symbolic capital is gradually redistributed in favor of specific actors that gain the monopoly of technical discourse thereby reinforcing effectiveness of strategic power (link 7 in figure 8). The concentration of symbolic power triggers self-reinforcing mechanisms that resemble ‘symbolic violence’, that is "the gentle, invisible form of violence, that takes place when overt exploitation impossible (Bourdieu, 1977). These mechanisms imply that institutional change appears to be a purely technical exercise. The monopoly of legitimate naming and the power to nominate through the deployment of symbolic capital becomes a pedagogic practice (Bourdieu and Passeron, 1977; Oakes et al. 1998), ‘The power of pedagogy lies in its ability to name things in a way that diminishes the possibility of resisting because the process appears neutral and normal-"technical." (Oakes, 1998: 272). In our privatization case, the pedagogical normalization of the battlefield entailed a vested inculcation of privatization as the ‘right’ solution for skyrocketing public debt and deleterious involvement of politicians in state owned enterprises. And once constituted, each order tends to reproduce the naturalization of its arbitrariness through symbolic power (Bourdieu, 1977).

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FIGURE 8 HERE  
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The feedback model described in figure 8, may trigger a self-reinforcing mechanism leading to a state in which economic and political capitals, on the one hand, and symbolic capital, on the other hand, reinforce each other. In this case, symbolic power shows its ‘performative magic’ (Bourdieu, 1991: 106).

PROPOSITION 5: The reaching of a new institutional arrangement activates a self-reinforcing mechanism in which concentration of symbolic power, triggers reallocation of capital endowments and convergence of interests in favor of the winning coalition that further increases its strategic power.

In this vein, our empirical findings suggest a ‘punctuated’ model (Tushman and Romanelli, 1985) of institutional change, in which long period of institutional stability are punctuated by self-reinforcing mechanism that accelerate the transition from one state of equilibrium to another. These states of equilibrium, however, may be different in terms of stability. For example, the equilibrium state that we observe in period III depicts a situation in which most of capital endowment and symbolic capital is concentrated in the hands of the actors supporting market logic. Despite maintaining a different logic and a different framing of the privatization issue, unions are given right to voice to the extent that they accept privatization as a matter of fact. Under this truce, given the asymmetry of power relations, the misalignment of interests between unions and the other actors in the pro-market coalition is unlikely to spark off divergence from the equilibrium.

PROPOSITION 6: In a transitory state of equilibrium, when interests misalignment exist, the more symmetric power relations are among coalitions, the more unstable the equilibrium, is since any shift in power balance produces a self-reinforcing departure from the state of equilibrium.

PROPOSITION 7: In a transitory state of equilibrium, when interests misalignment exist, the more asymmetric power relations are among coalitions, the more stable the equilibrium is since shift in power balance need to overcome initial inertia and reach adequate critical mass to produces a self-reinforcing departure from the state of equilibrium.

Dialectical theories explain institutional change focusing on interest misalignments (Seo and Douglas Creed, 2002; Henisz and Zelner, 2005; Hargrave and Van De Ven, 2006), material contradictions (Clemens, and Cook, 1999) and ‘the extent to which groups are dissatisfied with how their interests are accommodated’ (Greenwood and Hinings, 1996:1035). Our study confirms that institutional arrangements are truces (Hargrave and Van De Ven, 2006: 870) in which dormant conflicts, temporarily sedated in specific historical moments to reach specific aims, may reemerge. First, changes in the social environment may produce diverging incentives in fragmented hegemonic states (Gramsci, 1971), social actors may be differently committed to the status quo (Greenwood and Hinings, 1996: 1035), and institutional entrepreneurs may provoke or widen

fractures and interstices so that differences in logics and divergence in interests may re-emerge to threaten an institutional equilibrium (Hoffman, 1999; Morrill, Zald, and Rao, 2003 ; Zelner, Henisz and Holburn. 2009). However, fractures in interests structure produces institutional instability depending on the allocation of symbolic capital.

## CONCLUSIONS

As Hargrave and Van de Ven suggest (2006: 880), ‘there is a relationship of mutual coproduction among conflicts, power and politics, on the one hand, and institutional change, on the other’. In this paper, we analyzed the privatizations of state steel in Italy and we elaborated a process-model that investigates the relationship between power dynamics and institutional change. The model makes three contributions. First, it proposes a distinction between structural and strategic power based on their stock and flow properties. Second, the model teases out the circuit of reciprocal causation between strategic and structural power. Third, grounding on the model, we formulated a number of propositions on how strategic power, structural power and institutional change interact over time to produce equilibriums with different characteristics. More generally, we brought new materials to the research on institutional change, entrepreneurship and power. Typically, this research looks at two cases. The first case portrays a ‘hypermuscular’ institutional entrepreneurs (Clegg, 2010:5) who, similar to romantic heroes, initially lacking ‘resources, power and legitimacy’ (Hargrave and Van de Ven, 2006: 865), is able to overturn power relations to initiate grass-root institutional change. The second case depicts situations in which institutional change sparks off from agents that are central and powerful in a field. In both cases, the issue is in what conditions institutional entrepreneurs are able to defeat opponents (Greewood and Suddaby, 2006). Our work explains these as extreme cases of a repertoire of epiphenomena springing from the same causal structure. This permits to trace change in power structure paying attention not only to the protagonists of change, but also to opponents and other agents of the field, that can engage in some sort of counter framing (Creed et al., 2002; Hardy & Maguire, 2008) and to analyze the trajectories of the defeated (Lawrence, 2008).

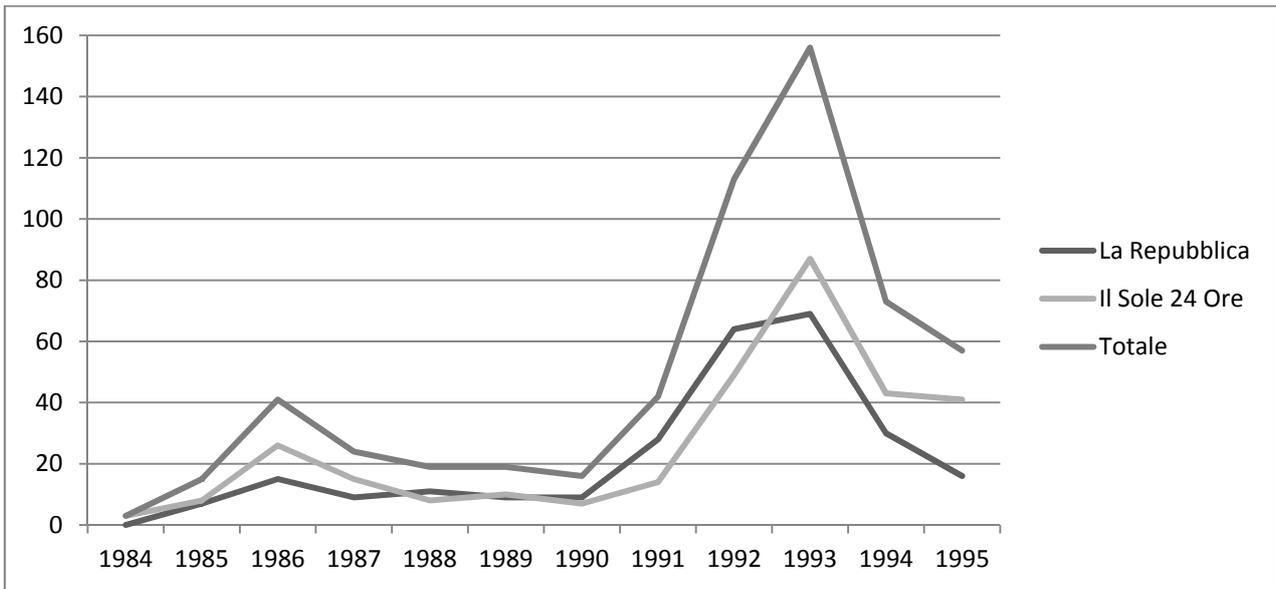
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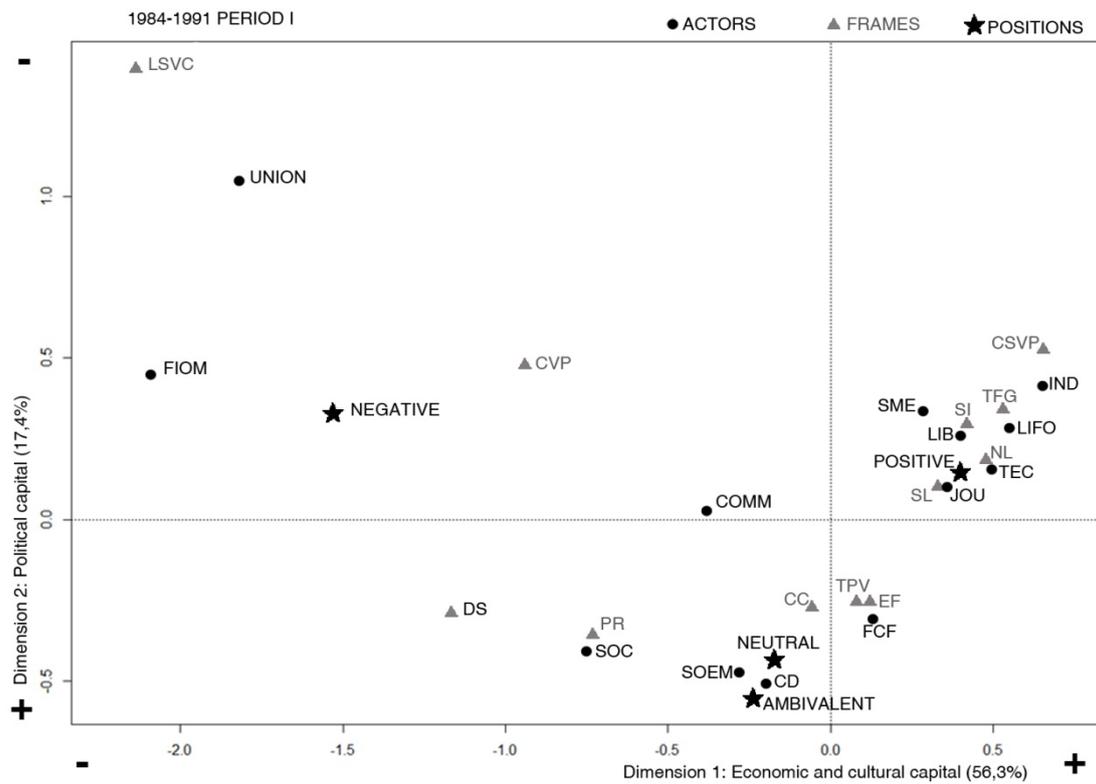
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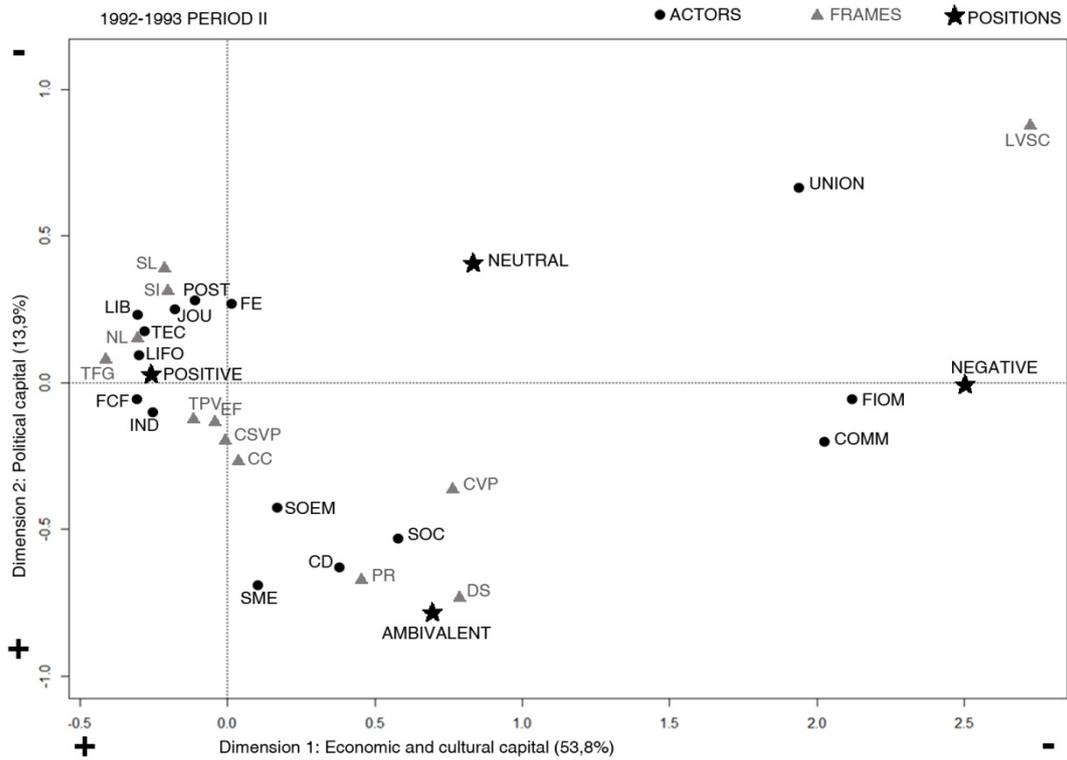
**Figure 1- Number of article referring to steel industry privatization by year**



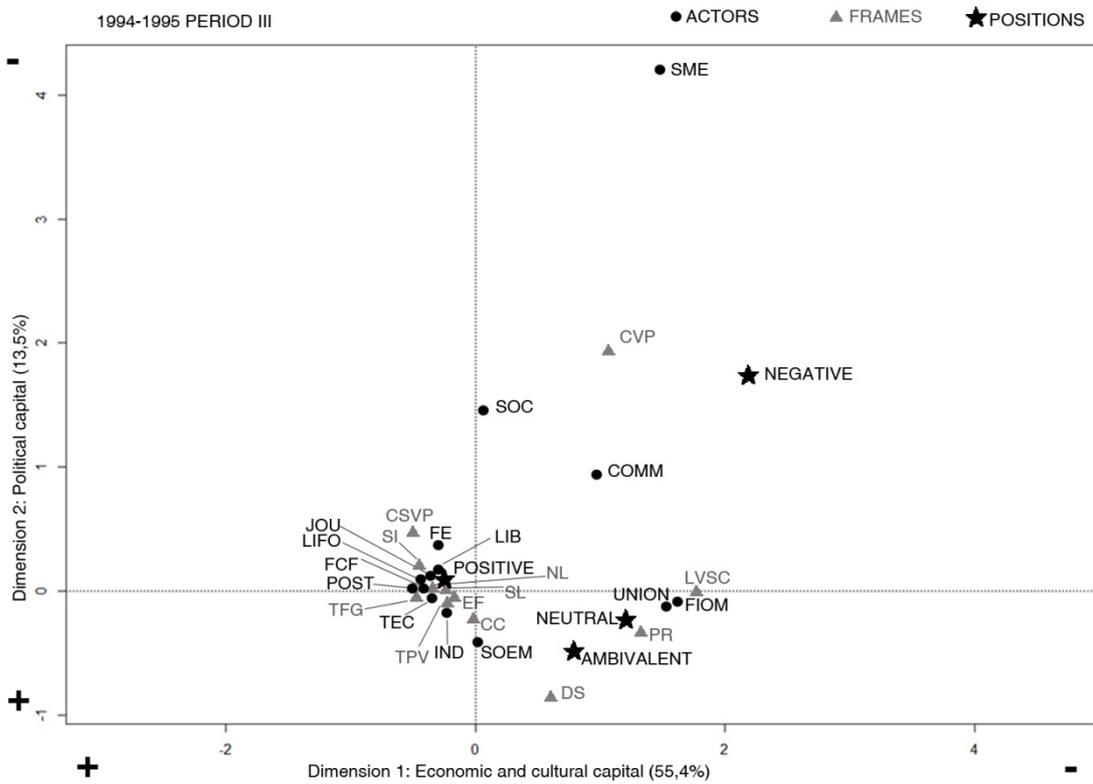
**Figure 2 - period I MCA relating actors frames positions**



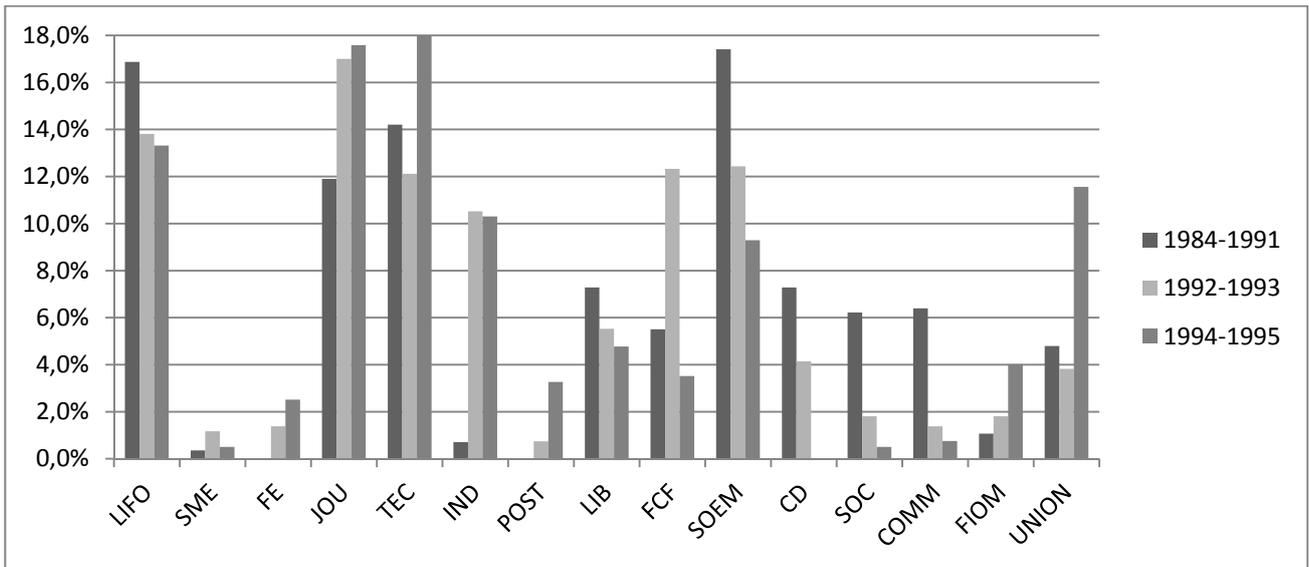
**Figure 3 - period II MCA relating actors fields positions**



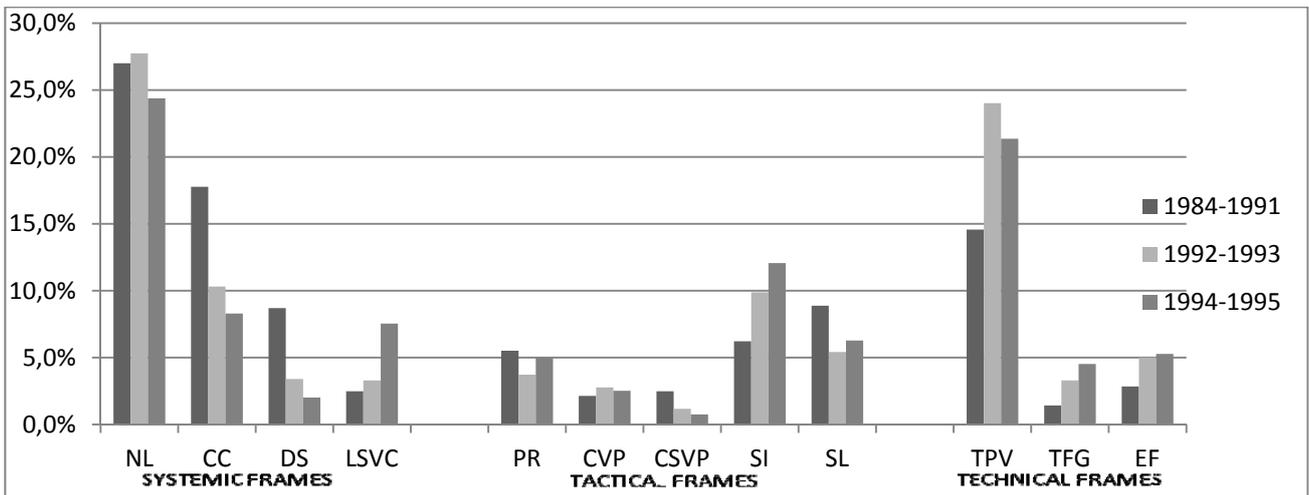
**Figure 4 - period III MCA relating actors frames positions**



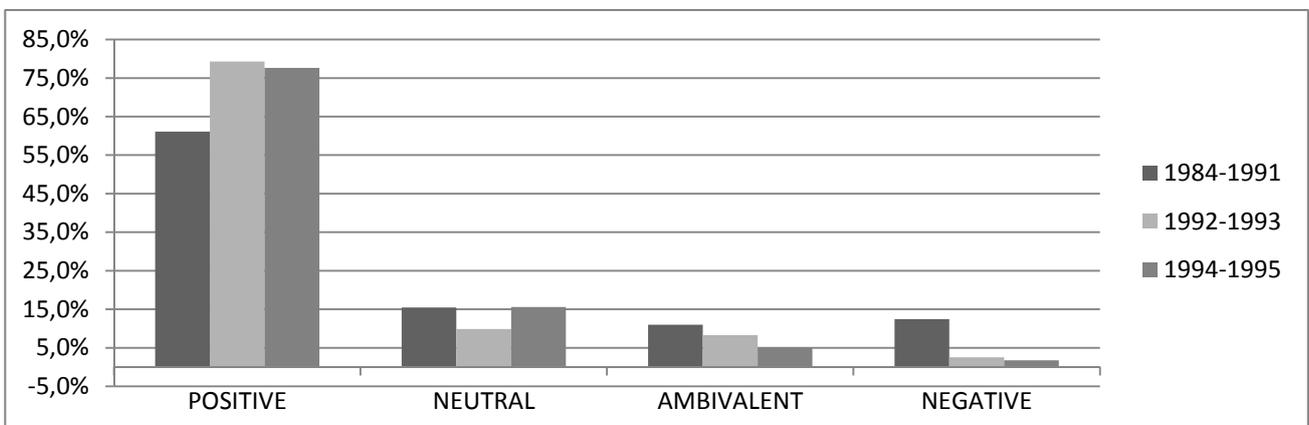
**Figure 5 - relative percentage of actors per period**



**Figure 6 - relative percentage of frames per period**



**Figure 7 - relative percentage of positions per period**



**Figure 8 - dynamic interaction between structural and strategic power**

