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Developing Business School/SME Collaboration: The Role of Trust

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A thesis submitted in partial fulfilment of the requirements of

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for the degree of Doctor of Business Administration

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Abstract

The purpose of this thesis is to advance the understanding of how University Business Schools initiate, develop and manage their inter-organisational relations with SMEs and what, if any, are the mutual advantages from these collaborative relationships. The findings aim to inform the best practice of how collaboration between these sectors can be encouraged and enhanced.

This study explores the collaborative relationships between a University Business School and SMEs in the South Yorkshire and Humber region of the UK. A qualitative approach was used to gather empirical data through in-depth semi-structured interviews with Managers and academics at the Business School, and Managing Directors, Operational, Marketing and Sales Managers at the SMEs. A purposive sampling data technique and general analytical induction approach were used for data collection and analysis respectively. The analysis of the data produced three main themes: Relationship Management, Collaborative Opportunities and Challenges, and The Role of Trust.

The main outputs from the present research are two practice-based models of 1) initiating collaboration and 2) initiating and building trust in the UBS/SME context. The models include elements which can help Executive Managers at Business Schools and practitioners at SMEs to define their strategy in developing collaboration. Overall, the research reveals the importance of SMEs' engagement in the early stages of the relationship, in developing a programme to obtain a better understanding of their expectations and of how the promises need to be delivered in developing collaboration between SMEs and University Business Schools.

The collaboration between universities and industry has been encouraged because of the mutual advantages of collaboration, and trust is seen as a primary factor in such collaboration.

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List of Abbreviations

HEI (Higher Education Institution)

IMP (Industrial Marketing and Purchasing)

INA (Interaction and Network Approach)

IOR (Inter-Organisational Relations)

IOBR (Inter-Organisational Business Relations)

RM (Relationship Management)

SME (Small/Medium Enterprise)

UBS (University Business School)

U-I (University-Industry)

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List of publications

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<http://www.emeraldinsight.com.lcproxy.shu.ac.uk/multimedia/video.htm?vd=abstracts/darabi&title=Developing%20business%20school/SMEs%20collaboration:%20the%20role%20of%20trust&th>

Chapter 1: Introduction

1.1 Introduction

The main purpose of this thesis is to contribute to the understanding of how University Business Schools initiate, develop and manage their inter-organisational business relations with Small/Medium size Enterprises (hereafter referred to as SMEs), and what, if any, are the mutual advantages for Business Schools and SMEs in working collaboratively, in order to identify best practice in collaboration in inter-organisational relationships (hereafter referred to as IOR). This thesis takes into account the growing literature on collaborative development, and aims specifically to expand on Vangen and Huxham's (2003) notion of a 'trust-building loop' in the context of a UK University Business School (hereafter UBS) and regional SMEs.

This chapter examines the importance of the research context, gives an overview of university and industry collaboration in the UK context, and explains the objectives and structure of the thesis.

Increasingly, the development of knowledge transfer relationships between universities and local SMEs, in the interests of both the UK national workforce and the UK economy, is being encouraged (BIS, 2010). This follows a shift in attitudes towards the role of the Higher Education sector; Smith, 2000 (in Marzo Navarro, Pedraja-Iglesia and Rivera-Torres, 2009) states that it encourages universities to be more entrepreneurial and to commercialise their knowledge for the purposes of economic development. Moreover, university-industry interactions can create massive opportunities in generating knowledge in both teaching and research activities (Sparrow, Trakowski, Lancaster and Mooney, 2009). However, it is also suggested that this linkage might pose some challenges for the university systems, such as customer relationship management (Sparrow, Mooney and Lancaster, 2006). Rapid changes in competition and the speed of innovation around the world have promoted the need for the creation of stronger links between research communities and commercial

enterprises (Plewa, Quester and Baaken 2005). Universities, forced to find new ways of generating income due to increased competition and cuts in government funding, are increasingly commercialising their skills and research. In view of this, researchers (e.g. Naude and Ivy, 1999; Sands and Smith, 1999; Bakewell and Gibson-Sweet, 1998; Franz, 1998) have highlighted that institutions of higher education are facing an increasingly competitive environment, a change in the age of students, increasing financial restrictions and changes in higher education funding systems. Thus, there is a strong motivation for universities to engage more fully with industry and to develop stable relationships with their external business communities, in order to secure additional research funding and to establish new funding streams (Salter, Tartari, D'Este and Neely, 2010). Researchers (for example Carvalho and Da Silva, 2003;; Mora, 2000; Owlia and Aspinwall, 1998 in Marzo-Navarro et al., 2009; Engelkemeyer, 1995) state that the relationship between universities and firms should be mutually beneficial. However, few academics engage with industries for purely financial gain, and the importance of engaging with industry to build networks has increased.

One of the key characteristics of the university-industry interface is to use universities to support knowledge-based economic development (Benneworth, 2001). It can also lead to innovation that keeps local businesses competitive; Hibbert and Huxham (2010) suggest that such relationships are important in building a sustainable base for economic growth. This implies a paradigm shift from the traditional role of Higher Education Institutions (HEIs) of teaching and research towards creating collaborative and innovative opportunities through engagement with industries (Benneworth and Dawley, 2005; and Charles, 2003 cited in Johnston, Robinson and Lockett, 2010). Vangen and Huxham (2003) suggest that corporate demands have led to a large number of organizations being engaged in 'partnerships' for the advancement of 'collaborative advantage', and in recent years the Higher Education sector has also seen this as a key focus for its business activities. A key assumption seems to be that partnerships or collaborative relationships will enable technical development, product innovation and business development (Shaw and Allen, 2006). This suggests the long-term objectives of local universities, including Business Schools, could contribute to the growth of UK local economies through collaboration with regional SMEs.

Research (for example NESTA, 2008) suggests that strong links and collaboration between Higher Education and industry can lead to the development of innovative and entrepreneurial graduates. This clearly demonstrates the importance of enterprise and entrepreneurship to the future of the UK economy. HEIs are becoming increasingly involved in regional economic and social development through closer business and industry collaboration, such as management and leadership education programmes.

HEIs can expose students of management to environments that cultivate entrepreneurial mindsets, behaviours and capabilities to deal with an increasingly complex and uncertain world (NESTA, 2008); thus there is a need for an entrepreneurial education and strengthened links with industry which may lead to creative and innovative thinking to help develop the economic and social communities. Conversely, research suggests that there is an absence of effective communication and co-operation between industries and universities (e.g. Carvalho and Da Silva, 2003; Fernandez, 2002; Garcia and Fernandez, 2002; Owlia and Aspinwall, 1998; Dervitsiotis, 1995; Engelkemeyer, 1995; Spanbauer, 1995; Lindsay, 1994 cited in Marzo-Navarro et al., 2009); this is particularly the case with respect to business development interventions.

This prompted an interest in exploring the relationships between SMEs and a UK University Business School in order to try to understand 'what is happening', 'how things take shape' within these relationships and how the notion of trust may help inform the collaboration between the two sectors. Specifically, the purpose of this thesis is to contribute to the understanding of how University Business Schools initiate, develop and manage their inter-organisational relations with SMEs, and what, if any, are the mutual advantages which encourage Business Schools and SMEs to work collaboratively. The thesis suggests a practical model of collaborative partnership between UBS and regional SMEs and also generates insights for collaborative practice. Three specific research objectives were considered in order to achieve the overall research aim. They were:

- *To explore the relationship between UBS and SMEs in order to further understand 'what is going on' and 'how things take shape' in the relationship*

- *To gain a deeper understanding from the perspectives of the key stakeholders at SMEs and UBS about their relationships*
- *To suggest a best practice model of collaboration and relationship building between local University Business Schools and SMEs in the South Yorkshire and Humber regions of the UK*

1.2 Background of University-Industry (U-I) Collaboration in the UK

Universities are becoming increasingly proactive managers of their collaborations with industry, seeking to create valuable intellectual property (IP) to foster technology transfer. The growth over the past 30 years of universities as economic actors in their own right has also been important in shaping the nature of the interaction between universities and firms (Bruneel et al., 2010). Increasingly, attempts by universities to capture formal IP have had an impact on the nature of science efforts (Shane, 2004). These efforts have created a new commercial focus on the part of the universities to create valuable IP and exploit it for financial gain (Mowery and Ziedonis, 2002; Henderson et al., 1998). Bruneel et al. (2010) argue that support designed to encourage academics to engage with industrial partners can take many different forms and often varies across universities and countries. In the UK, for example, the government has launched a range of initiatives to encourage universities to capture and develop their IP (Chapple et al., 2005; Lambert, 2003).

The collaboration between industry and technological universities has existed for many years (Cerych, 1985). The beginning of modern industry-education collaboration in the UK goes back to the time when the 'industrialized economy' began to put pressure on both employers and educators at the turn of the twentieth century. It is also suggested that the small business sector made a significant contribution to the development and stability of the British economy (Storey, 1994). In the UK, sections 382 and 465 of the Companies Act 2006 define an SME for the purpose of accounting requirements. According to this a small company is one that has a turnover of not more than £6.5 million, a balance sheet total of not more than £3.26 million and not more than 50 employees. A medium sized company has a turnover of not more than £25.9 million, a balance sheet total of not more than £12.9 million and not more than 250 employees. This definition is adopted in the context of this research.

“There used to be a phrase, common in the 1960s that ‘what’s good for General Motors is good for the United States’. It may be the case in the United Kingdom that the small business sector regards what is good for it as being good for the United Kingdom” (Storey, 1994, p.1). Storey (1994) argues that small firms play a key role in employment creation, in the economy, in innovation, in the importance which government attaches to ‘enterprise’, etc. Storey’s argument shows that small firms participate in the economic, social and political structure of the UK. Thus, during the 1980s the UK government decided to facilitate the information and development of new technology-based firms by establishing a number of financial schemes. For example, the ‘Support For Innovation Scheme’ (SFI), introduced in 1982, offered 33 % grants for innovative projects to small firms. This was replaced in 1986 by LINK, through which firms could receive up to 50 % grants in pre-competitive research for collaboration with universities or other businesses. Moor (1990) looked at twenty-three small firms and found that government grants had a major impact in a number of technology-based firms, enabling the company to develop innovation, improve technology and product range and boost the growth of the firm.

Although universities are faced with cuts, the role of government in supporting small firms in collaborating with universities can be seen as encouraging, because this linkage is one of the ways that help creativity and entrepreneurship flourish in the UK. Therefore, universities are willing to develop their relationship with businesses in order to establish new funding streams (Salter et al., 2010) and contribute to the economy of their regions. This thesis contributes to the understanding of the mutual benefits for both sectors and develops a collaborative model to facilitate the interaction between regional SMEs and UBS.

1.3 Rationale for the Research Context

As discussed above, some government policies have tried to facilitate the university-industry linkage, and there has been a shift in governmental attitudes towards the role of the Higher Education sector, and particularly its contribution to economic development, by encouraging universities to be entrepreneurial and to commercialize their knowledge (Lawton Smith, 2000). Governments have focused on funding research activities in order to get economic benefits out of them (Benneworth, 2001). Commercialization also has to be centrally managed

by professional research managers rather than academics (Goddard, 1999). This signifies a separation of the decision to commercialize research and which types of research to pursue (strategic management decisions) from the production of that knowledge (academic decision) (Benneworth, 2001).

Most of the examinations of industry-academic relations, according to Rappert et al. (1999, p. 875), turn into a listing of collaborative effort without any sense of 'what is exchanged'. Jones-Evans et al., (1999) realised that dedicated commercialization units often have a very different culture to academic departments, rather than between university and an 'industry'. In order to gain a deeper understanding of the exchange between academics and practitioners, this thesis explores the perspectives of stakeholders in the context of a University Business School and SMEs. There is little existing literature in the context of collaboration between SMEs and Business Schools in the UK, hence the need to explore this domain further.

The contribution of universities to innovation and economic development is much more diverse and recurrent, through activities that provide a skilled labour force, technical consultancy services and even forming firms, often in high-technology fields (Benneworth, 2001, Salter and Martin, 2001). If this is the case, a university can develop students who are going to be part of a skilled labour force, through interaction with external businesses such as SMEs. It can also be seen that universities can add value to companies' innovative product development, which enhances a company's capability to compete in their relevant industry sector. One view of universities is offered by an innovation systems approach, in which the different cultures, norms and practices between the Higher Education Industry (HEI) and business sectors affect their interaction and following with the flow of ideas (Nelson, 1993; Lundvall, 1988). Therefore the university's contributions could be through developing highly skilled forces and innovation which can both contribute to economic development.

On the other hand, the Business School is seen as a place to develop graduates with the business skills required by firms. In addition, the relationship between universities and firms should be mutually beneficial (Casado, 2000). According to some researchers (e.g. Barnes, Pashby and Gibbons, 2002; Gonzalez, 2000;

Lopez, Salsa and Hoyuela, 2000), one of the benefits for firms in this relationship is having access to students, highly qualified personnel, and obtaining technical and research support that would allow them to maintain contact with the scientific and technological worlds. Some researchers (e.g. Barnes et al., 2002; Gonzales, 2000; Lopez et al., 2000; Santoro, 2000) argue that the benefits to universities include factors such as additional income or integrating into the economic and social foundations where they perform their tasks. These mutual benefits can show the need to build relationships between these two sectors by considering that business organisations are major university customers (Carvalho and Da Silva, 2003; Mora, 2000; Owlia and Aspinwall, 1998; Engelkemeyer, 1995). Therefore establishing a stable relationship between universities and their customers, mainly businesses, has become a tool to guarantee the survival of universities (Marzo-Navarro et. al, 2009), as universities should develop students with the skills that are required by the firms.

According to Ravald and Gronroos (1996), organisations should create value in the form of sustainable competitive advantages which lead to customer loyalty and long-term relationships that generate benefits for the parties in the relationship/partnership. This value creation could generate a series of advantages including better matching of graduates' education to a firm's demands, the adaptation of university research to the needs of firms or the availability of personnel for internships. Similarly, firms can participate with universities, for example by providing universities with relevant information which is expected from graduates in firms (Morzo-Navarro et al., 2009).

Graduates could develop the skills which facilitate their employability as a result of university-company collaboration; Marzo-Navarro et al. stress that developing a deeper understanding of the determinants of continuous participation by firms in their relationship with universities generates significant benefits for universities. It allows the universities to improve the employability of its graduates and thus attract more students (Morzo-Navarro et al., 2009). Therefore, universities could improve their offers in both education and research and challenge the future from a more secure position. Firms can also be seen as a source of skills that are required by firms; thus universities can consider those skills while developing the academic curricula. Pecas and Henriques (2006) argue for the same issue, i.e.

that promotion of collaboration between SMEs and the academic world, for real problem solving and for continuous improvement and innovation, is one of the benefits of building relationships between these two sectors. In light of this, it was important to this thesis to understand the benefits of collaboration for the Business School and SMEs of initiating and developing a business relationship.

This thesis is influenced by the contention of Morzo-Navarro et al. (2009) that there is an absence of two-way communication in the relationship between firms and universities. Firms frequently show concern about the unsuitable output from universities as it relates to business needs (Carvalho and Da Silva, 2003; Fernandez, 2002; Garcia and Fernandez, 2002; Owlia and Aspinwall, 1998; Dervitsiotis, 1995; Engelkemeyer, 1995; Spanbauer, 1995; Lindsay, 1994). If this is the case, one of the unsuitable outputs is graduates without high-quality business skills. However, Marzo-Navarro et al. (2009) stress that firms believe that only universities, as the providers of a public service, should be the ones to resolve this lack of suitability, so universities should be customer-oriented without getting any help from the firms. This suggests that a lack of interest from firms in establishing a flow of information towards, and participation with, universities may be due to lack of knowledge about the advantages that could be gained by both parties. Therefore, the problem of lack of knowledge about mutual advantage and perhaps the absence of two-way communication in the university-firm linkage was identified as an appealing area to explore in the context of SMEs and Business School, and this is the focus of this thesis.

According to the literature, university-Industry collaboration is not a smooth process as researchers, e.g. Bruneel, D'Este and Salter (2010), comment; university and industry collaborations are likely to be plagued with conflicts due to a weak attitudinal alignment between the partners. Private firms often conflict with university researchers over attitudes towards the topics of the research or the timing and form of disclosure of research results. While researchers may be keen to disclose information to gain priority, firms may wish to keep the information secret or appropriate it (Bruneel, D'Este and Salter, 2010). This conflict happens because academics wish their ideas to be acknowledged by their peers while firms want to control a resource that is not available to their

competitors (Brown and Duguid, 2000). This shows that there is a need for a mechanism to resolve this conflict.

Much of the research, however, in this area of linkages between universities and SMEs has been biased towards the university viewpoint, that is, how university researchers can overcome institutional barriers that inhibit them from working across the university-firm divide (Lee, 1996; Rosenberg and Nelson, 1994). A balancing view from the SME perspective is needed on what SMEs expect to gain from relationships with universities and what prevents them from entering into such engagements (Hendry et al., 2000). Therefore, the author recognised the importance of the perspectives of SMEs and the Business School related to their collaboration and made it one of the objectives of this thesis.

Many fields of research, such as engineering, by their nature involve considerable interaction with industrial practice (Rosenberg and Nelson, 1994), and might find it more relevant to work with universities. This thesis draws on views of respondents from various industrial sectors to explore the relevance of working with Business Schools from the viewpoint of managers in different industries. Moreover, the role of the university as an educator of professionals - doctors, engineers, accountants, lawyers, etc. - means that large portions of their staff are focused on fields of research that engage with practical problems. For a researcher working in such areas, practical problems provide a powerful stimulus to the development of new ideas (Rosenberg, 2002). In contrast, the process of knowledge creation in the private sector is dominated by attempts to appropriate the economic value of what firms know in order to gain competitive advantage (Teece, 1986). Firms are seeking knowledge creation as a competitive advantage to their businesses; therefore, collaboration with academics that can develop new ideas and innovation through researching may be seen as a suitable way to achieve this aim.

The majority of the above discussions are in the context of University-Industry linkages, while there is a shortage of research in the context of the UK University Business School and regional SMEs. This thesis is undertaken to understand this linkage in a specific context, and aims to explore 'what is going on' and 'how things take shape', get an understanding of the perspectives of the stakeholders

and suggest a practical model of collaboration between the two sectors. Reviewing the literature helped the researcher to form the research questions as follows:

- How much do UBS and SME understand about each other?
- What are the perceived benefits for the Business School and the SMEs to improve their relationships? What motivates SMEs to engage with the UBS?
- How were relationships and communication initiated, formed and managed between the UBS and SMEs, from the point of view of both sectors?
- What are the barriers in the relationship between the UBS and SMEs, and how can the UBS overcome these barriers?
- What is the role of trust in such relationships? Is it a factor which accelerates the relationship between the two sectors? How can it be built in practice in such a relationship?

The research question one and two (above) are related to the research objective 1, research question three and four are linked with the research objective 2, and the research question five is concurrent with the research objective 3. Therefore, the objectives of this thesis are to build on the literature reported above through providing a new model of initiating and developing collaboration for the purposes of business and management development. This model will describe some of the key elements such as relationship management in initiating collaboration, and the model's features will be related to the literature review as well as empirical findings.

The implication of the study informs the Business School on how to approach this group of stakeholders and the practice-based models contribute to knowledge and practice in the Inter-Organisation Business Relations (IOBR) context.

1.4 Structure of the Thesis

This thesis includes eight chapters. The following section explains the structure of the thesis and outlines the objectives for each chapter. This chapter explores the background of U-I collaboration in the UK and the rationale for the research

context. On the one hand, it argues about the role of a university as a producer of graduates and as an educator of professionals, and on the other talks about the businesses, for possess. The collaboration between the two sectors is a huge, major step in the different aspects of improvement in a country such as the UK. It suggests this area of research deserves to be investigated at a doctoral level, as it can inform the main stakeholders about the best practice model of collaboration to the benefit of the both sectors and also contribute to the UK society and economy as a whole.

Chapter Two reviews key academic theories and concepts used in the thesis. It presents literature on IOR in general and its implication in U-I collaboration, i.e. the advantages of U-I collaboration. It also provides literature on U-I collaboration from different perspectives such as marketing; IOR management and the challenges involved in it; and reviews theories on managing U-I from different approaches such as interaction and relational approach. As a result of reviewing this chapter, gaps in the literature will be identified and the research questions will be designed.

Chapter Three is a methodology chapter which discusses the research design informed by the literature review. It explains in detail the research approach, i.e. qualitative; the research method, i.e. interview technique; the data collection process and sampling technique, data analysis approach, i.e. General Analytic Induction, the limitations, and ethical considerations in this thesis.

Chapter Four is an investigation of data and will report the findings. It also explains data analysis procedures by providing visual examples of the research data management from NVivo software. It also includes descriptive characteristics of the participants by introducing all the participants' details and their background, and finally the chapter includes an investigation of data which identifies participants' major concerns regarding their relationship. This chapter also shows how three main themes of this thesis emerged from the empirical data, and explains the data reduction process. Therefore, this chapter will inform the three next discussion chapters.

Chapter Five is the first discussion chapter which discusses the first theme (Relationship Management), which emerged from the data by providing the

quotations from participants supported by the literature. The discussion in this chapter contributes to one part of the model of initiation collaboration which developed through this thesis.

Chapter Six is the second discussion chapter and discusses the second theme (Collaborative Opportunities and Challenges) that emerged from the data. This chapter discusses the opportunities that might be available and the challenges that might occur between parties in collaboration, through making academic arguments which will be supported by the participants' quotes together with the literature. This chapter and the result of Chapter Five contribute to the development of the model of initiating collaboration in UBS and SME collaboration.

Chapter Seven is the third discussion chapter and discusses the third theme (The Role of Trust) that emerged from the data. This chapter provides the quotations from participants supported by the literature to make the arguments, discusses the mechanisms to overcome to some of the challenges in UBS/SME collaboration and also explains how trust can be initiated and built in UBS/SME collaboration through the model of initiating and building trust in such collaboration.

Chapter Eight provides a comprehensive conclusion to the thesis. The chapter reviews key findings and, therefore, the contribution of this thesis to knowledge and practice. It includes the key recommendations to the main stakeholders at the Business School, SMEs managers, and the UK government. It also highlights the key strength of the research and some limitations, and suggestions for further research. The chapter ends with a personal reflection on this thesis journey.

Chapter 2: Literature Review

2.1 Introduction

Chapter 1 identified the rationale for and the importance of collaboration between university and industry. This research endeavours to answer the questions: *How much do UBS and SME understand about each other? What are the perceived benefits for the Business School and the SMEs to improve their relationships? What motivates SMEs to engage with the UBS? How were relationships and communication initiated, formed and managed between the UBS and SMEs, from the point of view of both sectors? What are the barriers in the relationship between the UBS and SMEs, and how can the UBS overcome these barriers? What is the role of trust in such relationships? Is it a factor which accelerates the relationship between the two sectors? How can it be built in practice in such a relationship?* The aim of this chapter is to identify the theoretical gaps in the literature and show how each section leads to the research questions.

The association and usefulness of academic management research and its relevant to practitioners has been discussed in the literature (e.g. Rousseau, 2006; Van Aken, 2005; Huff and Huff, 2001; and Starkey and Madan, 2001). The constraint and opportunities with such interface has also highlighted (e.g. Bartunek, Rynes, and Ireland, 2006; Pollit, 2006; and Macbeth, 2002). However, potential tensions and constraints that management research may face (Learmonth, 2008; Macbeth, 2002; and Buchanan, Boddy, and McAlman, 1988) have been more emphasized rather than the opportunities (Maclean and Macintosh, 2002). Both management researchers and practitioners may be interested on the same subject, the management researcher may focus on extending the frontiers of knowledge (Macbeth, 2002), in contrast practitioner's focus is acquiring knowledge that improves understanding of a particular business problem, generating results-oriented, particularly useful guidance (Maclean and Macintosh, 2002).

Relevant to this debate, as discussed in chapter 1, government policy statements have emphasized the importance of and need for greater university-Industry collaboration and business orientation in management research. Some of the authors e.g. Saunders (2011) believe that while not all management research

can or should be of different relevance to practitioners or have commercial value, management research can address the need of practitioners, delivering practical, relevant and useful research grounded in practice. This research, towards a degree of Doctor in Business Administration, has to demonstrate the association of academic research and its usefulness to practitioners particularly SMEs. The existing knowledge on literature, therefore, will be reviewed for this purpose.

This literature review is structured around the following two key areas: Inter-Organisational Relations (hereafter referred to as IOR); and Relationship Management (RM). This involves critical examination of the key concepts, theories and approaches of current thought on IOR, and identifying the reasons for companies' interactions with one another, particularly in university-industry (U-I) relationships. Researchers (e.g. Huxham and Macdonald, 1992 cited in Huxham 2003) argue that one of the main reasons for establishing IOR, in different disciplines, is the collaborative advantages for the organisations who are involved in the relationships.

Some literature e.g. (Marzo-Navarro et al., 2009), argues that there is a lack of knowledge about the mutual advantages in U-I linkages, so this thesis questions the clarity of the mutual advantages and discusses the collaborative advantages within an IOR setting.

Collaborative advantage sometimes comes in a certain form with a specific purpose and sometimes in non-obvious forms, and may be more concerned with the process of collaborating rather than the actual output (Huxham, 2003). In other words, the advantage may come from the development of a relationship with a partner rather than through achieving the aims of the collaboration. This thesis explores the first angle, with the intention of understanding the collaborative advantages of nurturing such relationships between UBS and SMEs.

There is an argument in the literature that there is a lack of two-way communication in U-I linkages from the firms' point of view (Marzo-Navarro et al., 2009) that might cause the lack of knowledge about the mutual advantages. This suggests that communication can play an important role in the relationship in different contexts; however, the author further explores the reasons that make

communication an important factor in such relationships. Moreover, the notion of communication derives from the relationship management approach (Morgan and Hunt, 1994; Hakansson, 1982), so how the relationship could be managed became an important area to be examined.

Literature on both IOR and Collaboration (e.g. Huxham, 2003; Vangen and Huxham, 2000) and Relationship Management (e.g. Morgan and Hunt, 1994) highlights 'trust' as a factor that can influence the development of a business relationship. Many practitioners argue that 'trust' is a precondition for successful collaboration (Huxham, 2003; Dan and Teng, 1998; Lane and Bachman, 1998). However, trust is a multi-dimensional concept (Clark and Payne, 2006) and has different meanings in different contexts. Also there is minimal research on trust within the context of Business School-SME relationships. Therefore, current themes around trust were also studied.

The next parts aim to provide detailed and critical views on the aforesaid three main sections of this literature review.

2.2 Inter-Organisational Relations (IOR) and their application in U-I context

The topic of this thesis is inter-organisational relations. IOR is seen as an approach towards organisations' sustainability (Hakansson and Snehota, 1995). Engaging in relationships with external agencies is becoming increasingly market-oriented; Nidumolu, Prahalad and Rangaswami (2009) suggest that 'smart' corporations build collaborative capacity in their efforts to become sustainable.

It is believed that different forms of IOR have the same underpinnings which aim at success for the parties involved, and based on this belief IOR is defined as a voluntary, close, long-term, planned strategic action between two or more organisations with mutual benefits (Babiak and Thibault, 2008). Lee (2011) refers to IOR in U-I alliances, as an organisational-level comprehensive arrangement to perform multiple types of linkage activities between a university and a business firm all together. The goals and scope of the activities vary according to the type of industry. In the present study, the author agrees with Babiak's and Thibault's definition of IOR in a general context, but it is more useful to adopt Lee's definition of IOR because this thesis examines the two types of activities, i.e. knowledge transfer partnership (KTP) and consultancy projects in collaboration

between UBS and SMEs. Therefore, for the purpose of this thesis, IOR is defined as 'business relationships between private and public organisations who work together on paid or unpaid projects with the intention of establishing and developing long-term relationships to the mutual benefit of both parties'.

It is argued by experts in IOR that there are three main areas of IOR: i) the results which occur from a collaborative setting and what the collaborative advantages of IOR are (Vangen and Huxham, 2003) -it is emphasised by scholars, e.g. Lank (2006), that organisations should be aware of the advantages of collaboration before embarking on a collaborative journey; ii) how IOR is managed and facilitated in gaining the advantages (Babiak and Thibault, 2008; Iyer, 2003; Kanter, 1989); and iii) barriers in the IOR setting. Three arenas which are the focus of this chapter will now be reviewed in detail.

2.2.1 Collaboration and Collaborative Advantages in the IOR context

It is useful to clarify the notion of 'collaboration' in the context of this thesis as it is used in conjunction with other concepts such as partnership, alliance and cooperation. This will be followed up by discussion of the collaborative advantages in the IOR.

2.2.1.1 The Concept of Collaboration in the U-I context

A vast range of terms is used to describe collaborative working between different organisations. Some authors call it 'inter-organisational collaboration', which is used to refer to the practice of working collaboratively across organisations, sectors and even national boundaries in order to deal more effectively with major issues that cannot be tackled by an organisation acting alone (Vangen and Huxham, 2003). Other authors include alliances (Grant and Baden-Fuller, 2004; Inkpen, 2002), 'partnership working' in transactional relationships such as customer-supplier relationships (Lank, 2006), non-profit partnerships, joint ventures (Beamish and Berdrow, 2003; Inkpen, 2000), or networks and other forms of cooperation as collaboration. Lucas (2005) examined U-I partnerships between Canadian universities and firms (from the technology sector), and states that such partnerships may be called collaborations insofar as the participants jointly negotiate the problem definition, project boundaries and the significance of results.

The above scholars apply a wide range of labels to the collaboration process and choose different structures and approaches. Lank (2006) and Huxham and Vangen (2000) acknowledge that in some collaborations only two organisations are involved, while others may involve dozens of organisations. Some collaborations are created for a specific purpose, others with a long-term focus (Lank, 2006).

The definition of collaboration could be seen as any arrangement of parties from multiple organisations coming together to act or decide upon issues of mutual interest and advantage (Everrett and Jamal, 2004; Gray, 1989). From Lank's (2006) point of view the notion of 'collaboration' refers to organisations working together to achieve one or more specific outcomes, meaning that at least two organisations work together and individuals collaborate. He continues that although many key success factors in collaborative processes relate to the development of the relationship between individuals, there is also an organisational perspective to the collaboration. Therefore, in such a network one or more organisations decide to collaborate for a particular purpose.

The concepts of collaboration involving consortia, networks, alliances, joint ventures and associations are examples of IOR arrangements that have emerged in Higher Education recently (Beerkens, 2002). In the context of this thesis, the term 'collaboration', particularly in the form of U-I collaboration, can refer to a relationship between two organisations - either small and large, or public and private in an IOR setting (Lee, 2011) - who work together on a project with a specific purpose with the intention of developing long-term relationships. Referring to the definition of IOR in the context of this thesis (presented above), it can be said that collaboration can occur in an IOR setting, so that collaboration could be a part of IOR. Therefore, for the purpose of this thesis, collaboration describes the interaction and relationship between academics at the Business School and practitioners at SMEs.

2.2.1.2 Collaborative advantages in the U-I context

Collaboration happens because organisations cannot tackle their problems individually (Huxham and Vangen, 2000); therefore, there must be a reason for the collaboration. Wide-ranging benefits from operating through IOR have been

identified. These include economies of scale (Barringer and Harrison, 2000; Grandori, 1997; Larson, 1991; Contractor and Lorange, 1988), access to specific resources (Faulkner, 1995; Harrigan, 1986), risk and cost sharing (Johnston and Lawrence, 1998; Hamel et al., 1989), learning (Doz, 1996), and flexibility (Powell, 1990; Kanter, 1989; Jarillo, 1988) amongst others (Barringer and Harrison, 2000). Huxham and Vangen (2000) refer to these benefits as “collaborative advantage”.

In the 21st century, leadership is the ability to spot opportunities to gain collaborative advantages and then to consider the cost and benefits of working with others versus doing it alone. Therefore it is an essential skill for decision makers in organisations to constantly be alert to the collaborative opportunities (Lank, 2006). The question here is to what extent executive and senior management, as decision makers of the Business School, are aware of the collaborative opportunities and the related benefits in their relationships with SMEs.

The literature highlights that successful collaboration between university and different industries promises a variety of benefits for both parties (Bercovitz and Feldman, 2007; Agrawal, 2006; Etzkowitz and Klofsten, 2005; Garrett-Jones, Turpin, and Diment, 2005; Motohashi, 2005; Cohen, Nelson and Walsh, 2002; Zucker, Darby, and Armstrong, 2002; Etzkowitz and Leydesdorff, 2000; Jacob, Hellstrom, Adler and Norrgren, 2000; Lee, 2000; Branscomb, Kodama, and Richard, 1999; Turpin, Garrett-Jones, and Rankin, 1996). Most of the above-mentioned research has been done from the large organisations' perspective (e.g. Agrawal, 2006), but there is a dearth of research discussing collaborative advantages from both the SMEs' point of view and that of the University Business School in developing business relationships. This is the topic of this thesis. In contrast to previous research, therefore, this thesis explores the collaborative advantages of the developing relationships between UBS and SMEs from the points of view of senior management and operational staff.

Lank (2006) argues that there are some principal reasons to collaborate: for example, *more effective research*, such as exploring new research areas in collaboration between industry and academic partners in which the parties go beyond their own ideas and views and produce new thinking as a result of a

group experience, not merely an individual experience. This suggests that innovative ideas can thrive from collaboration. Another reason can be *saving cost*. For example, 17 retailers from across the globe collaborated to establish the World-Wide Retail Exchange (WWRE), an online business-to-business exchange for retailers and suppliers. The aim was to create a consortium to facilitate collaborative planning and forecasting between suppliers and retailers by giving them a common information platform and data set to work from, which is a significant gain that can be achieved by sharing services and costs with others while maximizing the return in the collaboration process.

Moreover, innovation enables organisations to bring new ideas and perspectives into each other's organisation. Following this line, Shaw and Allen (2006) argue that inter-organisational collaboration enables technical development, product innovation and business development. The above arguments show that not only are there some principal reasons for collaborating, but also some specific purposes and advantages of collaboration that encourage parties to initiate collaboration, which have been highlighted in different disciplines. However, the present study was concerned with exploring what the mutual advantages of collaboration are in the specific context of UBS and SME relationships.

2.2.1.3 U-I Collaborative Advantages from a marketing perspective

Some of the literature examined reviewed the relationships between university and firms from a marketing perspective. For example, Marzo-Navarro et al. (2009), considered small firms mainly belonging to the service and manufacturing sectors in relationships with universities in Spain, and identified that there is a lack of two-way communication in U-I linkages from the firms' point of view. Firms frequently show concern about the unsuitable output from universities as it relates to business needs (Carvalho and Da Silva, 2003; Fernandez, 2002; Garcia and Fernandez, 2002; Owlia and Aspinwall, 1998; Dervitsiotis, 1995; Engelkemeyer, 1995; Spanbauer, 1995; Lindsay, 1994 cited in Marzo-Navarro et. al. 2009). The above authors, particularly Marzo-Navarro's study, do not explicitly explain the reasons for the lack of two-way communication. They argue that it might be because of lack of knowledge about the collaborative advantages. It can be assumed that knowledge can be achieved or exchanged through communication, so communication plays a role

in understanding the collaborative advantages; however, this has not been explained in detail.

Therefore, the researcher was interested to take this issue further and investigate the views of SMEs from different industries in their interaction with a University Business School, to discover how the relationship and communication are initiated, formed and managed between these two sectors, which might clarify the collaborative advantages. Thus, a general question was designed as the first research question, namely: **'How much do UBS and SMEs understand about each other?'**

2.2.1.4 Collaborative Advantages and Communication in U-I relationships

There is an argument (Lucas, 2005) that effective communication requires that the partners communicate frequently during the course of the project and that they develop trust in each other's capabilities and intention to deliver the results and understand each other's interests. He continues that understanding how academic researchers and firms collaborate is a matter of understanding how they communicate. This shows that communication is an important part of the collaboration because it helps improve understanding. Marzo-Navarro et al. (2009) argue about the consequences of lack of communication in U-I linkage.

It is argued by some scholars that not all firms are interested in making an investment in their relationship with academics; they are more likely to be in touch with universities infrequently, irregularly and with recurrent patterns (Bishop, D'Ester, and Neely, 2009; Hertzfeld, Link, and Vonortas, 2006; Hall, Link, and Scott, 2003). It is also believed that the relationships established between universities and firms should be mutually beneficial (Casado, 2000). In this line, other researchers (e.g. Barnes et. al., 2002; Gonzalez, 2000; Lopez et. al, 2000) give more details about the way that firms can have access to students and research support to maintain contact with the scientific and technological world by collaborating with universities. Universities can also gain benefits such as earning additional income or integrating into the economic and social foundation (Barnes et. al. 2002; Lopez et. al. 2000). However, there are some concerns for both sectors in gaining advantages in practice; for example, Slotte and Tynjala (2003) examined a case study within the Nokia Learning Centre,

China in cooperation with a university in Finland. The project was focusing on the broader context of integrating a university course into the work of employees in human resource development. They believe that the main concern for industry is the added value of knowledge that can be applied to the development of innovative products and services. For the universities, their main task is preparing students who will be able to generate new knowledge and skills needed for their future working lives. It can be learnt from the existing knowledge that the relationships between university and firms can be beneficial; however, the question here is: 'To what extent are two different sectors aware of the mutual benefits of their relationship?' The researcher sought to explore the mutual advantages of collaboration in the context of UBS and SMEs and this opened up another line of investigation. Thus, the second research question was posed as: **'What are the perceived benefits for UBS and SMEs to improve their relationships? What motivates SMEs to engage with UBS?'**

Drawing conclusions from the above discussion, U-I collaboration can benefit university students in terms of gaining experience of the scientific world (Barnes et. al. 2002; Gonzalez, 2000; Lopez et. al. 2000), and also benefits firms in technical development, product innovation and business development (Shaw and Allen, 2006). However, there are some barriers to collaboration which might make the collaboration process complex. This is the second arena in IOR which will be reviewed in this section. The next part will discuss some of the hindrances and challenges to collaboration in general, and in U-I contexts specifically.

2.2.2 Barriers to U-I Collaboration create challenges in IOR management

Although there are different factors that can lead firms to collaborate or draw knowledge from universities (Arundel and Geuna, 2004; Laursen and Salter, 2004; Tether, 2002; Meyer-Krahmer and Schmoch, 1998), as discussed above, scholars have also identified some barriers to collaborations.

Guan, Yam, and Mok (2005) conducted a survey of 950 large and medium-sized enterprises (LMEs) and high-tech enterprises in Beijing, China to examine the influence of collaboration among industry, research institutes and universities on industrial innovation. In their research, the innovation performance of LMEs was defined as one of these four categories: 'new to the enterprise', 'new to the

region' (Beijing), 'new to the nation' (China) and 'new to the world'. Many Chinese enterprises have taken action to increase collaboration with research institutes and universities because of the significant influence of the cooperation on industrial innovation. However, they found out that, from the firms' point of view, one of the major barriers to collaboration is inefficient communication of research results from universities. This indicates that there are serious problems in the information channels between public institutions and industry. Guan et al.'s (2005) findings are in line with Marzo-Navarro et al.'s (2009) debate on lack of two-way communication between UI collaboration from the firms' point of view. The authors did not explicitly explain why this is the case. Meanwhile, Buttle (2005) acknowledges that, in agency-client relationships, problems of communication are often symptomatic of more fundamental problems in the relationship, for example lack of trust, lack of interdependence and lack of common agreement. So, if communication, as the most important relationship characteristic (Plewa et al., 2005), plays an important role in developing U-I relationships, as Marzo-Navarro et al., (2009) assert, then the relationship management could be an important part of effective collaboration. Therefore, it was in the interest of this thesis to explore **how relationships and communication were initiated, formed and managed between UBS and SMEs from the point of view of both sectors.**

Furthermore, Bruneel, D'Este and Salter (2010) identified two main types of barriers to collaboration: transaction-related barriers such as conflict over intellectual property, which is more involved with universities' administration; and orientation-related barriers, which are related to differences in the orientations of industry and university.

Bruneel et al. (2010) also acknowledge some mechanisms that help to reduce the barriers to collaboration between universities and industry; the experience of collaboration is one of the mechanisms. It means that firms that have worked on many projects with universities may have greater experience in negotiating with university partners. It can be assumed that this mechanism might work for the firms with high interactions across different universities, so what about SMEs who might not have mature relationships with different universities? How can the barriers in such a collaborative situation be reduced?

According to Cyert and Goodman's (1997) experiences of creating, implementing and managing the university-Industry alliances, this relationship is very important. However, they found it frustrating because of the limited knowledge on successfully nurturing these alliances. Both authors believe that it is difficult to create and maintain these alliances, and dilemmas around their relationships can be reduced but not eliminated - perhaps because the complex structure of collaboration often contributes to ambiguity with respect to the roles, authority and responsibilities (Huxham and Vangen, 2000). This perhaps can be managed through functional aspects of partnership management (Lyer, 2003; Kouwenhoven, 1993).

The other mechanism to reduce barriers in collaboration, from the point of view of Bruneel et al., is 'breadth of interaction channels'. This means creating a wide range of interactions such as formal and informal meetings, because some links required a high level of co-ordination and sustained interaction; however, Kogut (2000) states that casual face-to-face and short-term interactions are crucial to improving the effectiveness of formal, long-term research agreements.

The process of collaboration involves similar problems in any inter-organisational arrangement, and developing a detailed understanding of each of the possible factors at work in such processes is a means of enhancing the possibility of achieving successful outcomes (Crosby and Bryson, 2005; Huxham and Vangen, 2005; Imperial, 2005). Therefore, it was necessary to understand how much UBS and SMEs know about each other (the first research question), as this understanding can help to come up with some solutions for reducing the barriers.

Bruneel et al.'s (2010) research observed the factors that reduce the barriers to university-industry collaboration. They conducted a survey of firms that have actively engaged in collaboration with universities. Their sampling frame was from the list of the research projects funded by the Engineering and Physical Sciences Research Council (EPSRC) between 1999 and 2006 in the UK context. The sizes of the firms were large; therefore they looked at the firms' business unit collaboration with universities. Some of the scholars looked at the barriers in the collaboration and have tended to focus on projects rather than business units. Bruneel et al. (2010) argue that mechanisms for managing and monitoring U-I

interactions area are challenging because of the costs involved, and there is also the question of whether it is beneficial to the management. Given that, their study examined the firms with very active engagement with universities, while this thesis investigates firms with relatively new experience of collaboration with UBS. In addition, the authors referred to above did not explain in depth why managing U-I interaction is challenging. It is interesting to know about the other issues that can create barriers to the collaboration in managing U-I interaction. So the question is: how is the UBS/SME relationship managed? How can barriers in a relationship influence relationship management? The existing literature did not have detailed answers to these questions, especially in the context of Business School/SME collaboration; thus, the third research question was designed as: **'What are the challenges in the relationship between UBS and SMEs and how can the UBS manage its relationships with the SMEs to overcome these challenges?'**

This question was important to this thesis because identifying barriers might be helpful in finding a solution to how to overcome to the barriers and develop the relationship accordingly.

In the light of the previous claim regarding the benefits of IOR collaboration, it might be expected that it would feature significantly in an organisation's management plans. Therefore, the third arena in the IOR context is: 'How the IOR is managed' which is a significant area to examine in this thesis.

2.2.3 Managing IOR in a U-I context

Collaborations vary considerably in structural dimensions, from small groups to extensive international networks. It is usually argued that the processes and problems are similar in all of them, but issues of mutual misunderstanding seem likely to be more complicated in collaborations that are more extensive or span wider boundaries (Geppert and Clark, 2003). In reality, collaborations are rarely static structures; therefore their structure, in practice, is continually changing because external pressures and changes such as external policy and government policies influence the purpose of collaboration (Huxham and Vangen, 2000, cited in Babiak and Thibault, 2005). Along this line, Cyert and Goodman (1997) associate external changes and pressures with 'unexpected shocks' such

as mergers, acquisitions, reorganisations, fluctuation in the economy and downsizing from the outside. Cyert and Goodman (1997) believe that the world of the university has typically been more stable; however, changes in key people, administration etc. can change the direction and support of the university-industry linkage. Therefore any changes from outside the organisations in both sectors can threaten the relationship. This can be seen in the current climate, where universities are faced with cutting funds and the economic climate puts pressure on the firms, especially small firms; so the decision-making regarding developing business relationships and managing the relationship is important. In addition, as collaborations have a dynamic structure, especially because two or more organisations are involved, managing this kind of dynamic structure is important, which is applicable to the context of this thesis because small/medium companies are mainly from the private sector and universities are large, public organisations.

2.2.3.1 IOR Management in different organisational cultures

As discussed earlier, inter-organisational relationships (IORs) can take many forms, e.g. joint ventures, alliances and sponsorships. In this thesis an IOR was defined as any interaction between practitioners and academics for the purpose of business development- either product or service development, innovation, knowledge exchange/transfer, short-term or long-term mutual benefits.

Researchers, e.g. Spekman, Isabella, and MacAvoy (2000), Austin (2000), and Hwang and Burgers (1997) stress that much of the research on IOR neglects the problems of IOR management. Much of the research discusses the creation and formation of a collaboration (Child and Faulkner, 1998; Gray and Wood, 1991), but less is said about how organisations manage their IORs (Lyer, 2003). That was also the interest of the present study, i.e. to examine the relationship management side of collaboration between UBS and SMEs, particularly to help the UBS to adopt the best relationship management strategy with this group of stakeholders.

IOR management is critically important because, as Kanter (1989) states, relationships are valuable when they are 'under-managed', and many partnerships fail because of difficulties in managing them. Babiak and Thibault's

(2008) research illustrates that, in IOR management, complexity increases when more organisations are involved in the alliance; therefore, in their study developing strategies to manage these relationships became more complex. IOR management is complex because two or more independent organisations with their own objectives, agenda and culture are working on one project, and it is more likely to see conflicts and disagreements. It was interesting to this thesis to explore how the relationship was managed from the university point of view in the collaboration between UBS and SMEs, in order to minimize the conflicts and disagreements if any.

From Cyert and Goodman's (1997) point of view, there are inherent differences which work against effective university-industry relationships, because university and company partners have fundamentally different cultures such as different goals, time orientations and language. Universities create and publish knowledge, whilst companies produce products or services. In terms of time, most companies have to meet their goals within a certain time, while for universities the time frame is much longer-term and less well defined. In terms of language differences, university researchers use terms such as 'hypothesis', 'models' and 'variables' in their language, which have less usage in the industry sectors. According to Cyert and Goodman (1997), these cultural differences can lead to misunderstandings. Firms may not understand how work gets done in universities, and universities may not understand market forces, time demands and the incentive structure of firms. Thus, cultural differences can influence the effectiveness of the relationship. On the other hand, Lucas (2005) investigated how the cultural and physical boundaries between researchers at the University of Toronto and their industry partners influenced knowledge sharing within three collaborative programmes. The results of his study revealed that cultural differences can easily hinder the development of trust between partners in U-I collaboration, while Young's study (2009) suggests that trust is absent in many U-I partnerships because of conflicting interests and practices between partners and because of a general lack of knowledge about each other's community.

Like any partnership strategy, managing relationships among partners and shifting roles and responsibilities in organisations is challenging for the management in the IOR context (Frisby, Thibault and Kikulis, 2004; Child and

Faulkner, 1998; Kanter, 1994), and the challenge increases exponentially when managing collaborations with multiple organisations (Babiak and Thibault, 2008). For example, IORs in the Canadian sport system have encountered many challenges in their environment; if they do not have a formal plan or map to guide the development of linkages, sport organisations might face managerial and organisational setbacks such as loss of funding, targeting inappropriate partners, or investing too many resources into inefficient relationships (Babiak and Thibault, 2008). This is why the formulation and implementation of an appropriate partnership management system is crucial (James, 1999).

Considering the fundamental differences between university and firms, this thesis also sought to understand the relationship management approaches between UBS and SMEs and their impact on reducing the distance between university and industry caused by fundamental differences such as culture, language etc. Therefore, it was important to this thesis to know which relationship management approach might be most suitable to the UBS/SME relationship in order to overcome some of the potential challenges caused by fundamental differences between the two parties.

2.2.4 Summary of Part 2.2

A review of the literature reveals different perceptions of the concept of collaboration. These include alliances (Grant and Baden-Fuller, 2004; Inkpen, 2002), 'partnership working' in transactional relationships such as customer-supplier relationships (Lank, 2006), non-profit partnerships (Osborne, Williamson, and Beattie, 2002), joint ventures (Beamish and Berdrow, 2003; Inkpen, 2000), networks and other forms of cooperation. The present study defines collaboration as a relationship between two organisations either small and large, or public and private in an IOR setting (Lee, 2011) who work together on a project with a specific purpose with the intention of developing long-term relationships. Moreover, three main areas of literature on IOR were critically reviewed. The first area examined the main reason for establishing IOR contexts which, according to Vangen and Macdonald (1992) and Huxham (2003), is to gain the collaborative advantages of relationships. Wide-ranging benefits from operating through IOR have been identified. These include: economies of scale (Barringer and Harrison, 2000; Contractor and Lorange, 1988; Larson, 1991; Grandori,

1997); access to specific resources (Faulkner, 1995; Harrigan, 1986) risk and cost sharing (Johnston and Lawrence, 1998; Hamel et al., 1989); learning (Doz, 1996); and flexibility (Powell, 1990; Kanter, 1989; Jarillo, 1988) amongst others (Barringer and Harrison, 2000). This led to the second area which reviewed IOR management to gain collaborative advantages, e.g. Marzo-Navarro et al. (2009), who argued about the lack of two-way communication in U-I interaction. This led the discussion to the third area of IOR, i.e. reviewing the barriers in IOR contexts. For example, Bruneel et al, (2010) found that they are transaction-related and orientation-related barriers, while Cyter and Goodman (1997) identified them as cultural differences. In addition there is complexity in IOR management (Babiak and Thibault, 2006) which can create a challenge in IOR contexts. This could be related to the difficulties in relationship management (Kanter, 1989); therefore, relationship management was identified as an important area of the literature which it will be helpful to examine in the next section.

As a result of reviewing the aforementioned three areas, it can be concluded that the literature over the past one-and-a-half decades highlights that successful collaboration between university and different industries promises a variety of benefits for both parties (Lee et al., 2010; Bercovitz and Feldman, 2007; Agrawal, 2006; Etzkowitz and Klofsten, 2005; Garrett-Jones et al., 2005; Motohashi, 2005; Cohen et al., 2002; Zucker et al., 2002; Etzkowitz and Leydesdorff, 2000; Jacob et al., 2000; Lee, 2000; Branscomb et al., 1999; Turpin et al., 1996). Most of this research was done from the large organisations' perspectives (e.g. Lee et al., 2010; Agrawal, 2006), but there is a dearth of research to discuss collaborative advantages from the point of view of both SMEs and University Business Schools in developing business relationships, which was the interest of this thesis. Therefore, this thesis initially was concerned with understanding the following questions:

- 'How much do SMEs and the Business School know about each other?'
- 'What are the perceived benefits for the sectors to improve their relationship? What motivates SMEs to engage with the UBS?'
- 'How was the relationship and communication initiated, formed and managed between the UBS and SMEs?'

- What are the barriers in the relationship between the UBS and SMEs, and how does the UBS manage its relationships with the SMEs to overcome these barriers?'
- What is the role of trust in such relationships? Is it a factor which accelerates the relationship between the two sectors? How can it be built in practice in such a relationship?

The next section will review the current approaches to relationship management, especially in U-I relationships, which could be in line with Question 3 of this thesis (how the UBS manages its relationships with SMEs).

2.3 Relationship Management

There are two main streams of literature in developing business relationships; one examines the network and interaction approach to understand industrial businesses (Hakansson and Snehota, 1995; Hakansson, 1982), and the other one takes a relational approach (Morgan and Hunt, 1994). The first approach offers potential avenues for insights into the issues concerning the initial establishment of collaborative initiatives. Thus, it seems that the network perspective is attractive to this thesis. However, both approaches will be discussed in the next section.

From a marketing perspective, the existence of relationships between two or more parties can be seen as a relational approach (Marzo-Navarro et al., 2009). They examined small businesses from service and manufacturing industries and suggested a relational approach as a suitable approach in relationship management. This thesis examines SMEs who are in interaction with the Business School, therefore the relationship already exists. Based on this explanation the relational approach exists between UBS and SMEs, and the context of the above authors' study is close to the context of this thesis. There is one difference in terms of the type of the industry, in that this thesis examines the SMEs from different industries.

The existence of the relationships between universities and firms can be promoted by universities because firms can be considered as one of the potential customers for universities (Carvalho and D Silva, 2003; Mora, 2000; Engelkemeyer, 1995). On the other hand, students are usually considered to be

university customers, and the most frequent concepts that have been used in the relational approach are satisfaction and loyalty (Seeman and O'Hara, 2006; Marzo, Pedraja and Rivera, 2005a; Alves and Raposo, 2004; Mavondo, Tsarenko, and Gabbott, 2004). This shows the diversity of stakeholders at university, so the type of relationship with the university might be different; Burt and Doyle (1994, p. 5) state that the type of relationship operated will naturally depend on the parties involved and the external environmental conditions.

In this research, SMEs have been considered as one of the university's potential stakeholders. In order to have a better understanding of the relational approach in the context of this research, therefore, it was important to explore which type of relationship management approach/strategy is practised at the UBS in their relationship with SMEs.

The primary role of universities is seen as creating new knowledge and educating (Dasgupta and David, 1994). In addition, universities are becoming increasingly practical managers of their collaboration with industry, looking to create valuable intellectual property (IP) to promote knowledge transfer. As a result, more and more interaction between university and industry is involved with measurement and management (Bruneel et al., 2010). The scholars suggest that managing the interactions needs attention in university and industry relationships. Although some literature acknowledges different aspects, such as barriers to university and industry collaboration (Bruneel et al., 2010; Hall et al., 2001), few studies (Marzo-Navarra et al., 2009) have investigated managing the interaction between university and industry. Given that, the author was keen to explore the relationship management approaches in a specific context, i.e. a Business School/SME relationship. Meanwhile, two approaches will be discussed and compared now.

2.3.1 The Interaction/Network Approach in U-I management

The 'interaction and network approach' (INA) is an approach in developing business relationships. This approach has been developed from a European research project on 'Industrial Marketing and Purchasing (IMP)', which was originally formed in the mid-1970s. This approach focuses on the links between firms (Axelsson and Easton, 1992) rather than viewing firms as singular entities,

as it believes that the concept of relationship is mutually-oriented interaction between two mutually committed parties because of the interdependence of outcomes.

The INA approach also argues that every relationship is developed between two parties over time. It is developed through an interaction process in which the two parties act in relationship to each other, solving problems and taking advantage of opportunities (Hakansson and Snehota, 1995). It was interesting to know how both UBS and SMEs see their relationships, whether it is for the purpose of problem solving, and whether the UBS perceives its relationship with SMEs as an INA approach. In addition, it claims that relationships evolve over time and coping with change in the relationship and within the network is the most critical issue for management, and the most difficult one.

This shows that the INA approach sees relationships as a part of a broader context- a network of interdependent relationships. This argument is in line with the previous argument that relationship management is challenging because of the external pressures to organisations in the partnership. So it was appealing to the author to explore the type of relationship management that the UBS is practising in relationship with SMEs.

2.3.2 The Relational Approach in U-I management

Universities, as service providers, can be the entity of applying the relational marketing approach. As Morgan and Hunt (1994, p.22) argue, *relationship marketing* is understood as “marketing that refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges”. Adopting this approach means that the relationships established by an organisation should create value in the form of continuous competitive advantages. Therefore, the purpose of using the relational approach is not only to gain customer loyalty but also to establish long-term and constant relationships that create mutual benefits (Ravald and Gronroos, 1996) and collaborative advantages (Vangen and Huxham, 2003) to the parties in the relationship. This value creation can be developed through interaction with stakeholders (Morgan and Hunt, 1994).

From a marketing perspective, this gives the impression that organisations establish relationships to create the mutual value for their stakeholders which can lead to a long-term relationship. In this thesis, as SMEs are one of the Business School's stakeholders, there is a question as to whether a relational approach in managing the collaboration between UBS and SMEs can create value and therefore a competitive advantage for the UBS in such a competitive market as the Higher Education industry, and whether this approach leads to a long-term business relationship.

It is believed that communication is a two-way process (Lank, 2006) and that two-way communication is a way of building trust in a relationship (Berry, 1998). Previous studies (e.g. Doloï, 2009) identified communication as one of the important attributes in the success of the partnership between the contractors in the construction industry because it can influence the project delivery. Also, when the trust and confidence are higher the communication between partners becomes better, and vice versa. It is concluded that communication will contribute to the success of a relational partnership, while projects that experience lack of communication are less likely to achieve their objectives (DTF, 2006; Cheung, Ng, Wong, and Suen, 2003; Naoum, 2003).

Cyert and Goodman (1997) looked at creating effective U-I alliances from an organisational learning perspective and believe that frequency of communication is one of the factors which contribute to creating an effective U-I alliance. They argue that many U-I centres are engaged in researching fundamental problems that are not quickly resolved, and therefore projects are based on the assumption of long-term relationships. This is why communication is important. In critiquing U-I alliances, it seems that they moved from an organisational learning perspective to an organisational relationship perspective. This thesis is interested in looking at the U-I linkage from a relationship perspective.

On the other hand, informal communication is suggested by some scholars for managing a partnership. Shaw and Allen (2006) argue that informal communication is a part of the managerial process. What they mean by informal networking is non-binding agreement processes such as conversations or email communication. Informal communication is a part of the process of managing

partnerships (Diamond, 2002), or encouraging a more relational approach to partnership contracts (Ring and Van de Ven, 1992). Huxham and Vangen (1996) specifically argue that sustained and reflective informal communication is an essential managerial process to ensure understanding between key stakeholders in partnerships. In conjunction with informal communication, trust is an integral dynamic within partnerships (Wilson and Boyle, 2004; Huxham and Vangen, 1996), and is significantly a key dynamic within inter-organisational linkages in which there is little formalised structure (Galaskiewicz and Wasserman, 1989). Informal communication, as a part of a relational approach, can be understood as good practice in managing the partnership. However, it was interesting to this thesis to know whether it is practised in UBS/SME collaboration.

Shaw and Allen's (2006) research confirms that casual conversations, meetings over coffee and telephone calls, given their frequently informal nature, are a quick method of communicating. However, there was some unease with informal communication between the highest-level decision makers within a U-I partnership (Darabi and Clark, 2012). This conflicts with Hutt, Stafford, Walker, and Reingen's (2000) argument that informal communication is important at the highest level to supplement the formal ties of the partnership.

In addition, it has been argued that a key concept for guaranteeing the success of the relational approach is commitment; either commitment between organisations or customers' commitment to an organisation (Andaleeb, 1996; and Morgan and Hunt, 1994) and commitment must be mutual (Morgan and Hunt, 1994). So commitment can be seen as an intention to establish and maintain long-lasting relationships. Marzo-Navarro et al. (2009) adopted the relational approach to the university-industry relationship and believe that universities can show their commitment to firms by taking into account firms' opinions, interests and needs. So it was interesting to know to what extent the UBS considers the SMEs' needs in their relationship management strategy. Is the UBS aware of the SMEs' needs at all? Is the UBS committed to the stakeholders' needs? The answer to all these questions will be explored by understanding how the UBS manages relationships with SMEs (research question 4).

From the comparison between INA and the relational approach it can be understood that both approaches argue that trust and commitment are required for a successful partnership. On the other hand, IOR literature, e.g. Shaw and Allen (2006), also emphasises trust in interrelationships. In addition, Vangen and Huxham (2003) discuss trust in collaboration, particularly as it has been raised in the literature that trust is a multidisciplinary concept (Murphy, 2006). Therefore, this chapter will be concluded with a brief discussion on the general concept of trust before moving on to the research design.

Early studies of trust that were characterised by attempts to understand the dynamics of cooperation versus competition (Gambetta, 1988; Deutsch, 1962) have had a significant influence on issues of relationship development. These studies provided the basis for the accepted 'truth' that trust is fundamental to building cooperative relationships and that relationships mature through experience as interested parties accumulate evidence about each other's motives, competencies and values.

In a business relationship two issues are involved: one is the construction of identity, and the other is the formation of trust and commitment as the relationship develops (Hankansson and Snehota, 1995). Development of a business relationship always requires some degree of commitment and trust. Commitment is central to the development of relationships between two companies, which brings up the issue of trust and the time dimension of the relationships. Moreover, regarding the requirement of trust in developing business relationships it was important to know what trust means in the context of this thesis. Therefore, the fourth research question was designed as: **'What is the role of trust in such relationships? Is it a factor which accelerates the relationships between two sectors? How can it be built in practice in such relationships?'**

2.4 Summary

As a result of reviewing the literature three main issues were identified that this thesis intends to investigate further.

The literature review integrated and identified all the important factors in IOR such as collaborative advantages, barriers to collaboration, communication,

relationship management in IOR management and developing business relationships. It also identified trust as a possible, interfering and relevant factor involved in partnership. All the factors mentioned above have been discussed in a general context and at the U-I level. However, there is a dearth of knowledge and research in developing business relationships in the U-I context, especially relationships between Business Schools and SMEs (from different industries).

Therefore, this thesis endeavours to apply and explore these issues further in the relationship between UBS and SMEs in the South Yorkshire and Humber region of the UK.

On the other hand, the majority of the existing literature is focused on the challenges and problems in inter-organisational relationships, while this thesis intends to go beyond the challenges and also look for the solutions to contribute to the knowledge and practice of the IOR subject. The main literature that has been reviewed and helped with shaping the research questions is listed in Appendix 1. Thus, by combining the theoretical bases in IOR and Relationship Management the following research questions arose from the literature:

- **How much do UBS and SME understand about each other?**
- **What are the perceived benefits for the Business School and the SMEs to improve their relationships? What motivates SMEs to engage with the UBS?**
- **How were relationships and communication initiated, formed and managed between the UBS and SMEs, from the point of view of both sectors?**
- **What are the barriers in the relationship between the UBS and SMEs, and how can the UBS overcome these barriers?**
- **What is the role of trust in such relationships? Is it a factor which accelerates the relationship between the two sectors? How can it be built in practice in such a relationship?**

This thesis contributes to knowledge and practice in three ways. Firstly, it contributes to the extent of literature on IOR management and trust building in developing business relationships between University Business Schools and SMEs. In addition, it contributes in terms of the context because most of the

existing literature on IOR even in U-I collaborations is in the context of large organisations and universities, while this thesis contributes to the development of the business relationship with SMEs. The second contribution is in terms of methodological approach. Most of the recent research investigated U-I collaboration through conducting questionnaires (Marzo-Navarro et al., 2009) and quantitative survey (Bruneel et al., 2010) and testing a hypothesis through a survey (Gaur, Mukherjee, Gaur, and Schmid, 2011), while this thesis explores U-I collaboration with a qualitative research design approach through conducting interviews.

The third contribution is in initiating trust and trust building in practice in U-I collaboration.

The next chapter, Methodology, will explain how the research was designed in order to answer the research questions and achieve the objectives of the research.

Chapter 3: Methodology

3.1 Introduction

The review of the literature explored the importance of relationship management in inter-organisational collaboration. In order to understand how the relationship is initiated, formed and managed in the context of a University Business School and SMEs, therefore, this chapter explains how the appropriate research method was designed for this purpose.

This thesis was intended to contribute to an understanding of the perceived benefits of the development of effective business relationships, with the primacy of trust being seen as a key factor for collaborative development. The research was focused on making suggestions for building strong links and also suggested the best practical model of collaboration/partnership between the two sectors, Business School and SMEs. Therefore, this research was an investigation into 'what is going on' and 'how things take shape' in the relationship between the two sectors. Understanding how the parties in each sector make sense of their relationships was key and the research questions were designed as:

- How much do UBS and SME understand about each other?
- What are the perceived benefits for the Business School and the SMEs to improve their relationship? What motivates SMEs to engage with the UBS?
- How were relationships and communication initiated, formed and managed between the UBS and SMEs, from the point of view of both sectors?
- What are the barriers in the relationship between the UBS and SMEs, and how can the UBS overcome these barriers?
- What is the role of trust in such relationships? Is it a factor which accelerates the relationship between the two sectors? How can it be built in practice in such a relationship?

Therefore, in order to explore the answers to the research questions this chapter discusses the rationale for the research design, considering the underlying philosophical assumption, methodological commitments and evaluation criteria

for assessing the research. All the above-mentioned issues will be justified and discussed in the following sections because, according to Thomas (2006), the findings are shaped by the assumptions and experiences of the researcher conducting the study and doing data analysis.

3.2 The Interpretive Approach in developing a business relationship

Creswell (2003, 1994) and Guba (1990) argue that most of the research paradigms share three fundamental elements: ontology, epistemology and methodology. Ontology concerns the nature and form of knowledge in the physical world, while epistemology concerns the source of knowledge, or the ways of knowing knowledge. The actors in the two sectors were the source of knowledge for this thesis. The way that the researcher had access to the knowledge or social reality was through interviewing the actors (Alvesson, 2011). The third fundamental element is methodology; that concerns the rationales behind the procedures used to research what it is believed is possible to be known (Creswell, 1994; Guba and Lincoln, 1994). Since the researcher's philosophical position can shape the research design, knowing how the researcher explores the reality of the relationship between the Business School and SMEs was important in order to adopt the appropriate method to study the phenomenon.

Research can be undertaken through a number of research paradigms that shape the research design. It would have been possible to take a positivist, post-positivist, interpretive, critical theory, constructionist or postmodernist approach (Lincoln and Guba, 2000) to study a business relationship between UBS and regional SMEs in this research. The inductive/Interpretive approach was adopted because the researcher believes that the way that people behave is based on their interpretation of a phenomenon. The detailed rationale behind this selection will now be discussed by comparing the positivist and post-positivist paradigms.

The positivist paradigm follows an objectivist epistemology (Crotty, 1998), i.e. the way of knowing the knowledge is objective, by measuring or scaling a phenomenon. Therefore it looks at a phenomenon quantitatively and also emphasises the explanation of human behaviour (Bryman and Bell, 2011) as necessary responses to the action of empirically observable, measurable and

manipulable stimuli, causal variables or antecedent conditions (Gill, Johnson and Clark, 2010). This kind of explanation is *Erklären* (Outhwaite, 1975). However the researcher agrees with Gill et al. (2011) that the actors have subjective abilities, both emotional and cognitive, which influence how we consciously make choices about how to behave, where and when. Therefore how people behave is based on their perceptions and interpretations. The present study is social research; the central question for the researcher was to know 'what is happening' between the Business School and SMEs in terms of their relationships. The researcher aimed to get a deep understanding of the actors in their relationship and focused on the perception of the stakeholders about their relationships, therefore focusing on an understanding of human behaviour i.e. *Verstehen*, called 'qualitative positivist' (Gill et al, 2011); however it shares the objectivist epistemology with the positivist approach.

On the other hand understanding the initiation, formation and management of a business relationship in the present study is not quantifiable as the positivist approach claims. In addition, the social world cannot be understood in terms of causal relationships that do not consider the situation that human actions are based upon the actor's interpretation of events, social meanings, intentions and beliefs; i.e. human action is understandable by knowing these subjective dimensions and their operations in a specific social context (Gill et al., 2011). Therefore, in this research, the researcher endeavoured to interpret the actors' interpretation of responses. For example, actors on both the university and SME side interpret the relationship differently because they respond based on their own cultures, beliefs and values which lead them to behave in a certain way. As a result of the above rationale, the positivist approach did not match with the phenomenon under consideration and the purpose of this thesis, while the interpretivist approach was again used because this research as an interpretive study assumes that people create and associate their own subjective and inter-subjective meanings as they interact with the world around them. Interpretive researchers thus attempt to understand phenomena through accessing the meanings participants assign to them (Orlikowski and Baroudi, 1991).

The researcher was trying to make sense of how actors make sense of their relationships. Gill et al., (2010) argue that the aim of interpretivist approaches is

to understand (*verstehen*) how people make sense of their worlds. Interpretivists (Blaikie, 2007) argue that the study of social phenomena requires an understanding of the social world that people have constructed and which they reproduce through their continuing activities. People are constantly involved in interpreting and reinterpreting their world - social situations, other people's actions, their own actions, and natural and humanly created objects (Blaikie, 2007). Hence individuals in SMEs and the UBS were thought likely to view the phenomenon of collaboration differently, because they are from different backgrounds and have different experiences of their relationships. In this thesis the position taken is that the notion of relationship management in collaborations could be understood through an understanding of the meaning of the concept from those involved in this form of social action. In order, therefore, to develop an understanding of the interpretations deployed by the actors who were being studied (c.f. Denzin and Lincoln, 2000; Giddens, 1976; Shotter, 1975), an interpretivist approach was adopted for this thesis, because understanding of human behaviour is concerned with the perceived understanding of human action rather than with the forces that are supposed to act on it (Bryman and Bell, 2011).

From the researcher's point of view the subject under examination is socially constructed by individuals, so it can be understood from the point of view of the minds of the individuals who are directly involved in it. As Mead (1934) argues, humans have a sense of self that they develop through interactions with others- 'through senses of self that we construct the actions that we take towards objects in our world'. Blaikie (1993, p.96), cited in Crotty (2000), states that interpretivism 'entails an *ontology* in which social reality is regarded as the product of processes by which social actors together negotiate the meanings for actions and situations'. This argument is in line with Walsham (1995), that interpretive methods of research start from the position that our knowledge of reality, including the domain of human action, is a social construction by human actors and that this applies equally to researchers. Thus there is no objective reality which can be discovered in this research in contrast to the assumptions of positivist science. Therefore, interpretive ontology is internal realism, i.e. reality for us is an inter-subjective construction of the shared human cognitive

apparatus (Walsham, 1995). According to Blumer (1969), meaning arises from social interactions. Therefore, the reality is different from each actor's point of view in this research, i.e. the interpretation of the participants at the UBS and SMEs is different because they have different experiences of their relationship and they perceive the reality based on their understanding. Thus, the reality about the relationship between these two sectors is out there, the researcher gaining access to actors' reality by exploring their views and then giving her personal understanding to participants' thinking by interpreting their views. As Blumer (1969) discusses, meaning is handled and modified through an on-going interpretive process, i.e. meanings are not fixed, and it is a process.

In interpretivist research, in understanding the world, researchers must engage and participate in it (Hatch, 1997). In treating this thesis as interpretivist inductive research, the researcher was in a privileged position to stand back and listen to the actors' perceptions about their relationship during the data collection. Therefore the knower and the known (Johnson and Duberley, 2000) were separate, and thus the researcher was not biased and did not influence the participants' views. Later at the data analysis stage when she was interpreting data, she was engaged with the data and vigorously interpreted it. Hence what we call our data is really our own constructions of other people's construction of what they and their compatriot are up to (Geertz, 1973).

The central principle of interpretivism is that there is a fundamental difference between the subject matters of the natural and the social sciences which makes the interpretive method different, because nature has to be studied from the 'outside', whereas social phenomena have to be studied from the 'inside' (Blaikie, 2007). This is in line with Gill et al. (2010) that natural scientists impose an external causal logic for explaining a behaviour which is inappropriate in explaining human behaviour. For example, in collaborations between SMEs and the UBS it needed to be studied from inside why academics behave in a certain way in the collaboration with businesses, i.e. looking for an internal logic for the way that academics behave. Therefore qualitative research is fundamentally interpretive; this means that the researcher makes an interpretation of the data. This includes developing a description of an individual or setting, analysing data for themes or categories, and finally making an interpretation or drawing

conclusions. Therefore, the qualitative researcher views social phenomena holistically and systematically reflects on who s/he is in the inquiry (Creswell, 2003).

3.3 The Qualitative Research approach

There are two approaches to explore a research issue: quantitative and qualitative methods. Both terms are related to the type of methodology adopted for data collection and data analysis. The quantitative approach usually has its basis in positivism, and having an objectivist conception of social reality shows that it has a distinctive epistemological position as well as the importance of the presence of numbers in this approach (Bryman and Bell, 2011) which makes it different from qualitative research. If researchers are interested in finding the cause and effect relationship in a phenomenon, the quantitative approach may be appropriate (Bryman, 2004). However, it was not the aim of this research to establish a cause-effect relationship between the stakeholders' views in the Business School-SME collaboration. Neither did the researcher want to quantify the actors' attitude and values with respect to developing their relationships. Therefore, a quantitative approach was not considered appropriate for the purpose of this thesis.

The qualitative approach differs from the quantitative approach and tends to be concerned with words rather than numbers. For example, in the qualitative interpretivist approach the stress is on the understanding of the social world through an examination of the interpretation of that world by its participants (Bryman and Bell, 2011). Through *Verstehen*, qualitative methods aim (see Alvesson and Deetz, 2000; Denzin and Lincoln, 2000; Van Maanen 1998) at understanding of other's experience by inductively accessing the actual meanings and interpretations they subjectively and inter-subjectively deploy in making sense of their worlds and which influence their on-going social construction and accomplishment of meaningful action (Gill et al., 2011 p. 62). The qualitative approach allows researchers to capture data on 'the perception of respondents in the context of their setting, through a process of attentiveness and empathetic understanding' (Miles and Huberman, 1994, p. 6). In the present study, qualitative research allowed the researcher to get a deep understanding of the personal views of strategic and operational managers at the

UBS and SMEs as decision makers in their organisations regarding their relationships: why do they need the collaboration, what could trigger them to approach each other and getting involved in a collaboration etc. Therefore, that helped the researcher to get a rich picture of the stories behind each relationship, and thus very qualitative detailed data was collected.

3.4 Research Method

As explained above, a qualitative research method was adopted for this thesis. According to Creswell (2003) the qualitative researcher views social phenomena holistically. This explains why qualitative research studies appear as broad views rather than micro-analysis; it can give researchers a holistic view of the whole phenomenon under investigation. There were different ways of collecting qualitative data, such as observation, interviews, documents, audio-visual materials (Creswell, 2003) in order to understand people's perceptions of the phenomenon under investigation in this thesis. The interview is the most widely employed method in qualitative research and is attractive to researchers because of its flexibility (Bryman and Bell, 2011). One of the advantages of this method is flexibility. Using interviews for this thesis allowed the author to pick up on the interviewees' responses and ask new questions during the interview process, giving new insights into the data.

3.4.1 Interview Technique

The interview technique was the main method which was used for collecting data in this research. The type of interview was semi-structured in-depth and face-to-face, one on one, in-person interview. It was the researcher's concern and interest to get a detailed and deep picture of the interviewees' perceptions and understanding about the interactive process of the collaboration. Therefore semi-structured interviews could facilitate this aim; as Silverman (1997) stresses, qualitative interviews provide us with a means to explore the points of view of our research subjects.

Data collection was conducted in two phases; the details of data collection procedures and the rationale behind them are explained in the following section.

Through the interview session, the focus was on discovering the history of SMEs' relationships with UBS. The advantages of this method are that participants can

provide historical information and that it allows the researcher 'control' over the line of questioning (Creswell, 2003). It allows the researcher to fully explore the topic from the respondent's perspective (Doole, 2000). As Denzin and Lincoln (2005) argue, an interview is a conversation; it is not a neutral tool, for at least two people create the reality of the interview situation. The researcher gained historical and in-depth information about the successful and unsuccessful examples of working between the two sectors by asking actors from the two sectors about their stories of their current and past relationships.

3.5 Data Collection Method and Procedure

In this thesis data collection took place in two phases which will be explained next.

3.5.1 First Phase of Data Collection

In the first stage of the study a number of preliminary interviews set out to understand how people in SMEs make sense of their relationships with universities, The aim was to investigate the underlying assumptions made in the researcher's initial thoughts on the role of trust in developing collaboration between universities and SMEs. In January 2010, preliminary interviews were conducted with four managing directors at four SMEs in the South Yorkshire region; the companies were from different industries. The researcher assumed that there would be a list of external businesses' contact details in the UBS database, and that she would be able to refer to the list and choose some SMEs from it. However, a unified list did not exist at the UBS; therefore she relied on her network in the UBS, as she had a part-time post there and was aware of some departments who worked with the businesses, to target some SMEs with current and previous business interactions. Table 3.1 shows the samples distribution from SMEs and related industries for the first phase of the study.

SME	Business	Participants
A	Service	Managing Director
B	Manufacturing	Managing Director
C	Energy Consultancy	Managing Director
D	Retail	Managing Director

Table 3.1: First Phase of Data Collection Samples

The appointments with interviewees were made at different stages. First, the researcher sent her profile and a summary of her research to different sectors in the Business School and University Enterprise Centre and requested to interview some of the companies who were involved in consultancy projects and KTP. At the second stage a person in the relevant department in the Business School contacted SMEs and forwarded the companies' agreement to participating in the research to the researcher. At the third stage, the researcher followed up each company by email to make an appointment with the relevant people. From the researcher's point of view it was important to get the participants' agreement through the relevant department at the Business School because of the data protection and ethical issues, and also for the assurance that any information would be used for the purposes of the study and nothing else. All these issues will be discussed in detail in the ethical issues section.

Potential participants were asked by email whether they would allow the researcher to make audio recordings of the interviews. However, at the beginning of the interview sessions the researcher thanked respondents for their participation and repeated that she would like to record the conversation and then recorded the participants' reconfirmation about using the audio tape recorder. There were no cases where the participants objected to using the recorder during the conversations. The same procedure for making appointments and getting respondents' agreement from both the university and SMEs was followed for the second phase of data collection.

The researcher had a list of questions which were informed by the literature review framework and the research aims, mainly focused on the relationship process, how a relationship started and how it went during the project, and how it ended by considering the notion of trust in the relationship. For example 'Do you have any experience of working with universities? Any examples of good or bad experiences? Based on your experience are they managing the relationship well?' At the end of the interview, participants were asked whether they would like to add anything else to the conversation. In some cases respondents raised interesting points which were useful to the research. However, prior to the main questions, some basic questions were asked such as the role of the interviewee in the organisation, working experience, the number of staff and the turnover of the company. The basic questions at the beginning of each interview made respondents more comfortable in answering the rest of the questions during the interview session, because that led the conversation into a trusting relationship between the interviewee and the researcher.

All interviews were audio recorded Interviews conducted for an average of an hour and were held at the managers' offices, except in one case where the respondent decided to hold the interview at the researcher's office. Some of the companies had previous experiences of working with UBS and apparently with other universities, as the researcher discovered during the interview process. They had different reasons for engagement with universities, particularly with UBS, such as staff or personal development and product development. Therefore, the result of the first phase of study, from the SMEs' point of view, revealed the diversity of involvement in working with universities including UBS. The SMEs' engagement was for different purposes such as knowledge transfer, staff development, management training, student placement and consultancy. Some businesses were co-operating with universities in a long-term relationship, some were involved for a particular purpose, while a few believed that the relationship did not exist. These details will be explained in the discussion chapters. The outcomes of the first phase of the study helped the researcher to clarify the sample selection from SMEs and the UBS for the second phase of data collection. In other words, she decided to consider the views of people at operational levels at SMEs because they were practically engaged in the process

of each project and were likely to have different views compared to managing directors as decision makers of the companies. Moreover, as a consequence of the first four interviews, the interview questions were re-phrased as the practitioners expressed the opinion that the questions used in the interview were couched in academic language. Therefore the researcher decided to avoid using overly academic terms (e.g. 'innovative mindset' in question number 9). Two things should be avoided in this question: a) the language and, b) the type of question being a leading question. Preliminary interviews also helped the researcher to assess if the length of the interview and the sequence of questions were appropriate, because long interviews can make the respondent tired, and an inappropriate order of questions could cause confusion in the responses. Figure 3.1 shows the main preliminary findings and outcomes of the first phase of the study.

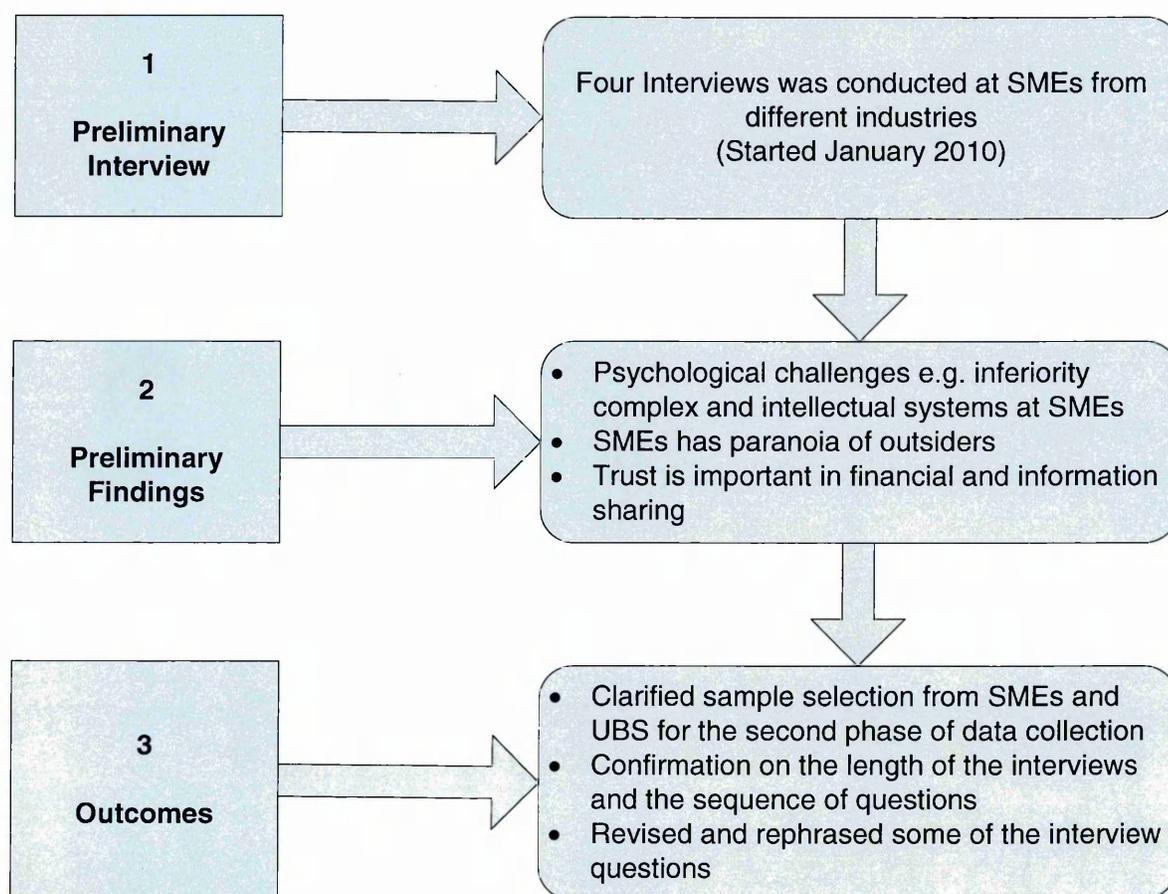


Figure 3.1: Preliminary Interviews and Outcomes

3.5.2 Second Phase of Data Collection

It was a challenge for the second phase of the study to either to look at a particular type of relationship in terms of the length of the relationship, either short-term or long-term, or the types of service that the UBS offers, as the basis of the investigation. Since the first phase of research illustrated the diversity of involvement based on the products or services that UBS offers to businesses, the researcher arranged a meeting with the 'University Enterprise Centre', which is a gateway for enquiries for businesses, and found out that the most popular (high-rate) services offered by the UBS are consultancy projects involving mainly postgraduate students, KTP (Knowledge Transfer Partnership), CPD (Continuous Personal Development), consultancy and student placement.

Some interviews were conducted with staff at the UBS who were involved with external businesses for student placement; however, the purpose of involvement was not for business development reasons, but was related more to improving students' experience. Therefore those interviews were not considered in the data analysis. The researcher's aim was to look at the engagements where the relationship was based on business reasons because, for example, access to specialised 'consultancy' is one of the benefits to businesses in the collaboration. The latest Higher Education Business Interaction Survey (Lambert, 2003, p. 34) suggests that universities' consulting income rose by nearly a quarter in 2000-2001, and this service has been growing rapidly in the past decade. Therefore, the second phase of the investigation looked at SMEs who were receiving business consultancy and KTP projects from the Business School rather than student placements.

3.5.2.1 Purposive Sampling Technique

A purposive sampling procedure was followed in the selection of the organizations and the participants in the research. Creswell (2003) argues that the idea behind interpretive research is to purposefully select participants that are viewed as most likely to help the researcher understand the problem and the research question. Thus, in this research purposive sampling demanded that the researcher thought critically about the parameters of the population under study and chose the sample case carefully on this basis (Silverman, 2005). Research on trust-based relationships has also used purposive sampling to examine a

relationship from both trustier and trustee perspectives, raising ethical concerns about how much the researcher shares with the other party (Lyon, Mollering and Saunders, 2012, p. 87). In this manner, a number of SMEs which were in the process of interacting with the Business School, were identified. Lyon et al. (2012) suggest that where access is challenging because of the sensitive nature of trust research, personal connections where there is already trust between the researcher and the research is helpful, mainly because the participants know how the data may be used. In this thesis, the organization sample was then selected to represent a range of businesses based on the type of the services that they receive from the Business School.

As a result of the purposive sampling approach, four more SMEs were identified as potential participants. Those SMEs were working with the Food and Innovation Centre of the Business School, with the marketing department and with a department called 'Alchemy Exchange' which was responsible for developing relationships with external businesses and had more in-hand projects with businesses.

Following up the preliminary interviews, at the second stage of data collection the researcher went back to the first four companies and interviewed technical and operational directors and project managers. Sales managers were interviewed in SMEs 'A' and 'D' because they were recommended by their managing directors to participate in the research because they were involved in interacting with the Business School. The following Table 3.2 illustrates the final data collection samples from SMEs and the university sector.

SME	Business	Participants
A	Service	Managing Director Sales Manager
B	Manufacturing	Managing Director Operational Director
C	Energy Consultancy	Managing Director People Solution Director
D	Retail	Managing Director/Sales Manager
E	Consultancy	Managing Director
F	Electronic and Engineering	Managing Director Technical Manager
G	Manufacturing	Operational Director HR Advisor
H	Manufacturing	Project Manager
University	Role	Participants
	Executive Management	Knowledge Transfer Pro-vice Chancellor
Business School	Senior Management	Assistant Dean, Employer Engagement Business Development Manager Business Development Officer Head of Food and Innovation Centre
	Knowledge Transfer Projects	Knowledge Transfer Champion KT Relationship Manager KT Project Manager
	Consultancy Projects	Consultancy project Module Leader Project Manager International Project Manager

Table 3.2: Data Collection Samples (Phases One and Two)

In total twenty-four semi-structured interviews were conducted with thirteen managers in the SMEs and with eleven academic managers in the Business School.

The participants were chosen from strategic and operational levels, for example managing directors and operational directors in the SMEs and senior management and project managers at the university and Business School. As decision makers, it was important to gain the views of senior strategic management at the Business School and within the businesses with respect to the development of effective relationships. Similarly, it was important for the researcher to gain access to the perceptions of project managers and operational directors as these could give key pictures of the relationships.

D'Este and Patel (2007) and Bruneel et al. (2010) examined the broad range of channels of interaction such as 'joint research projects', 'contract research', 'consultancy', 'training of company employees', 'postgraduate training in the company', 'recruitment of recent graduates or postgraduates', and 'student placements'. Building on D'Este and Patel's research, this thesis considered 'knowledge transfer projects' and 'consultancy projects' as a channel of interaction between UBS and SMEs.

Drawing on the themes derived from the literature (for example, the organizational processes as barriers to developing collaboration, and the need to create a knowledge-sharing culture based on trust), a list of interview questions was designed based on two main themes, relationship management and collaboration in business relationships, to explore how individuals make sense of their business relationships in order to give the researcher a deep insight into each theme. The participants were asked to state their role, the history of their involvement and some of their experiences working within the partnership. Therefore, the questioning attempted to develop a picture of the story behind the relationships, for example: 'How did you start the relationship with ____?', 'Have you had any successful or unsuccessful experiences of working with ____?', 'Why do you want to develop the relationship?', 'What are the perceived advantages of working with ____?', 'How can things be improved?' (See

Appendices 1 and 2) for a full list of interview questions for SMEs and the university at the second phase of data collection).

The researcher did not rigidly follow the list, but instead varied the sequence as she picked up on particular things said by the interviewee. However, all the questions were answered by the interviewees but in a different order from the list of interview questions. The same questions were asked with all the interviewees. In this type of semi-structured interview, interviewees talked about what they were experiencing and what they thought about things between them. It gave a chance to the researcher to clarify the questions and answers and also ask new questions, following up interviewee's replies through the interaction between the researcher and participants to get a rich picture of each interviewee. The data collection carried on and ceased in January 2011.

3.6 Data Analysis Approach and Procedure

This research, as social science research, needs to focus its analysis on which explanations of human action are generated inductively during data collection in order to develop an understanding of the interpretations deployed by the actors who are being studied (see Denzin and Lincoln, 2000; Giddens, 1979; Shotter, 1975).

The aim of the research was to contribute to the understanding of how University Business Schools initiate, develop and manage their inter-organisational relations with SMEs, and what, if any, are the mutual advantages for Business Schools and SMEs to work collaboratively. As the research progressed, it soon became clear that the data suggested the key issue was how to initially start the relationship, and the issue of trust became the central phenomenon of interest. It was decided to adopt a general inductive analytical process for the interpretation of the data.

3.6.1 General Analytic Induction

The method of induction is the process of proceeding from particulars to the general- universals (Locke, 2007). Its process starts with an observation or something that is a puzzle and needs exploration, e.g. a general question, and ends up with a new theory. Taking this approach in social research means that we are generating a theory at the end of the research. Generalization is

questionable in this approach because according to Bryman (2008), the scope of the findings of qualitative investigation is restricted; it is impossible to know how the findings can be generalized to other settings. Can just one or two cases be representative of all cases? The answer is no, but the findings of qualitative research are to generalize to theory rather than the population. It is the quality of the theoretical inferences that are made out of the qualitative data that is crucial to the assessment of generalization.

However, Gill and Johnson (2006) argue that human beings are able to attach meaning to the events and phenomena that surround them. Therefore, examining people at the SMEs and UBS could reveal different understandings and different views of their relationships because they are from different organisational contexts and have different experiences of a relationship with each other. It also provided good contrasts and comparisons and thereby confronts the emergent theory with the patterning of social events under different circumstances (Johnson, 1998 in Cassell and Symon, 1998). McCracken (1998) believes that the object of analysing qualitative data is to determine the categories, relationships and assumptions that inform the respondent's view of the world in general, and the topic in particular.

Johnson (1998) claims analytic induction is a set of methodological procedures that tries to generate theory grounded in the observation. This approach shaped the researcher's thoughts in applying the analytic induction approach to the data analysis. Figure 3.2 below illustrates the procedures.

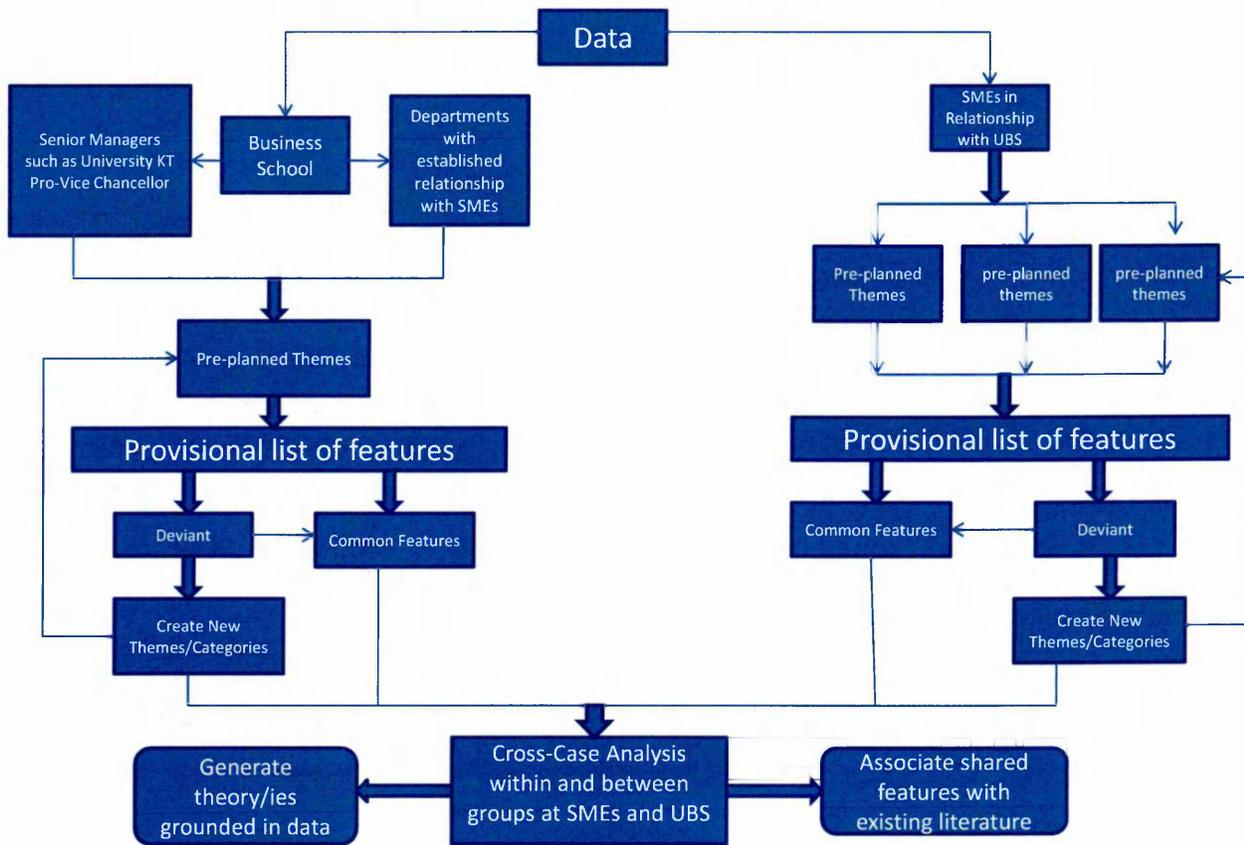


Figure 3.2: Data Analysis Approach; Analytic Induction

(Johnson, 1998 adapted from Bloomer, 1997)

In developing the analytical approach, data from both sectors was gathered and the interview transcripts were analysed, producing a provisional list of some common features and deviant cases which were identified. Then similarities between categories were established. Deviant features were accommodated either by linking them with other common features or by generating a new category with unique features. Eventually, cross-case analysis within the groups and between groups at the Business School and SMEs occurred and a number of themes emerged from the data; a tentative model of initiating collaboration, and also initiating trust building that is linked with Vangen and Huxham's 'trust building loop' were suggested. In the next chapter, the details of data analysis procedure in practice and findings will be illustrated.

3.7 Problems encountered

Although this research has a well-designed methodology, the research encountered number of problems during the process of data collection and data analysis.

The first one was related to using an audio file recorder. In one case the interviewer did not press the recording button properly, and as a result missed a one-hour interview and needed to reschedule another appointment with one of the interviewees. In that case it took two months to re-schedule the appointment as the interviewee was one of the senior managers at the UBS and it was hard to find some free time to repeat the interview; also, the interviewee understandably did not have the same interest in the questions. Therefore, the interviewer required technical skill and attention to detail. That was a lesson for the researcher to double-check the recording device even during the interview process for the rest of the interviews.

The second challenge was generally related to making appointments with the participants. At one interview with one of the senior managers at the UBS, the researcher and interviewee agreed on a one-hour meeting. While in the middle of the interview, the interviewee received a call and apologised that she needed to answer the call and apologised again that she needed to leave the session in 15 minutes, thus cutting the interview to half an hour. Therefore, the researcher tried to ask a few crucial questions, as the view of that interviewee was important to the research. In other cases, the researcher's interpersonal skill and her network facilitated making appointments within UBS and with practitioners at the SMEs.

In another case, the researcher would have liked to have the view of one of the knowledge transfer champions in another faculty in order to compare it with the Business School's KT champion; however, the potential participants from the other faculty refused to participate in the research. The issue of difficulty in getting access to the companies who work with the university was a major struggle for the researcher. The communication with some departments or people was smooth and helpful, but in some cases it was very hard to convince one department of the Business School to contact the SMEs as their client and ask them whether they would like to participate in the research. For example, the

'University Enterprise Centre', a gateway to external business enquiries, were extremely reluctant to link the researcher with the companies and kept passing the researcher from one person to another, making the data collection process longer than expected. However, the researcher took advantage of her network and liaised with different departments in the Business School to overcome the problem.

The third issue was related to the problem in transcribing two interviews which were conducted on the interviewees' premises. Both interviewees were from manufacturing companies and there was some noise from machinery and staff talking to each other in the background. That caused some difficulty for the researcher while she was transcribing the audios. However the researcher managed to get help from the notes that she made during the interview session and after listening a few times to the audio the problem was resolved.

3.8 Ethical Issues

The ethical issues were considered through the research process, i.e. before the data collection, in data presentation, analysis and writing up. As human beings were involved in the research, the research proposal was sent to the university research committee, to make sure that the research did not harm the participants (Diener and Crandall, 1978). By sending the participating request to the potential participants, the research aim was clarified for the recipients and they were informed that the only purpose of the interview was for academic purposes and it would not be used for any other purpose. They were also informed about the confidentiality of the interview contents and were asked whether they would like to participate or not. They were also informed that the researcher would like to make an audio file recording if they agreed, and that otherwise other methods such as note taking would be considered. All the respondents confirmed their interest in participating by email. On the issue of an invasion of privacy (Diener and Crandall, 1978), the researcher let potential participants choose the location of the interview. The *AoM Code of Ethical Conduct* recommends that issues relating to confidentiality and anonymity should be agreed with the potential research participants (Bryman and Bell, 2011, p. 129). This issue has to be taken into account when findings are being published to ensure that organisations and individuals are not identified or identifiable (Bryman, and Bell,

2011). The issue of anonymity of individual respondents was considered in presenting data, for example letters ('A, B,H') were used instead of companies' names, the position of the participants mentioned in the research, and the name of the university and the Business School were not revealed, the University Business School only being mentioned when it was necessary.

3.9 Summary

This chapter discusses the researcher's philosophical stance which guided the research design, research method and methodology. The research question shaped the philosophical stance of the researcher, i.e. an interpretive approach to understand the perceived reality of business relationships between a University Business School and SMEs in the South Yorkshire and Humber Region of the UK. This approach had an impact on the research method.

A qualitative research approach was adopted to explore the research issue from the respondents' views, and in order to get rich and detailed data, semi-structured interviews were conducted as the data collection method. The purposive sampling techniques were used to get access to the samples; this approach was helpful to find participants with the relevant knowledge about the subjects, which increased the quality of the data and made the data rich and reliable. In total twenty-four semi-structured interviews were conducted with thirteen managers in the SMEs and with eleven academic managers in the Business School. The participants were chosen from strategic and operational levels who could give a key picture of the relationships. The process of data collection started in January 2010 and finished in January 2011.

The analysis process included transcribing recorded interviews, multiple reading and interpretation of the transcriptions and coding the words or statements and developing categories or themes from the coding, finding sub-topics including contradictory points of view and new insights, selecting some of the findings that were significantly surprising and interesting to make arguments and interpret them continuously to draw the collaboration model from the themes which emerged. The limitations and ethical issues considered in this research are explained at the end of the chapter.

Chapter 4: Data Analysis Procedure and Findings

4.1 Introduction

This chapter explains the data analysis procedure, including qualitative data reduction, and how the data led to three main themes. It also discusses the sample demographic, the participants' main concerns and finally highlights the contribution to knowledge and practice of this thesis, which will also be explained in the Conclusions chapter.

Thomas (2006) argues that many of the underlying assumptions and procedures associated with qualitative data analysis are related to specific approaches or traditions, such as grounded theory (Strauss and Cobin, 1998), phenomenology (e.g. Van Manen, 1990), discourse analysis (e.g. Potter and Wetherell, 1994) and narrative analysis (e.g. Lieblich, 1998). However, a much-used strategy in qualitative data analysis is the 'general inductive approach' (Bryman and Burgess, 1994; Dey, 1993). Thomas states that the inductive approach is a systematic procedure for analysing qualitative data in which the analysis is guided by specific evaluation objectives. It refers to detailed readings of the raw data, and this drives the identification of concepts, themes, or a model through interpretations made from the data by the researcher (Thomas, 2006). The researcher begins with an area of study and allows the theory to emerge from the data, thus building an understanding of data analysis and theory in a manner that is consistent with Strauss and Corbin's (1998) grounded theory methodology. This approach was adopted in this thesis. The researcher was following a systematic procedure and the aim was to reduce the mass of raw data, through coding and categorizing it, in such a way that clear links between the research objectives and the findings could be derived, whilst ensuring that these links were both transparent and defensible. Figures 4.1 and 4.2 below illustrate the data analysis procedure and themes and sub-categories which emerged from the data.

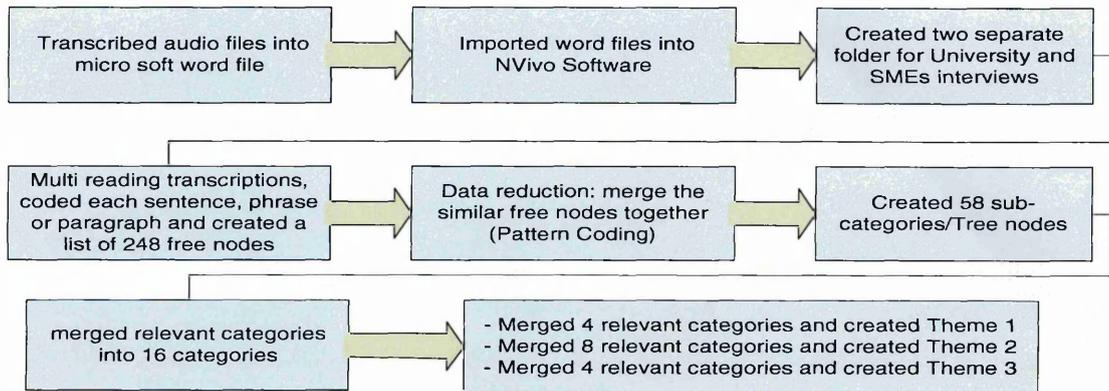


Figure 4.3: Data Analysis Procedure; Followed by Thomas (2006)

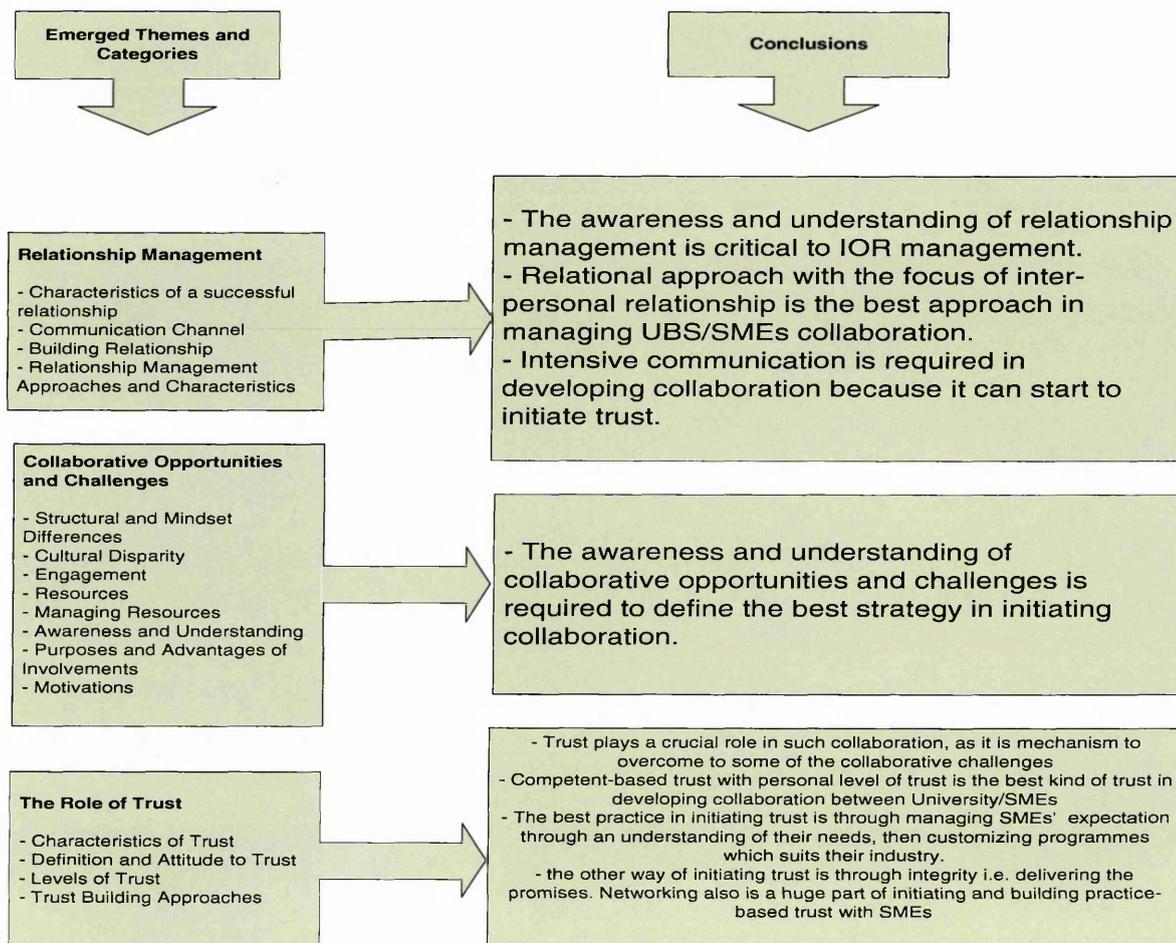


Figure 4.4: Emerging Themes and Categories, and Conclusions

The following section explains the step-by-step procedure that the researcher went through to reach the above themes and conclusions.

4.2 Data Analysis Procedure

Audio file Interviews from both sectors, i.e. University and SMEs, were transcribed into Microsoft word files and data analysis began simultaneously until data saturation - or according to Glaser and Strauss (1967, p. 61) 'theoretical saturation' – happened, i.e. 'where no additional data [was] found whereby the sociologist could develop properties of the category'. In other words, the researcher was faced with repetition in the answers to the interview questions and not much new data was presented by the participants. Lincoln and Guba (1985) state that the process of coding can be finalised when the categories are saturated, incidents can be readily classified, and sufficient repetition occurs in the data. Thus new data did not add anything to develop the categories and the created model. For example, when participants at the Business School were asked: 'Why do you need this type of relationship with SMEs?' the answers were almost the same and did not add anything to the categories which had already been created. Therefore data collection ceased and the last interview was conducted in January 2011. Silverman (2000) argues that using transcription is a form of data analysis. Therefore audio files were transcribed word for word and typed into Microsoft word files. The process of transcription was time-consuming, but it enabled the researcher to get very close to and familiar with the content of the data. Each transcription was read through several times. Through reading the raw data the researcher had two options for managing and analysing the data, either manually or electronically (i.e. using specialist software).

The first trial was manual, i.e. the researcher read through the first transcription a few times to understand what the sentence, phrase or even paragraph was about and then wrote each of them on a 'post it', gave each of them a code based on the researcher's interpretation of the quote, and then stuck them to flipcharts, moved the 'post its' around the flipchart as necessary and put the 'post its' with similar content together. As the nature of qualitative data is bulky it was very hard to find enough space to hang the flipcharts on the wall and look at them every day, and it was also too messy. Therefore the researcher decided to use NVivo software to manage the data. All the transcriptions were imported to NVivo

software simultaneously while data collection was still in process. Data was collected from two sectors, the 'UBS' and 'SMEs', and therefore two separate folders called 'UBS' and 'SMEs' were created and transcriptions related to each sector transferred to the relevant folder in NVivo (see Figure 4.3 below).

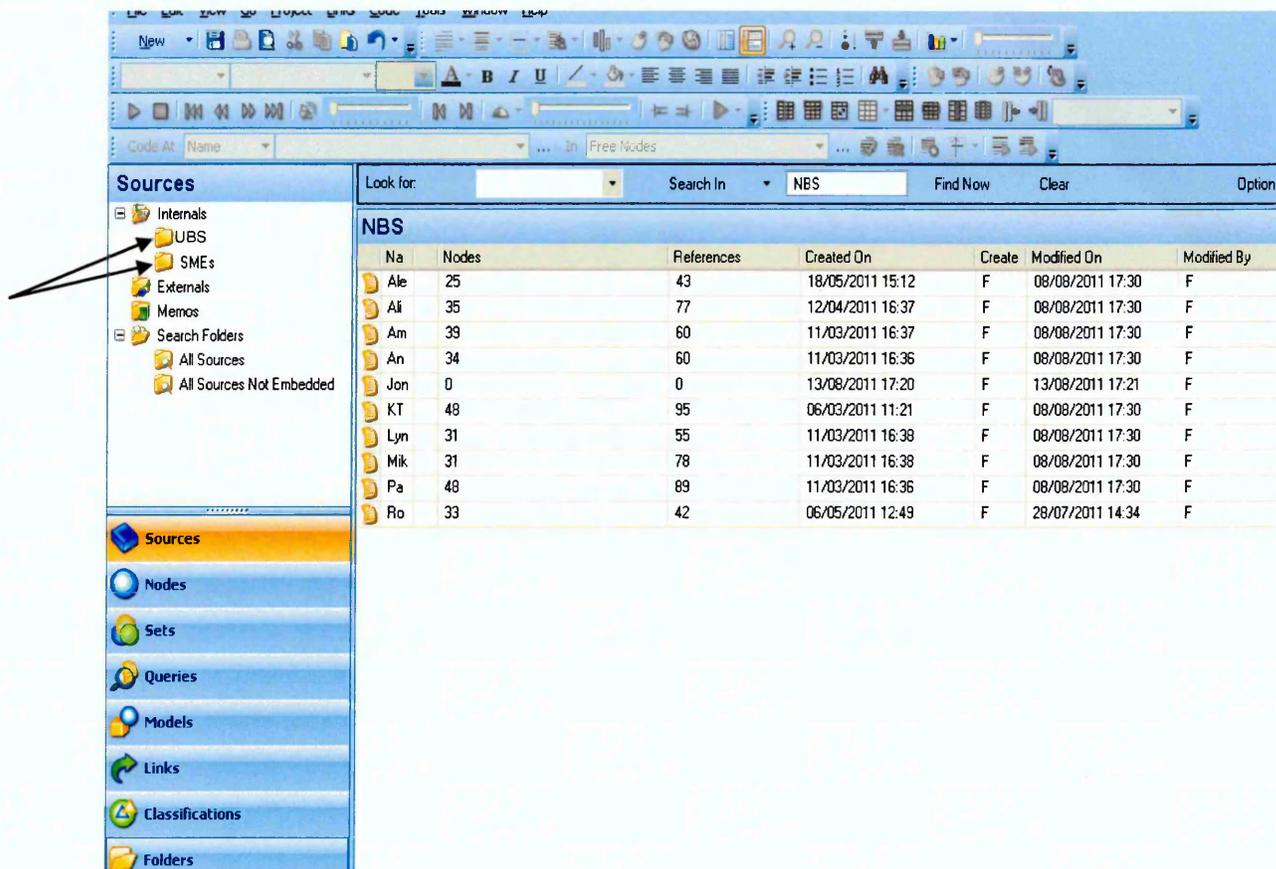


Figure 4.5: Examples of SMEs and UBS Folders in NVivo

Miles and Huberman (1994, pp. 10-11) describe three broad tasks for qualitative data analysis; data reduction, data display, and drawing conclusions or verification. Data reduction means a process of selecting, focusing, simplifying, abstracting and transforming the data that appears in transcriptions. It is also a form of analysis that organises data in such a way that 'final' conclusions can be established. However, Thomas's (2006) coding process in inductive analysis explains data reduction in such a way that the first step of the process is initial close reading of the text, identifying specific text segments related to objectives, labelling the segments of the text to create categories, reducing overlap among the categories and creating a model incorporating the most important categories. The later coding process (Thomas, 2006) was adopted in this research; however,

the researcher coded every single part of the text whether relevant or irrelevant to the objectives of the research at the first stage. As Thomas (2006) argues, the general inductive approach is almost similar to other qualitative data analysis approaches such as grounded theory, however the outcome of analysis in the grounded theory approach is a theory that includes themes or categories, while in general in the inductive approach the outcome of the analysis is themes or categories most relevant to the research objectives, and therefore the presentation of findings is a description of the most important themes.

In this research, the researcher read each transcription several times and labelled and coded every sentence, phrase or paragraph based on her interpretation of the raw data. Codes are links between locations in the data and sets of concepts or ideas, and they are in that sense heuristic devices, which enable the researcher to go beyond the data (Coffey and Atkinson, 1996). Each sentence or phrase was separated from the body of the transcription and the initial letters of the participant's first name and surname were added at the beginning of each sentence or phrase followed either by the letter 'U' or 'I'. The letter 'U' means that the quotes are from the university sector and the letter 'I' means that the quotes are from the Industry sector.

This differentiation was helpful for the last stages of data analysis, i.e. comparing and contrasting the views in cross-case analysis within and across the groups. This enabled the researcher to distinguish the quotes from University and industry quickly and to find the original text easily if needed. Each sentence, phrase or paragraph was considered as a free node. Free nodes were coded mainly from the words mentioned by the participants. Therefore a list of 248 free nodes was established (See Figure 4.4 below).

Free Nodes		
Name	Sources	References
Clarifying where are the barriers coming from	1	1
Theoretical not practical or implementation	1	1
End users involvement	1	1
UBS has long history in involvement with businesses	1	1
control	1	1
exchange knowledge	1	1
Business School or University	1	2
there is no business model for working with SMEs	1	2
Rigid plans	1	2
Organisations without previous relationship	2	3
Textbook written from Large organisations perspectives	3	3
SMEs responsibility to approach university	4	5
University responsibility to involve with businesses	5	8
university perception of smes	2	11
SMEs perception of University	10	16

Figure 4.6: Examples of Free Nodes in NVivo

At the second stage of the coding process in inductive analysis (Thomas, 2006), the researcher tried to find the similarities between the nodes. Miles and Huberman (1994) argue that pattern coding is a way of grouping codes into a smaller number of sets, themes or constructs. Pattern coding from the researcher's point of view means finding the codes with the same meaning and merging them together. In other words, some of the free nodes had something in common in terms of meaning, therefore they were merged together, as Miles and Huberman (1994) claim the function of pattern coding is to reduce large amounts of data into a smaller number of analytic units.

The researcher opened every single free node before merging them to make sure that they had something in common and then labelled them and created 58 categories as tree nodes, i.e. each tree node with few child nodes which were related to a category. The categories therefore developed from coding. Thus Thomas argues that the label of each category carries inherent meanings that may reflect the specific features of the category (see Figure 4.5 below). Each tree node was considered as a category. Some of the free nodes stayed alone, as they were not linked to or fitted into any category.

Name	Sources	References
Advantages of Involvement	0	0
added value to student experience	1	1
Creating Job opportunity ofr students	6	7
Financial benefits	6	7
Help the economy of the region	4	5
Helps Teaching	3	4
helps the practical application of theories	1	1
Innovation and change at SMEs	3	4
Multi benefits of working with SMEs	2	3
Mutual advantage	6	7
Mutual advantages	5	8
mutual benefits	9	21
relationship with SMEs is important to the students ex	2	2
Relationships can improve the peformance, size and	1	1
student can affect the SMEs improvement	1	1
student experience	1	1
The importance of engagment with SME from gov poi	1	1
Awareness and Understanding	0	0
Barriers	0	0
Barrieres to relationship	6	14
bureaucratic system	11	31
Challenges	9	17
control	1	1
cultural differences	6	6

Figure 4.7: Examples of Tree Nodes in NVivo

At the third stage, there was some overlap among categories (Thomas, 2006). At this stage some of the categories which had a link or relation with other categories were merged together in a hierarchical category system and labelled with a larger heading. These links may point to super-ordinate, parallel and subordinate categories (Thomas, 2006), for example 'advantages of involvement' under the main category of 'Purpose of Involvement' (see Figure 4.6. below).

Stakeholders Perspectives	0	0
Awareness	0	0
Motivation	0	0
Purpose of involvement	0	0
Advantages	2	3
Economic	15	23
Educational	15	36
Government Policy	5	8
Business reasons	16	37
Competitive market	3	5
Education-Training reasons	12	20

Figure 4.8: Examples of Categories and Sub-Categories in NVivo

At this stage the number of categories decreased to 16 because the theory of data reduction (Thomas, 2006; Miles and Huberman, 1994) expects a reduction in the number of categories.

As Thomas (2006) claims, for the findings to be useable the researcher must take decisions about what is important and less important in the data. Therefore, at the fourth stage, the most important categories were selected to merge together to convey the core theme because some of the text was not relevant to the objectives of the research; thus, three main themes and sixteen categories (presented on page 65 above) emerged to create a model incorporating the most important categories (see Figure 4.7 below). At this stage, as the amount of data was still too large, some of the categories were not assigned to the main themes and left aside to be used in suggested further research.

Tree Nodes		
Name	Sources	References
Barriers and Challenges	0	0
Business Enquiry	0	0
Descriptive Characteristics	0	0
Recommendations	0	0
Relationship Management	0	0
Stakeholders Perspectives	0	0
Stories and Examples	0	0
The Role of Trust	0	0

Figure 4.9: Examples of Emerged Themes in NVivo

Therefore, as a result of this analysis three main themes -relationship management, collaborative opportunities and challenges, and the role of trust - emerged from the data.

The amount of qualitative data faced the researcher with methodological challenges. It was challenging to manage such data and use the most appropriate data to analyse. The way that the researcher overcame this challenge was by focusing on the objective of the research and selecting the information which was very much related to the objectives of the research (Thomas, 2006).

4.3 Context of the Research

This research was conducted in the context of SMEs and a university in the North of England; however, the main focus of the research is on a Business School because there is very little existing literature in the context of collaboration between SMEs and Business Schools in the UK, and this topic needed to be explored. According to Rappert, Webster, and Charles (1999, p. 875), most examinations of industry-academic relations turn into a listing of collaborative effort without any sense of 'what is exchanged'. Jones-Evans, Klofsten, Andersson, and Pandya (1999) realised that dedicated commercialization units often have a very different culture to academic departments, rather than simply between a university and an 'industry'. Therefore, in order to gain a deep understanding of what is exchanged between academics and practitioners, perhaps with different cultures, this thesis explored the perspectives of stakeholders in the context of a Business School and SMEs.

4.3.1 Descriptive Characteristics of Participants

This chapter aims to give information about the research participants' status and the context of the study, i.e. the university and SMEs in South Yorkshire and the Humber region of the UK. In the first section descriptive characteristics of SMEs, such as the company sectors, number of employees, turnover, the interviewee's position in the company, working experience, academic background and the type of relationship they have with the university, will be reviewed.

The second section will discuss the descriptive characteristics of participants from university such as academics' experiences and commercial background, and also the role that they play in relation to external businesses.

The participants were asked to state their role, the history of their involvement, and some of their experiences working within the partnership. Therefore, the questioning attempted to develop a picture of the story behind the relationships, for example; 'How did you start the relationship with _____?', 'Do you have any successful or unsuccessful experience of working with _____?', 'Why do you want to develop the relationship?', 'What are the perceived advantages of working with _____?', 'How can things be improved?'. The data analysis process included coding, finding patterns, developing categories and themes from the

coding, finding sub-topics including contradictory points of view and new insights, selecting some of the findings that were surprising and interesting to make arguments and interpreting them continuously to identify final themes.

The third section discusses the investigation of the data, for example participants' concerns in the process of interaction, and a discussion on the process of data reduction and how the three main themes, which will be discussed in the following chapters, emerged from the data.

4.3.2. Descriptive Characteristics of SMEs

This section aims to explain the context of the companies and participants in SMEs. The following table shows the SMEs' explanatory characteristics which were identified during the data analysis process. The details about the companies and the interviewee will now be explained.

Company	Sector	No. of Employees	Turnover (£)	Participants' Position	Participants' Experience	Participants' education	Type of relationship with University
A	Service	180	9M	MD Marketing and Sales Manager	7 years 21 years	MBA MBA	Consultancy project
B	Manufacturing	22	2.2M	MD Owner Technical Director	14 years 10 years	Doctorate Researcher MSc Engineering	Student consultancy project, student placement and product development and design
C	Consultancy in energy engineering	130	10 M	MD Director of People Solutions	21 years 22 years	First Degree First Degree	Student consultancy projects
D	Retail	30	1.5m	MD Owner		MSc Degree	Thinking of working with university, nothing yet

E	Consultancy in Human Resource	4				Doctorate Researcher	Thinking of starting relationship
F	Electronic	12	500,000	MD Operational Director	10 years 10 years	PhD in Engineering	Student consultancy project, product development
G	Manufacturing			Operational Director Human Resource Advisor		MSc MSc in Human Resource management	KTP, Consultancy Project and Product Development
H	Manufacturing			Operational Director			Student consultancy projects, Thinking about a KTP

Table 4.1: Descriptive Characteristics of SMEs

Company A was founded by two brothers in 1959 and specializes in supplying products and services for elderly, disabled and infirm people, from the very basic to much more complicated mobility solutions. The company has 180 employees with a turnover of £9 million in the fiscal year 2009. The Managing Director was interviewed. He has twenty-one years working experience including seven years experience in a managing director position, and holds an MBA (Master of Business Administration degree). Another participant from this company was the Sales and Marketing Manager, one of the founders of the company with twenty-one years experience, holding an MBA degree. The company was involved in a business relationship with the University for student consultancy projects.

Company B has twenty-five years experience designing and manufacturing equipment which helps to maintain the independence of people with varying degrees of mobility. The company is a specialist in the field of bathing, moving and handling and seating/sensory integration with a team of engineers and physiotherapists. The company has 22 employees with a turnover of £2.4 million for the year 2008, which went down to £2.2 million in 2009. The Managing Director is the owner of the company and was the interviewee. He has fourteen

years experience and is undertaking a DBA (Doctorate in Business Administration) at university. The second person interviewed was the Technical Director with ten years experience, who has an M.Sc. degree in Engineering. The company's relationship with the University is for student consultancy projects, student placement and product design and development.

Company C is a consultancy company specializing in energy solutions and services engineering design, with 130 employees and £10million turnover in 2009. The Managing Director has twenty-one years experience and holds a first degree. The Director of People Solutions who participated in the study has twenty-two years working experience and holds a first degree. They were involved with the University on student consultancy projects.

Company D is in the retail industry for women's fashion accessories. The company has 30 employees and a turnover of £1.5million for the year 2009. The Managing Director is the owner of the company and holds an M.Sc. degree.

Company E is a consultancy company in Human Resource Management, established in 2008, with 4 employees. The Managing Director is the founder of the company and is a Doctoral Researcher.

Company F is operating in the Electronics Industry with 12 employees and £500,000 turnover in 2009. The Managing Director plays the role of operational director in the company as well. He has a Ph.D. in Engineering. The type of the relationship they have with the University is for student consultancy projects and the company's product development.

Company G is a family-owned business in the food manufacturing industry. Established in 1952, it employs 230 people and has worldwide sales of more than £10million per annum. The Operational Director, who has an M.Sc. degree, was interviewed, and also the Human Resource Advisor, who has an M.Sc. in Human Resource Management. The company has been involved in a few KT projects and is planning more KTP for the future. Their other area of collaboration with the University is in student consultancy projects.

Company H is a manufacturer of industrial and agricultural products for use in fencing, trellising and greenhouse applications. The Project Manager was interviewed, and is well established in the business. The company is in a relationship with the University for student consultancy projects.

As the above table shows, the number of employees in the SMEs in this thesis is between 4 and 250 people and their turnover is in the range of £500,000- £10 million. It shows that the size of the companies who participated in this thesis is justifiable and that they meet the criteria of the definition of an SME mentioned in Chapter 1.

4.3.3 Descriptive Characteristics of the University

The University offers different courses in four main faculties to its stakeholders. Business and Management courses are offered at the Business School (UBS), Education and Social Sciences in the Faculty of Development and Society (D&S), Sports and Nursing in the Faculty of Health and Wellbeing (H&W), Art, Computer and Engineering Sciences in the Faculty of Arts, Computing, Engineering and Sciences (ACES). The courses are offered to undergraduate and postgraduate students and researchers. Some of the courses and services are available to external organisations, so the University also offers some services to large companies, public sector and small and medium sized companies.

As the main focus of the research is the relationship between the Business School and SMEs, the participants are mainly from the Business School. However it was important to explore the University Executive Management's views regarding their collaboration with SMEs. Some departments outside the Business School such as the University Enterprise Centre and Executive Management such as the University Knowledge Transfer Pro-Vice Chancellor were also interviewed. Therefore, interviews were conducted at different levels including Executive Management and University Enterprise centre, senior management and academics who work on knowledge transfer projects and consultancy projects at UBS. The following is an explanation on the participants' roles, experience and backgrounds in the University sector.

At executive level, the *Knowledge Transfer Pro-vice Chancellor* was interviewed. He has worked in this position since 2006 and has responsibility for the University Enterprise Centre. He has experience of working in the University/NHS/Commercial sectors and has a wide network of international links, also running and owning an SME.

The Enterprise Centre is the University's gateway to receive enquiries from external business clients. One of the *Business Development Officers* was interviewed; she has 5 years experience of working at this university. She has been involved with sponsored projects where they place undergraduates into SMEs for some projects.

At Senior management level, the *Assistant Dean of Employer Engagement* is responsible for making strategic decisions on different strategies on engaging businesses with the University. She is responsible for planning and developing relevant training for SMEs.

The *Business Development Manager* used to be a manager of an SME before joining the University, since when he has been involved with direct interventions with SMEs. He spends more of his time on defining models of engagement and coming up with ideas of how to engage with SMEs and making sure it happens through the available staff. His role is more a managerial role than giving direct advice or direct interventions with SMEs.

The *Head of Food and innovation Centre* has been working at the Business School for four years. He has a number of SME clients, and his role is very much at the interface between the client and the University. Prior to his current role, he was sector lead at the regional development agency Yorkshire Forward where they looked to support both large and small organisations and SMEs in the region. Before this, he was a technical director of an SME based in Sheffield.

Knowledge Transfer roles: a) *Business School Knowledge Transfer Champion:* has been working in Higher Education for 7 years. All of her previous roles had engagement with SMEs. Her current role involves engagement with a lot of external partners, for example the initial contact had come through her role as

the KTC. She speaks to the companies, identifies a particular issue and then identifies the academics who should be involved in the KTP process.

b) Knowledge Transfer Relationship Manager: had experience of working with SMEs prior to working in the Business School. He has been in the Business School for only a few months.

c) Knowledge Transfer Project Manager. The majority of her work is with SMEs. Her role involves business development with small businesses, i.e. identifying the kind of businesses that the Business School wants to work with. She is responsible for scoping (ranging) projects with those organisations, understanding what their issues are and deciding what the best way to support them is in her duties. She is involved in project management, making sure the project is delivered on time, and must be a kind of relationship manager; if somebody else is delivering the intervention (involvement) for her then she has to check the progress of the project etc.

Consultancy project roles: *a) Consultancy Project Module Leader.* has eighteen years experience in different roles and functions for the University. A lot of those roles were involved with working with external partners/companies, some in connection with students on taught programmes. He is responsible for and delivers and supervises a taught consultancy module which is involved with students working for a company on an unpaid basis as a learning exercise, doing real work for the company. He is responsible for choosing companies for students' consultancy projects.

b) Consultancy Project Manager 1: He has commercial experience. In his role he works with the Alchemy Exchange as academic supervisor for student consultancy projects. He also supports the business development team to meet clients who have potential KTP.

c) Consultancy Project Manager2: He has a Masters degree in Marketing and is also an SME owner. He has been working for the University for ten years and is academic supervisor for students' consultancy projects.

d) *International Consultancy Project Manager*: she manages the International Consultancy Project module and locates companies for the students to work with -they are predominantly SMEs. She is also involved with innovation future projects, looking at international market development. She works with them to develop their needs in terms of international market expertise, thinking of how they approach selecting markets, how to research markets and how to carry out research.

4.3.4 Investigation of Data

This section aims to review the findings in order to show the process of data reduction and how the three main themes emerged. This research, as social science research, needs to focus its analysis on which explanations of human action are generated inductively during data collection and analysis in order to develop an understanding of the interpretations deployed by the actors who are being studied (see Denzin and Lincoln, 2000; Giddens, 1979; Shotter, 1975). Based on the data analysis procedure in Chapter 3, Thomas (2006) states that the inductive approach is a systematic procedure for analysing qualitative data in which the analysis is guided by specific evaluation objectives. It refers to detailed readings of the raw data, and this drives the identification of concepts, themes, or a model through interpretations made from the data by the researcher.

This research followed a systematic procedure adopted from Thomas' (2006) approach and the aim was to reduce the mass of raw data, through coding and categorizing it, such that clear links between the research objectives and the findings could be derived, whilst ensuring that these links were both transparent and defensible. The first part of the analysis process was reading the interview transcripts from participants and making sense of them and coding them. The second part was finding the patterns, i.e. similarities and differences in participants' concerns; the third part created categories, and the fourth part let each theme emerge from the data. This systematic procedure will now be explained with data from the present examination.

Participants at SMEs and the Business School shared their perspectives, concerns and interests on different issues. Table 4.2 below shows some of the main stakeholders' perspectives that contributed to the first theme of this thesis,

i.e. **Relationship Management in Collaboration**. There were some concerns for stakeholders in terms of communication and relationship issues in collaboration. Table 4.2 shows the overall findings regarding some of these concerns.

Communication and relationship issues	
Academics	<ul style="list-style-type: none"> • lack of sharing contacts internally • clients' contacts held by individual academics • no unified data base • building relationship takes time • academics drive the relationship because of their expertise/knowledge • clear framework in KTP • having more of relationship approach than transactional one
Practitioners	<ul style="list-style-type: none"> • hard to find the right person in the University • prefer face-to-face meetings • looking for quick response • like to meet academics more often during the process of interaction • communicate and trust better with people they know from past experiences or relationships • prefer social networking • clear vision and outcomes of the collaboration are key • University has power in the relationship • SMEs have financial power in relationship in paid projects • like to be seen as individuals and customize a programme for them

Table 4.2: Communication and Relationship Issues in SME/Business School Collaboration

As the above table shows, there are some similar concerns in terms of communication for both sectors. For example, SMEs are interested in projects with clear outcomes and academics believe that collaborative projects such as KTP are more successful because the project will be scoped clearly from the beginning. So a category called '*collaboration*' was created. This category has two sub-categories: '*clear vision and framework on collaboration outcomes*', and '*trusting attitudes lead to successful collaboration*'.

SMEs seem more confident in relationships with people they know from past experience. This is the same for the academics so they communicate better and trust those people better. So, a category called '*communication channel*' was created with sub-categories of '*right person in the relationship*' and '*the role of individuals in bridging the language gap*'.

Both sectors mentioned the ways that the relationship could be better managed. '*Informal social networking*' was identified as an approach to a better relationship management from the companies' point of view; therefore, a category labelled '*characteristics of a business relationship*' was created.

The data revealed that there are different ways of initiating and building relationships. Both sectors also mentioned face-to-face meetings and frequency of contact and interpersonal relationship as the ways of initiating a relationship between these two sectors; therefore a category called '*initiating/building relationship*' was generated. In this regard, participants raised their concerns on different ways of initiating a business relationship. Therefore, a category was created and labelled as '*initiating and building relationships*', which has a few sub-categories relevant to it.

The issue of power in the relationship was also highlighted. Academics believe they have power in the relationship in some cases because of their expert knowledge; however, in projects paid for by SMEs, there is less flexibility from SMEs in the relationship because in such circumstances they position themselves as the client rather than a partner. So, '*power in knowledge*' and '*financial power in relationship*' were labelled as sub-categories in the characteristics of a business relationship.

The data presented above shares the concerns related to relationship management; therefore, as a result of the overall findings above, the above-mentioned categories led the analysis to the first emerging theme of this research, i.e. '**Relationship Management**' (hereafter RM). RM will be discussed in detail in Chapter 5 of this thesis. Chapter 5 will analyse how each of the following categories and sub-categories is related to starting a business relationship in the context of this thesis. Therefore, the discussion in the next chapter will focus and expand on the participants' interests in issues such as

characteristics of a successful relationship, communication channels, initiating and building a relationship, and characteristics of a business relationship.

Figure 4.8 below shows the creation of Theme 1 by showing data reduction from sub-categories to categories and from categories to Theme 1.

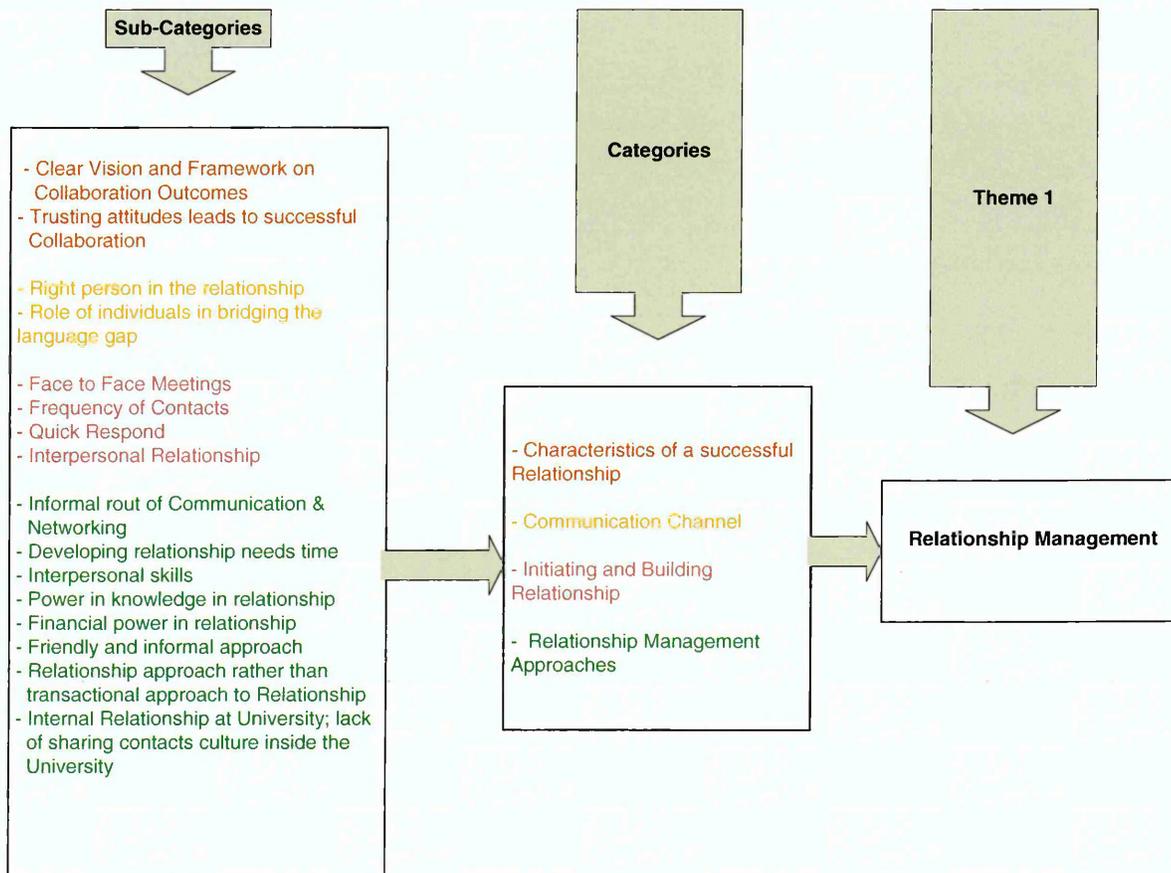


Figure 4.10: The Process of Data Reduction and Emerging Theme 1

As a result of reviewing the data on the 'relationship management' theme between the Business School and SMEs, it was really interesting to see that a trusting attitude in such relationships leads to a successful collaboration. In addition, the data shows that participants from both sectors have some concerns regarding the advantages and the aims of the collaboration which perhaps can encourage trust between the parties. Participants also raised their concerns about some barriers and drivers in initiating the relationships. Table 4.3 below shows an overview of academics' and practitioners' views on the aims and

advantages of the collaboration, and is followed by Table 4.4, which illustrates the barriers and drivers in initiating the relationship.

	Aims of collaboration	Advantages of collaboration
Academics	<ul style="list-style-type: none"> • Increasing the innovation at SMEs towards government agenda • Knowledge and Technology Transfer • Improving the performance and size of the SMEs • Improving the students' practical knowledge and skills • Increasing the employability in the region • Contribution to the growth of the economy of the region 	<ul style="list-style-type: none"> • Helping students to find employment in industry • Sources of additional income and generating value and economic benefits • Useful for teaching material e.g. creating case studies from real examples for teaching
Practitioners	<ul style="list-style-type: none"> • Be more competitive in market and meet the end-users' requirements • Contribute to the growth of the economy of the region 	<ul style="list-style-type: none"> • Up-skill the staff • Saving time because SMEs don't have time to spend on research • Cheaper than consultancy companies • Access to research expertise • Product development e.g. product design

Table 4.3: Aims and Advantages of Collaboration from Academics' and Practitioners' Points of View

In replying to some of the interview questions such as 'Why do you want to develop the relationship?' and 'What are the perceived advantages of working with ____?', academics believe that developing relationships is one of the government's agendas, and it helps to increase innovation and improves the performance and the size of SMEs. It aims to improve the students' practical knowledge and skills because it can give them real-world experience and also assists with teaching material, e.g. creating case studies from real examples in classes. Therefore, it develops students with industry knowledge which helps them to find employment in industries. It also increases the employability in the region which is aiming to contribute to the growth of the economy of the region.

So, it is an additional source of generating income for the University, which is an economic advantage.

As table 4.4 below shows, academics see some hurdles in their relationship with SMEs, for example shortage of financial resources e.g. limited budget from government funding agencies, and also different organisational structures and different business orientation.

	Challenges to collaboration	Drivers to collaboration
Academics	<ul style="list-style-type: none"> • Shortage of financial resources e.g. limited budget from government funding agencies • Different organisational structure • Challenge to get access to the people at SMEs • Different agenda e.g. personal and corporate agenda at university • Absence of established procedures for collaboration with SMEs • Lack of awareness of what university can offer to SMEs • Staff work overload; teaching, research and business engagement 	<ul style="list-style-type: none"> • Skilled leaders with HE qualifications at SMEs • Building personal relationships • Inter-personal relationship • Mutual understanding • Mutual respect • Clear and deliverable objectives
Practitioners	<ul style="list-style-type: none"> • Shortage of financial resources • Bureaucratic system imposed by University • Language Differences; theoretical versus practical • Psychological Challenge e.g. intellectual system • Cultural differences • The nature of research work is not fit with all industries interests and needs • Lack of awareness of what university especially Business School can offer • Lack of time 	<ul style="list-style-type: none"> • Clear objectives of the collaboration • Rapid delivery • Low risk by sharing information and financially • Social networking • Customization • Academics with commercial/practical knowledge • Frequent Meetings • Personal relationships • Previous experiences • Trust in individuals • End-users' involvement

Table 4.4: Challenges and Drivers to Collaboration from Academics and Practitioners' Points of View

From the SMEs' point of view, they can get advantages such as up-skilling their staff, and also saving time because SMEs do not have time to spend on research, so this can be seen as an advantage of collaboration with the Business School in such cases. SMEs believe that consultancy services at the University and access to research expertise in their field can be helpful in terms of product development and product design. Moreover, this service from the University is cheaper than external consultancy companies. From the SMEs' point of view, one of the aims of engagement with the Business School is to be more competitive in the market and to be able to meet the end-users' requirements, which assists the company's growth and contributes to the growth of the economy of the region.

These aims and advantages of involvement from both sectors' point of view moved the data reduction process to the stage of creating one category which was labelled '*purposes of involvement*', with relevant sub-categories such as '*business reason*', '*competitive market*' and '*education-training reasons*'. Another category was also created which addresses '*advantages of involvement*' with pertinent sub-categories such as '*economic*', '*educational advantages*' and '*government policy*'.

Both sectors raised other issues which facilitate the collaboration and encourage parties to get more involved in the process. These issues were labelled as 'drivers' to collaboration. On the other hand, some issues which act as hurdles to collaboration and perhaps discourage the parties in collaboration were labelled 'challenges to collaboration'. Table 4.4 above summarises some of the general concerns related to challenges and drivers to the collaboration.

The issues such as the differences between the two sectors in terms of business orientation means that for example the University and the SME are two differently-sized organisations; their operating environments differ in that decision making and acting in SMEs is quick while at University they are slow, and the University is perceived as a slow-motion environment. These types of differences have influenced the SMEs' attitudes and encouraged them to perceive the University as a bureaucratic system. The process of work at the University is time-consuming, while SMEs are interested in quick response and action. The 'languages' they speak are different; theoretical versus practical. There are some

psychological challenges, e.g. inferiority complex and intellectual systems between the two sectors; SMEs think that universities are full of intellectual people. The issue of time was identified as a problematic issue in such relationships; staff at SMEs have to multi-task because they are short of financial resources, while staff at university also multi-task in their teaching, research and business engagement.

Therefore, some categories and sub-categories were created from all the above-mentioned issues.. For example a category called '*cultural differences*' with sub-categories of '*bureaucratic system*', '*operating environment*' and '*language differences*' was created. Another category called '*resources*' was also generated, including '*financial resources*', '*lack of time*', '*staff overwork*' and '*monitoring funds at university*'.

SMEs mentioned that they did not know how the University could help them because they thought that academics did not understand the practitioner's world. Academics also think that SMEs need to be educated by academics through different ways of communication, in order to develop their engagement with externals. As a result of these concerns a category called *awareness* was created with sub-categories of '*lack of awareness of what university can offer*' and '*mutual understanding and respect*'.

The data exposed different ways of creating a high level of engagement between SMEs and the Business School. They are '*quick response and action*', '*access to the right person*' and '*being able to match up academics with client's demand*'. As a result of this part of the analysis a category called '*Engagement*' emerged.

As Table 4.4 above shows, the data suggested some driving factors that facilitated initiating and developing the collaboration process. For example, from the academics' point of view, SME leaders with higher education are more likely to approach the University for any Business Issue. Previous experience and relationships are also a driver in initiating and developing a business relationship. From the practitioners' point of view academics with commercial experience and knowledge can be an encouragement to SMEs in initiating a relationship with the Business School. In addition, personal characteristics such as academics' interest in a particular area of business can also influence SMEs to initiate

collaboration. These issues led the analysis to create a category under 'motivation' with sub-categories such as 'leaders with higher education at SMEs', 'previous experience', 'personal characteristics', and 'academics with commercial experience'.

Figure 4.9 below shows the creation of Theme 2 by showing data reduction from sub-categories to categories and from categories to a theme.

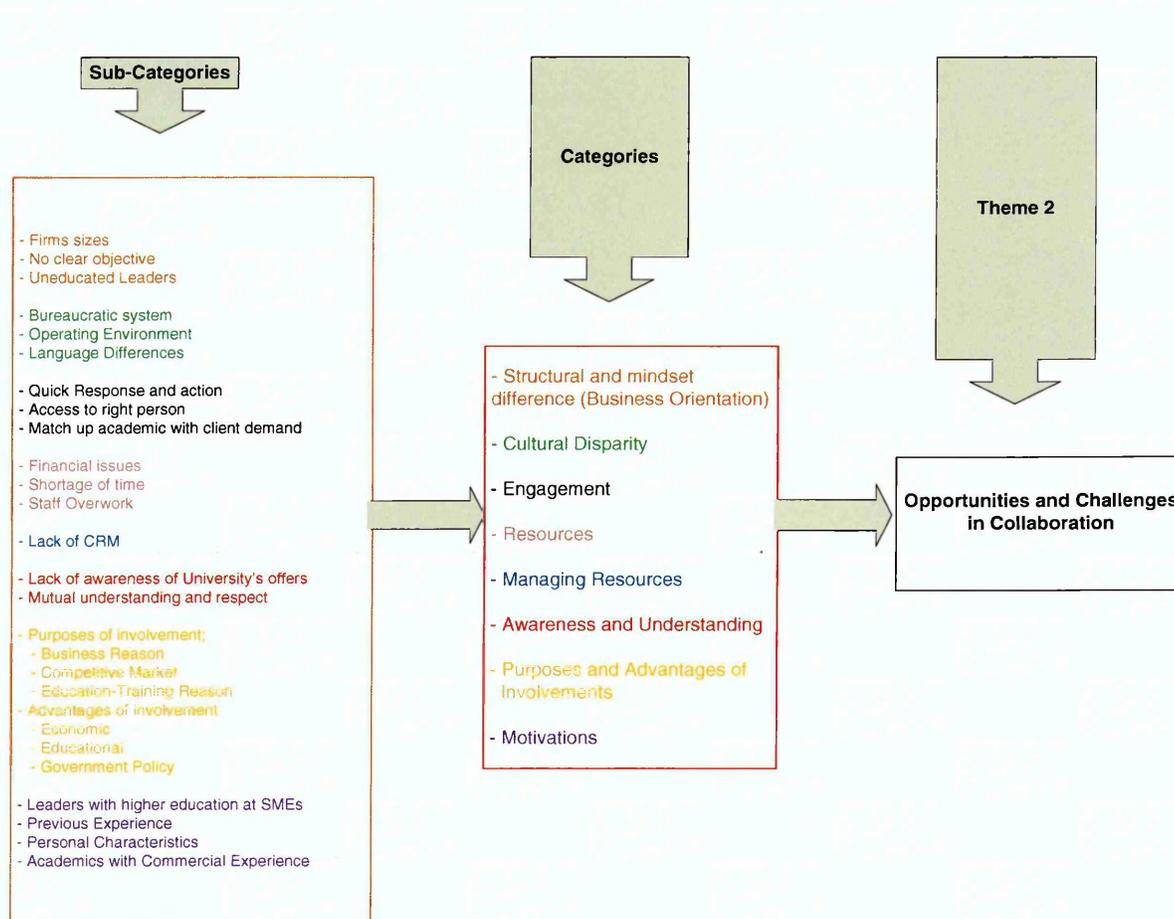


Figure 4.11: The Process of Data Reduction and Emerging Theme 2

The investigation of the above data shows that there is a need for awareness and understanding of relationship management, and of opportunities and challenges between the two sectors. Therefore, identifying challenges and drivers to the collaboration made it obvious that there is a need for mutual understanding and awareness between academics and practitioners in the

context of this thesis. Therefore the model shown in Figure 4.10 below was developed.

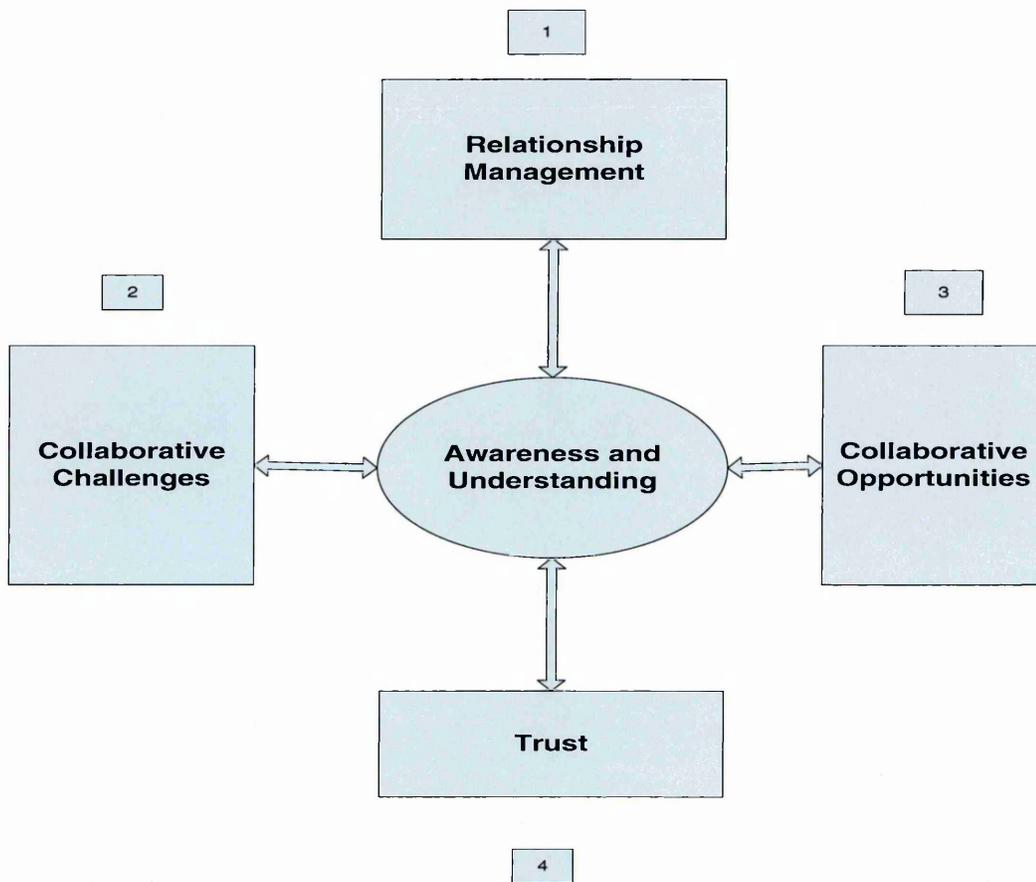


Figure 4.12: Initiating Collaboration Model

The above model will be explained in detail in Chapter 5, 6, 7 and 8 of this thesis.

Through investigating data, a trusting attitude was identified as a main characteristic of a successful business relationship in the core of relationship management because, mainly from the SMEs' point of view, approaching the University depends more on their level of trust in the organisation or in the person they work with. It depends also on previous relationships and the experience of individuals which motivates SMEs to trust such a relationship; so this shows the significant role of trust in relationship/collaboration in the context of this thesis. Another key issue in developing collaboration is a need to initiate trust. Therefore, identifying the challenges and drivers to the relationship was useful to understand how trust can be initiated between the Business School and SMEs.

Most of the satisfied SMEs, in terms of the consequence of the collaboration with the Business School, stressed that the reason for preferring interpersonal relationship is because there is always an element of trust in people they know from previous experiences, and whose knowledge and expertise they trust. Academics contributed the same interest in this case. For example, the issue of sharing information and anonymity was a concern for SMEs, because they think trust is about confidentiality and willingness. Academics think that, in their relationship with SMEs, trust is about being honest and open. So these findings led the data reduction process to create a category called '*characteristics and definition of trust*'. Both sectors had a concern that sometimes they trust an organisation based on the company's reputation; however, there is a kind of trust in individuals, so these findings directed the researcher to create a category which was labelled as '*levels of trust*'. The participants were also interested in different approaches in initiating trust building; for example, clarifying the aims and objectives of a project, which was discussed earlier as a facilitator in relationship management, was also identified as an approach in initiating trust building.

The findings of this thesis show that one of the approaches in initiating honesty and reliability is '*delivering promises and competencies*'. Moreover, '*managing the expectations*' by '*understanding the needs of SMEs*', and having '*deliverable objectives*' are different ways of initiating trust with the other party. So a category which addresses '*initiating trust-building approach*' was created to cover this area of the findings. Therefore another theme, '**The Role of Trust**', emerged from the data, and this will be discussed in Chapter 7 of this thesis.

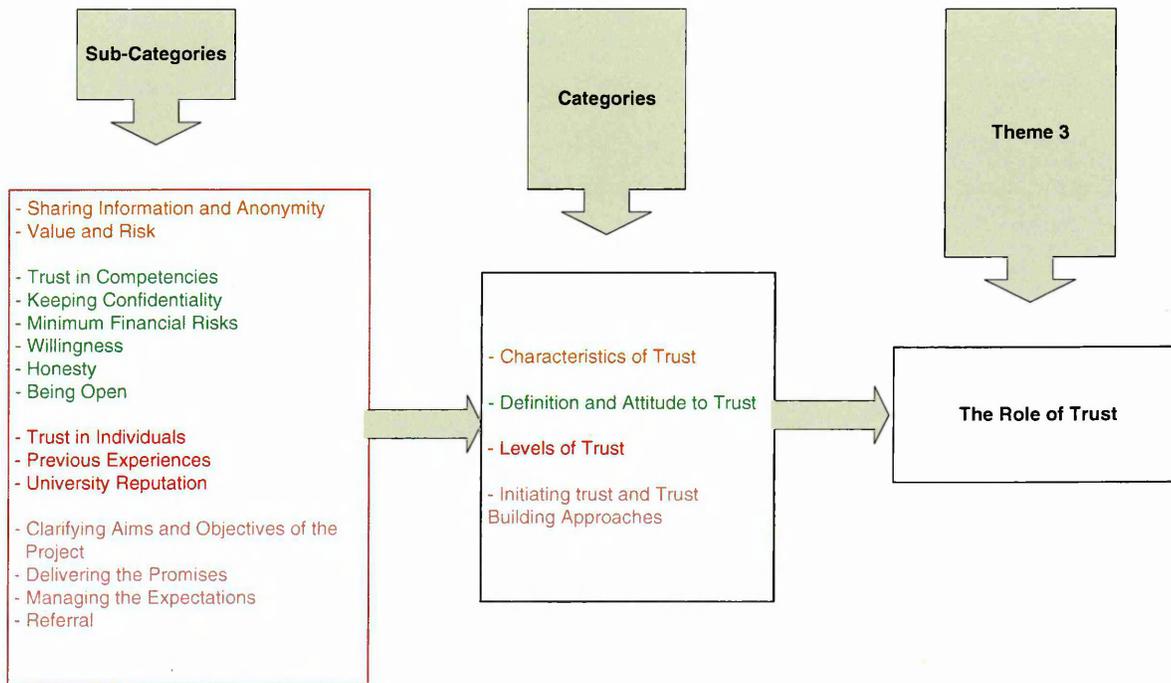


Figure 4.13: The Process of Data Reduction and Emerging Theme 3

As a result of identifying and creating categories and sub-categories relevant to the third theme of this thesis, the following model (Figure 4.12) of 'initiating trust' in the context of this thesis developed. The model mainly highlighted personal and organisational trust, with personal trust more highlighted from the participants' points of view. However, trust can be started by considering three main factors, managing the expectations, integrity and networking, which will all be discussed in detail in Chapter 7 of this thesis.

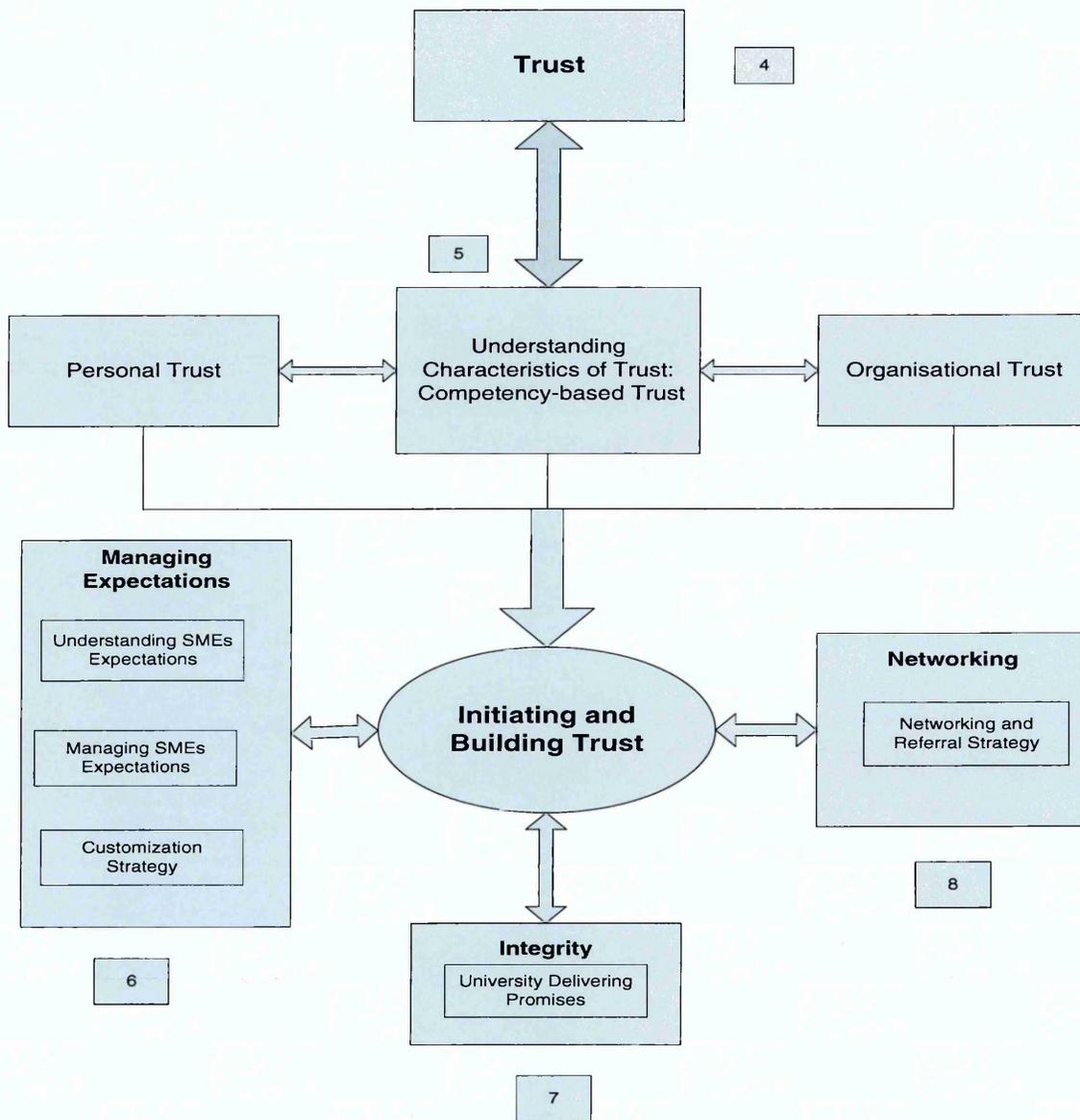


Figure 4.14: Initiating the Trust and Trust Building Model

4.3 Summary

This chapter has discussed the major concerns for the key stakeholders in the process of initiating SME/Business School interaction, and as a result three key areas - i.e. relationship management, collaborative opportunities and challenges, and the role of trust - contributed to the findings.

Based on that, the process of the emerging three themes discussed in this chapter and the researcher's innovative intellectual understanding of the data has led to the development of two practical models of 'Initiating collaboration' and 'initiating trust' in the context of SME/Business School collaboration.

The first model developed from the findings in Themes 1 and 2. The first theme, i.e. 'relationship management', emerged from the participants' interests in issues such as characteristics of a successful relationship, relationship management approaches, communication channels, initiating relationships and building relationships through frequent contacts and face-to-face meetings, especially through interpersonal relationship. It was also interesting that the data revealed the fact that one of the characteristics of a successful relationship is a trusting attitude which leads to a successful collaboration. All the aforementioned categories and sub-categories will be discussed in detail in Chapter 7, which will show how they are related to initiating a relationship in the context of this research.

The second theme, i.e. 'collaborative opportunities and challenges', emerged from the data. This theme mainly discusses that there is a need for mutual awareness and understanding between SMEs and the Business School regarding opportunities and challenges. The data also revealed that there are some challenges and drivers in managing such relationships. Therefore, knowing the challenges and drivers to the relationship can be helpful in finding a solution to develop mutual understanding and raise the awareness between the parties in the context of this research. The data also suggests that trust is a tool in overcoming some of the barriers and also in accommodating the drivers. Thus, the first practical model of 'initiating collaboration' developed from the data investigation.

Analysing the challenges and opportunities in SME/Business School relationships highlighted that trust can play the role of facilitator in such relationships, so how trust can be initiated is another part of the key findings. Therefore, the second model, i.e. 'initiating the trust', was developed. This model was also informed by Vangen and Huxham's (2006) trust-building loop and is a supportive model to the Vangen and Huxham model.

Vangen and Huxham (2003) argue that trust building is a loop and a process; however, they do not argue how to initiate the trust. The findings of this research strongly contribute to the development of Vangen and Huxham's trust-building loop model because this thesis identified that there are some challenges and

drivers in getting into a trust-building loop. So, this research has identified that initiating the trust is a significant matter in developing SME/Business School collaboration, which will all be discussed in detail in Chapter 7 of this thesis.

As a result of all the discussions in this chapter, it can be highlighted that this thesis contributes to knowledge in three ways: 1) Initiating collaboration mode 2) initiating trust in such a relationship, and 3) methodological contribution. The next three chapters will discuss each of the above themes in depth and in detail.

Chapter 5: Relationship Management

5.1 Introduction

The previous chapter reviewed the data of this thesis and as a result of that, relationship management emerged from the data as one of the main themes and also the model of initiating collaboration developed (See Chapter 4, Figure 4.10)

This chapter will expand Theme 1, i.e. Relationship Management (RM) and will discuss what RM means in the context of this thesis, and what it means to practice and theory. It will look at four main sub-themes that emerged from the data; 1) characteristics of a successful relationship 2) communication channel 3) initiating and building a relationship and 4) RM approaches. Therefore, this chapter aims to show how RM, as a part of best practice, informs the initiation and development of the relationship in UBS/SME collaboration. So, the structure of this chapter will be followed by a discussion of the categories and sub-categories relevant to this theme (the figure 4.8 which was developed in chapter 4). The discussion will show how each category and sub-category is related to starting a relationship between UBS/SMEs, and will therefore contribute to answering the research questions. RM and each of the categories and subcategories relevant to RM will be explained and discussed now.

5.2 Relationship Management

The term relationship management has been defined differently in different literatures, e.g. from a marketing perspective (Buttle, 1996). However, it has not been defined as an approach in initiating collaboration in existing theories. RM in the context of this thesis is about the ways that a collaborative relationship is initiated and formed through an appropriate and effective communication tool/channel.

Wang and Lu (2007) investigated knowledge transfer management in U-I relationship in China. They argue that knowledge is socially set in human action, interactions and practices. Creating shared practice through effective interactions is important for knowledge transfer (Nonaka, 1994), and the interactive process helps to decrease cultural differences and knowledge gap between knowledge

generation (university) and knowledge production and application (industry) (Wang and Lu, 2007).

This thesis identified RM as one of the most important factors in initiating UBS/SME collaboration, in KTP and consultancy-type relationships between the Business School and SMEs, which can extend to the existing ideas. The author identified four categories, under the heading of RM, which will now be explained and discussed in separate sections.

5.2.1 Characteristics of a Successful Relationship

It is significantly important to know what the characteristics of a successful business relationship are. For this reason, this section will explain what makes RM successful from the participants' perception. It is argued by Ford, Hakansson, Gadde, and Snehota (2003) that relationships are a company's most important asset because without them it cannot gain access to the resources of others, acquire the supplies it needs, or solve its customers' problems and therefore generate revenue. Ford et al. continue that relationships are social entities where the possible benefits very much depend on the involvement of the two parties and the degree to which they are prepared to actively react, adapt, learn and invest. This can be seen in the relationship between the UBS and SMEs, because both sectors go into the business relationship because they need each other's resources and are aiming for the advantages of the relationship (more details about the advantages of collaboration will be discussed in the next chapter).

This thesis identified that there are some concerns with a successful relationship. These concerns include having a clear idea and agenda on the outcomes of collaboration, which needs to be considered at the beginning of a business relationship and which helps to achieve a successful relationship. Researchers such as Ford et al. (2003) claim that managing relationship assets happen over time through a process of incremental investment. It also takes time to build a relationship so there are costs especially at the beginning. Some relationships never make a return on investment in terms of revenue and profit, so it is suggested to be careful before starting a relationship. Ford et al.'s argument pointed out the importance of successful relationship management and its impact

on the company's performance, and the fact that building and managing a relationship can be seen as an investment in time and resources.

This thesis reveals that identifying the characteristics of a successful relationship can help with managing the UBS/SME relationship. It is argued by Kanter (1989) that relationships are valuable when they are 'under-managed' and many partnerships fail because of the difficulties in managing them. However, it is not argued how IOR can be managed better or which factors can contribute to better IOR management. Therefore, the author suggests that IOR management is critically important in initiating a UBS/SME relationship, and knowing the characteristics of a successful relationship can facilitate IOR management, and thus the start of a business relationship. Two main characteristics -having a clear idea and agenda on the outcomes of collaboration in relationship and a trusting attitude - make RM successful in an IOR context and are involved as a part of IOR management, which will be discussed now.

5.2.1.1 Clear Vision and Framework in successful Relationship Management

This thesis advocates that having a clear vision and a framework on the outcomes of each project is a part of successful IOR management. Both sectors, mainly the industry sector, agree that having a focused programme, clear vision and framework in the collaboration process can help the projects work q well. This finding can contribute to Babiak and Thibault's (2008) findings that IOR management is complex because two or more independent organisations with their own objectives, agenda and culture work on one project. Therefore having a clear vision and framework on collaboration outcomes can be helpful in reducing the complexity of IOR management and facilitate the initiation of a relationship. Moreover, Babiak and Thibault (2008) believe that the pre-existing presence of trust among organisational members is critical to the management of IOR.

A clear framework is an element of success in partnership, because the importance of what SMEs can get out of the collaboration, such as tangible and intangible outcomes, encourages them to initiate collaboration with the UBS. For example, SMEs believe that clarification on tangible issues such as cost and intangible issues such as intellectual property and the final outcomes can help

businesses to understand the benefits of the collaboration better. Eden and Huxham (2006) emphasise the importance of the clarification on the purpose of collaboration from an organisation's point of view. This thesis also reveals that this is an important issue from the academics' and practitioners' points of view. This is the case for some of the academics:

'When programmes are focused and are facilitated, it [UBS/SME collaboration] can work quite well'

Business development officer, University Enterprise Centre

'Basically for succeeding in such a team you should have a clear framework and clear vision, so it is more because of that rather than lack of understanding...'

KT Project Manager, UBS

'I think at times it probably works best if we are able to package up our offer into some simple projects. That's why KTP's are recognisable because you can explain them – you know exactly how much it's going to cost and exactly who's going to do it, and I think that's understandable for an SME whereas a lot of the other things are a bit more intangible..'

Business Development Manager, UBS

'I think they worked together on putting a proposal together for the project - what they wanted to get out of the project, what was going to be done, who's going to do it, all those types of things - so they worked together well on that...'

HR Advisor, Company G

'Within the confines of intellectual property, our view is we won't do anything unless we can actually get intellectual property on it. The intellectual property is an issue that we expect to basically gain and keep all of the intellectual property and that's actually important to us. So within the confines of intellectual property, that's absolutely fine but we basically make the criteria understandable upfront...'

Project Manager, Company H

'We didn't realise that at the start it was a bit disappointing but at least you learn to keep your eyes open from the very start, be more specific with the brief when working with academics ...'

Operational Director, Company B

'... Good design, a good brief and student motivation, that was the key thing [to success] I think...'

Managing Director, Company F

This thesis, therefore, emphasises the clear vision and a framework in the collaboration which leads to a successful business relationship. This can be achieved through defining the practical outcomes of the collaboration at the initial stages of scoping a project with SMEs. It also can support the development of a trusting attitude to a relationship.

5.2.1.2 A Trusting Attitude leads to a Successful Relationship

It is argued by Wang and Lu (2007) that the effectiveness of technology transfer is slowed down due to lack of effective personal interaction. Many technology transfer projects failed in the past because of ignoring the 'knowledge' in the mind of academics. Li-Hua (2001) asserts that purely buying 'patents' from the University might help companies to short-term success, however, sustainable innovative strategy lies in long-term collaboration with the knowledge providers within the University. The findings of this thesis reveal that having a trusting attitude in collaboration leads to a successful and longer-term relationship. A trusting attitude mainly depends on the personal basis and trust at individual level. Wang and Lu (2007) claim that there are different interaction strategies for knowledge transfer in U-I collaboration in the Chinese context. One of the strategies is mutual-dependent relations between the University and industry, which emphasizes the successful collaboration and experiences of knowledge transfer. At this stage, the knowledge gap between academics and practitioners has been reduced which leads to maintained trust relationships. This research also reveals that effective personal interaction (trust in individuals) is also required to lead the relationship to success. This is the case for company B and some of the academics at UBS:

'They [universities] know where things are going. Probably the expertise is more creative and innovative - looking towards the future rather than concentrating on now'

Operations Director, Company B

'I think it [the reason for success] was the Operations Director, and the reason is, it is a family business and so he could see the sort of problem that they needed to address, but equally he had to convince his own colleagues and particularly the owner of the business that this was the right way to address it, because very often it meant investing some money in projects and in some consultancy time from us and so on. Equally he was the one that was able to translate what the problem was in order to brief us so that we could respond to that.'

Business Development Manager, UBS

'A lot of work is based on that sort of trust that individuals from the University and the organisation have for each other and they recognise that together they can work something through. So it's a true collaboration in a sense. It is not us imposing our ideas or not even the traditional consultancy, it's more participative and interactive I guess.'

Business Development Manager, UBS

'We are currently scooping what may be between a ten and fifteen thousand pound project with them, and I think on a micro scale that demonstrates the positive attitude.'

KT Champion, UBS

5.3 Summary of the Section

The above section identified and discussed that having a clear vision and framework on collaboration outcomes is one of the main characteristics of a successful relationship in the context of this thesis. This finding contributes to two specific existing theories: 1) Kanter (1989), who argues that many partnerships fail because of the difficulties in managing them. The author suggests that having a clear idea and agenda on the outcomes of collaboration can lead to a successful relationship, reducing the risk of partnership failure in collaboration. 2) The second contribution is to Babiak and Thibault's (2008) argument that IOR management is complex because two or more independent organisations with their own objectives, agenda and culture work on one project. The present study advocates that although UBS and SMEs with their own culture work on one project, having a clear idea and agenda on the outcomes of collaboration can help to decrease this complexity and facilitate a successful relationship. This argument was reflected in the participants' perceptions that a trusting attitude

leads to more ambitious collaboration, and particularly that successful collaboration depends on the personal basis. Mutual-dependent relations (Wang and Lu, 2007) seem a suitable interaction strategy in the context of this thesis because the data above shows that having experience of a successful collaboration can create a trusting attitude in the participants' perceptions. It can be seen that trust is a crucial element in a successful relationship, which needs to be initiated and built in the context of this thesis.

The second category in relationship management that emerged from the data is the importance of using an appropriate communication strategy in UBS/SME collaboration, and this will be discussed in detail in the following section.

5.4 Communication Strategy in managing the relationship

The ability to transmit accurate, relevant, and understandable information, openly and promptly is central to the success of supplier-customer relationships (Icasati-Johanson and Fleck, 2003, p.595). This shows that an appropriate communication strategy in a business relationship can facilitate the ability to pass on understandable information to the parties involved in collaboration. It is argued by Plewa et al. (2005) that communication is the most important relationship characteristic. For example, Plewa et al.'s (2005), research identified that formal one-way communication by way of monthly reports was necessary to develop a comprehensive understanding and to offer a presentation basis for third parties. However, Gronroos (2000) claims that business partners are actively engaged in a two-way communication process that allows the building of a common knowledge platform. The latter is the meaning of communication in the context of this thesis, i.e. a two-way communication process including formal (Wilson and Boyle, 2004; Huxham and Vangen, 2000; Huxham and Vangen, 1996) and informal communication in partnerships, for example focusing on its importance as part of managing a partnership (Diamond, 2002) or encouraging a more relational approach (Hakansson, 1982) to partnership contracts (Ring and Van de Ven, 1992).

The findings of this research suggest there is lack of awareness of what the University can offer to SMEs (this will be discussed in detail in the next chapter). What could be the reason for this lack of awareness? The data revealed that the

University is not using the appropriate channel to communicate with this group of its stakeholders. From the SMEs' point of view there must be a coordinator at the UBS for external businesses to facilitate access to the Business School. This gate at the moment is the University Enterprise Centre; however, it seems that the University Enterprise Centre is not following two-way communication process (Gronroos, 2000) in interacting with SMEs, because SMEs are not fully aware of the existence of this centre. Therefore, SMEs think that this area needs some changes, as is the case for company H.

'I am not sure who the coordinator is anymore for [the university], so I think that part of it is actually weak. But we find our way around through the people that we already know. So I think there's certainly some work that needs to be done in that area.'

Project Manager, Company H

The findings revealed that there is some disagreement on this issue among academics: for example the University Enterprise Centre, Knowledge Transfer Pro-Vice Chancellor and the Business School Assistant Dean of Employer Engagement agree that they send their messages to businesses through different channels such as the regional Chamber of Commerce, a newsletter prepared by the University's B2B marketing department, the University website and telephones, brochures and 'Headlines' that are sent out to contacts every quarter; 'Business link' is a source that encourages businesses to contact universities for their business issues (see below).

'We are trying to do some work with business advantage with SMEs and we are trying to work with the Chamber of Commerce at the moment regionally, or a caller enquiry comes through the Enterprise Centre through the Gateway.'

Assistant Dean of Employer Engagement, UBS

'....A constant battle we face in getting our message across ... Our contact details are business@....ac.uk and we have a xxxx number. That is on all business-to-business, general business-to-business marketing materials. It is on our Headlines, on the brochure, and Headlines goes out to 2,000 contacts every quarter. We update and refresh our services to business

brochures every couple of years and we send them out to all our contacts as well. We liaise with business sport organisations, we have their contact details and the contact details are on the web channel and on the business channel on the University website as well.'

Business Development Officer, Enterprise Centre

'If you are saying SMEs don't know what universities can offer them. We have a phone number, we have a website, people don't ring up ... we send SMEs loads of literature, but they won't read it they don't read literature..... Everybody says 'Contact your local University'. We've got Business Link, it will tell you to contact the local University, so there are a huge number of networks - if you go to the Chamber of Commerce, we advertise, we do loads of stuff, but if you don't read anything, if you don't answer any mail ... SMEs still say 'we don't know'

University KT Pro-Vice Chancellor

However, some of the academics, such as Consultancy Project Managers and the Business Development Manager who are more involved in the practical side of the collaboration process, disagreed with senior management views and thought that the University did not use the right communication channels to get the message across, and that the ways mentioned above are not necessarily the right way and seem old-fashioned. This can be seen as one of the reasons for the lack of awareness of what the University can offer to external businesses (see the evidence below).

'There are a lot of barriers in terms of making sure that we get our key messages out to those people to give them the opportunity to engage.'

Knowledge Transfer Champion, UBS

'They are the audience of the University. It is classic marketing - you've got to be able to put your message in a channel they are reading or where they get their information, so lack of awareness is probably the fault of the University by not knowing the place all the time where the SMEs are going to get hold of their information. At the moment I don't think that the University has a clue how to do social media or social networking, which is where time-poor, very busy SME's managers will be getting their

information. I don't think we are necessarily communicating through the right channels at the right time, so it is our fault.... we might think we communicate through Business Link and we might put it in a local trade journal, I don't know where it might be.... maybe there should be some digital stuff...I just think we are old-fashioned...'

Consultancy Project Manager 1, UBS

'I think we are very poor at explaining what we can do, and I think we almost take the view that we talk to an SME and we say to the SME 'What do you want?', and the SME says to us 'What can you do?'. We say 'Everything- what do you want?'...there's a danger it goes round and round.'

Business Development Manager, UBS

'I think that our brand [in this city].....we are seen to be more practical and more pragmatic, and I think we just need to carry on capitalising on that'

KT Champion, UBS

Comparing the arguments from senior management as the University decision makers and the staff who are practically involved in UBS/SME projects, it can be understood that there is some disagreement at the UBS in finding the best communication strategy with SMEs. This is also noticeable in the SMEs' comments, because they do not sound satisfied with the ways that the UBS communicates with them.

One of the current ways of communication is updating SMEs by emails, but some of the SMEs think that just updating information through emails is not enough, and it needs more effort and push from the University side to announce their facilities and knowledge to the businesses. This is the case for company F:

'I mean emails, flyers, just updating what facilities you've got, what projects, you know, if you don't scream out no one knows.'

Managing Director, Company F

There is the same understanding that communication with the University is difficult from the SMEs' point of view, even for the companies who have already

been in the relationship; it is not an easy job because of the structure of the University. They would expect academics to get out of their offices and make it clear what they have to offer:

'I think the communication between an SME and the University is very difficult even for someone like us with constant contacts, but for someone round this industrial estate it's almost impossible ... somehow getting academics out of their offices in [this city] and seeing and unlocking the massive potential that lies within these businesses, rather than one bureaucracy followed by another bureaucracy.'

Managing Director, Company B

'You need to go outside, you need to get new people. Maybe the Dean of the Business School needs to be an entrepreneurial business person not an educational person.'

Managing Director, Company D

Some of the SMEs who work with the University believe that there are different types of opportunities at universities, but that the universities do not shout out enough: that was the case for company F:

'I think you guys are improving all the time and I can only speak for [your University] because I'm exposed to it. I just think you just don't scream loud enough about the opportunities you've got. I mean, there must be hundreds of projects in there, all sorts of opportunities, and the more connections you make the more opportunities; the students will get employed, you know, if you have recruitment opportunities and that...we're always looking to recruit.'

MD, Company F

As a result of the above discussion, it can be seen that the communication strategy and communication channels are a part of relationship management and play a significant role in sending UBS' information to SMEs. Moreover, the right people who promote the University's offers are important as well. SMEs have their own language which may be one every academic can speak, which will be discussed in the next chapter. So the right person who has the academic and practitioner knowledge and communication skills to convince SMEs is one of the important elements in bridging the language gap, and therefore managing the

relationship. This can be seen in Wang and Lu's (2007) research that academic-alike practitioners can create more interaction with industry, so that more mutual-dependent interaction happens. It is crucial for the Business School to clarify their communication strategy and channels for SMEs, as it is a puzzle from SMEs such as Companies D, C, F and A:

'I don't think most people, most SMEs, would know where to begin. How do you talk to a University? It's like talking to the sea. How do you talk to them?'

MD, Company D

'At the moment if I wanted help on something I wouldn't think of going to a university, and if I did think of that I wouldn't know where to go anyway - which university, what do they offer. I think the first thing is information. I don't perceive there is any information that universities or other educational establishment of a similar nature have that can help us.'

Director of People Solutions, Company C

'I've got lots of projects, lots of interest, lots of growing business, and none of them were very... it was really hard to find out projects or anything like that, or help or expertise.'

MD, Company F

'Just going from person to person, department to department, embarrassing myself trying to explain myself ... I think it is more about communication...creating value is all about communication, it is all about relationship. The University needs to reach out.'

Sales Manager, Company A

It is argued by researchers (e.g. Huxham and Vangen 1996; 2000) that formal communication among partners is an important element in successful partnerships. Wilson and Boyle (2004) outlined the requisite need of formal communication in their research into a partnership approach for the promotion of museums in Northern Ireland. Wang and Lu (2007) also emphasize the importance of a formal legal arrangement and its positive effectiveness on technology transfer in U-I collaboration in China. On the other hand, Wang and Lu (2007) also argue that lack of effective personal interaction hinders the effectiveness of technology transfer in U-I collaboration.

It is argued by Huxham and Vangen (1996) that sustained and reflective informal communication is an essential managerial process to ensure understanding among key stakeholders in partnerships. Within UBS/SME collaboration, the usefulness of informal communication has received the most attention. More specifically, from the SMEs' point of view, the informal route of communication and networking can be more helpful and effective in accessing to the right person in the Business School. This is the case for companies B and F:

'Finding them [somebody in University] ... if you went as a standard SME trying to contact the University through the formal route is not effective at all.... I think informal networking is key rather than formal when we are going in this direction from SMEs to universities.'

MD, Company B

'It seems to be department to department, person to person ... it's obviously not a priority for many of the lecturers, it just depends on which faculty you're dealing with, which University lecturer, and that can be very frustrating.'

Managing Director, Company F

Good communication strategy on the part of the UBS seems very important to SMEs, and there is a risk of losing this group of stakeholders if the UBS does not pay enough attention to establishing a good communication strategy with the SMEs. On the other hand, the Business School is not the only option for SMEs as a management training provider. Some of them prefer the MAS (Manufacturing Advisory Service) ¹ which SMEs perceive as 'good communicators'. They might be seen effectively as one of the Business School's competitors, as shown in the following quote from one of the manufacturers in the Electronics and Engineering industry:

'I wouldn't look at the Business School for management training purposes. I've used MAS. These guys do very well... they are quite good in communicating.'

Managing Director, Company F

1- MAS was launched in 2002 and helps UK manufacturers to share knowledge and improve. It is designed to offer free initial service and also grants if needed for more specific help (www.mas.bis.gov.uk, August 2011).

5.5 Summary of the Section

As a result of the above discussion, the findings of this thesis, which are in line with Plewa et al. (2005), revealed that communication is one of the most important relationship characteristics. However, contacting the most suitable person in the Business School is a challenge. In addition, the most suitable communication channel was highlighted as an important vehicle to get the message across to the businesses in managing the UBS/SME relationship, and in this regard informal routes of communication and networking such as knowing someone in the University (trust at a personal level) was identified as the quickest mean of communication, which facilitates two-way communication (Gronroos, 2002). In conjunction with informal communication, trust at a personal level was identified as a fundamental factor in relationship management success in the context of this thesis. Imperatively, trust is a key within IOR in which there is little formalised structure (Galaskiewicz and Wasserman, 1989), which was one of the features of SMEs in this thesis. The author identified that communication through a suitable channel is a solution to overcome these challenges and helps with relationship management and creating a trusting attitude with stakeholders. This thesis, therefore, suggests the development of interpersonal relationships with SMEs through informal approaches such as breakfast meetings and after work sessions away from the premises.

The issues arising from the data - *How can the relationship be initiated or built, what can facilitate the relationship building (e.g. face-to-face meetings, frequency of contacts and quick response), what are the relationship management characteristics and approaches* in this context - will be discussed now.

5.6 Techniques for Building Relationships

5.6.1 Face-to-face Meetings

The data showed that initiating and developing a relationship is time-consuming; however, there are some approaches that can facilitate it. Face-to-face contact facilitates the relationship process because the teams that are supposed to be a part of the collaboration process can sit down together and discuss the project. This was the case from the past experience of both academics, e.g. International Project Manager at UBS, and also company H:

'I think we need to find a huge amount of time to build that initial contact and build that relationship.'

Assistant Dean of Employer Engagement, UBS

'It's the amount of time really probably that the student could've done sitting in with the client and the project didn't really have that time attached to it. So they probably could've done with a bit more time face-to-face with the client.'

International Project Manager, UBS

'That one worked because when we sat down and we were comfortable that we had a team of people that were going to do a good job on it, we felt that they could communicate with us and we felt we could get on. So it was those three things that gave us the confidence that we could actually make the project work.'

Project Manager, Company H

'It [relationship] is really a big circle slowly built up, the more you involve the more success you have, encourage both sides.'

Operational Director, Company B

In addition to face-to-face meetings, the data suggests that frequency of contacts is another technique in building the relationship.

5.6.2 Frequency of Contact

Another issue that facilitates the relationship management is frequent interactions, whether by spending a day with the client or other forms of communication which academics call 'operational contact'. Operational contacts are any form of communication to make sure everything is on track as planned, which Reuter et al. (2002) call 'operational controls', which may include monitoring mechanisms such as frequent meetings, detailed contracts, outlining roles and responsibility as authorities to manage the relationship. The KT champion at UBS shared her experience:

'[That project] is an example where I don't think a week has gone by that they have not had some contact from us at some point. At one point [KT Project Manager] was spending at least one full day there,

and then there would be other forms of communication ... I think the frequency of contact, but also the timely response to contact too.'

KT Champion, UBS

SMEs also would prefer more contact and communication with the University as the project goes along in collaboration. They do not seem satisfied with the smaller number of contacts that had been made in an 'Alchemy Exchange Project'; this is the case for company F:

'In the last project last year the only contact I had was at the beginning of the exercise and the end of it; both X [project supervisor] and I thought it was going to be a complete disaster. They had no client contacts and that was one of the things that we fed back to them. It seems to me that they've given me the terms of reference, said "Great, we're happy", gone away, come back and delivered, there were no interim meetings.'

Managing Director, Company F

The data revealed that quick response in communication is another technique in building a relationship.

5.6.3 Quick Response

This thesis explored the fact that SMEs expect a quick response in their interaction with the Business School, which can facilitate the process of developing a relationship and leads to managing a relationship better. Although academics are aware of the importance of a rapid response in their relationship with SMEs, it is hard to make it possible in the University sector because of barriers such as the bureaucratic system and academic work load which makes the process of collaboration complicated (these issues will be discussed as collaborative challenges in the next chapter). It was highlighted by academics once again that a prompt reply is not an easy issue to handle, but they think that when the resources are granted to a particular area then it is manageable and possible to respond promptly.

'An SME owner-manager gets in touch and wants an answer by tomorrow; they want an answer by tomorrow...'

KT Champion, UBS

'So what happens is first of all the client knocking on the door; who did he talk to? They could be coming through any angle, for example through the Enterprise Centre. Then there is this convoluted way of getting somebody to drop on to that problem, and the reason it's bureaucratic is the people who get the inquiry have to always ask the academic's favour to respond, and responding quickly isn't easy.'

Consultancy Project Manager 1, UBS

'Where we have resource in a particular area that is dedicated to this sort of activity we can generally respond very quickly ... I think in particular areas we've got very good relationships and we can respond very quickly.'

Assistant Dean of Employer Engagement, UBS

This thesis suggests that face-to-face meetings, frequency of contact and quick response are the three main techniques in building a relationship in UBS/SME collaboration which can lead to the success of such collaboration.

5.7 Summary of the Section

The above discussion demonstrates that initiating, managing and developing the relationship with SMEs is time-consuming and needs specific resources from the Business School. A quick response to an SME's enquires has a positive impact in making a collaborative project succeed. Philbin (2008), who researched U-I collaboration in the UK context by interviewing academic faculty staff and businesses including small and large technology companies, found that the U-I relationship can be managed effectively through developing social capital such as trust, which can be developed through regular communication and regular dialogue. This thesis identifies that face-to-face meetings, frequency of contact, and quick response to SMEs' enquiries are useful techniques in managing and building a relationship in the context of Business School/SME collaboration. For example, increasing 'operational call' such as spending a day with the client to make sure everything is on track. These are the important factors in building relationships with SMEs. Thus, this part of the findings not only strongly contributes to Philbin's study, but also adds new ways of communication in a particular context, i.e. the Business School/SME collaboration, which helps with developing trust in the collaborative process. This is because the suggested

ways of communication can give more confidence to SMEs to trust the relationship with the Business School, which can lead to better relationship management and hence long-term relationships.

The data also revealed different approaches in managing such a relationship. Awareness of these approaches would be helpful in understanding the nature of such relationships and therefore managing them better. The following section will review some of these approaches from the stakeholders' point of view and shows how the relationship can be managed better.

5.8 Relationship Management Approaches

This section developed from the participants' point of view regarding the awareness of different approaches and characteristics to relationship management such as the informal route of communication and networking, and a relational approach rather than a transactional one. Knowing these approaches can contribute to a better understanding of managing the relationship.

Followed by academics' interest in creating a business opportunity with SMEs, having a friendly and informal approach to relationship management also can lead to generate prospects for establishing a relationship with businesses, as the following story from an academic at the University shows:

'When I was chatting with the managing director of the company that I gave you as an example, he mentioned another company where he knew the MD, we were just chatting, I don't remember what the context was ... then I thought 'That's the guy that I was trying to target', because I'd seen an article in the press about him, I read the article and I thought 'That's the kind of business that I want to work with', but I hadn't been able to get a meeting with him. Anyway, as a result of that conversation then we progressed things and I'm now working with them, but that wouldn't have arisen if I'd kept my conversation at a professional level. I think chatting and knowing who is who is very powerful... it is about being friendly really, and informal networking can lead to you discovering opportunities that maybe won't be obvious but through having a chat or whatever you say 'Yes that's actually something that we can work on together.'

The findings revealed that the University has to manage the internal and external relationship because there are some internal issues which can affect the quality of the relationship with external stakeholders including SMEs. Relationship marketing is the process of identifying, establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders (Gronroos, 1996, p.7, cited in Hollensen, 2003). Both the parties in a relationship will interact in an attempt to manage that relationship in a way that they think appropriate (Ford et al., 2003). The success of relationship marketing depends on the attitudes, commitment and the performance of the employees. If they are not committed to their role as true service employees and are not motivated to perform in a customer-oriented fashion, the strategy fails. So, success in the external marketplace requires success internally in motivating employees and making them committed to the pursuit of a relationship marketing strategy. RM is highly dependent on a well-organised and continuous internal marketing process (Gronroos, 2000). From the academics' point of view internal communication across the University is a sort of barrier to customer relationship management. For example there is no central database across the University or even at the Business School to share the external businesses' contacts because all the contacts are held by individuals. This is related to the lack of a CRM system which is hindering the Business School in promoting itself and giving information and services to the companies. It is also time-consuming and frustrating for academics to ask people in different departments of the Business School who they work with. Here are some comments from the academics' point of view:

'[Barriers to relationship] the communications across the University in terms of customer relationships management and sharing contacts with giving best information and service to the company as well. We are always working on that'.

Business Development Office, Enterprise Centre

'So within UBS there is no one central information point that can tell us about who we are working with. The only way to do that is to go round, I mean the illogical conclusion would be, if I identified somebody I wanted to work with, I would literally have to go and speak to every single person in the building to see if

anybody else had worked with them as things stand at the moment.'

KT Champion, UBS

Some of the academics believe that is frustrating that there is no central information point in an institution like the Business School, and that it should be managed internally; in that case it could be one of the strengths of the Business School.

Flexibility and suppleness can make internal relationships easier. However, having a client list can facilitate access to the businesses for academics. The client lists can also be a base for the Business School to create a directory or a list of people who have expertise in different areas and then make that directory available to businesses in order to put the right academic person in front of businesses. In conjunction with the communication channel and the right person discussion earlier in this chapter, perhaps the right person with an industrial background and experience gives credibility to the relationship. This was a concern for some of the academics at the University Enterprise Centre and UBS:

'The right person, that might be difficult... I know if I need to find out something I'll go through another person and I'll check with them, can I contact the company? Or have you spoken to them recently? If not, are you going to? Can you ask them this at the same time? So it's about managing us I think internally because you're never going to overcome that with an institution like this, but we need more flexibility to make our lives easier.'

Consultancy International Project Manager, UBS

'I think the real strength in the Business School that can be built on more is to make sure we are putting the people from the University in front of our client: offer them that world and then they undertake it and make a connection between academia and business because there are people who are very operational and very business-focused and some people who are academic and theory-focused and there is a group of people in the middle. Make sure who they are, what their strengths are and make sure how the business can best use them.'

KT Project Manager, UBS

'In terms of finding the right people; you can understand the difficulty that the University has 5000 staff. 3000 of those are academics and they all have different individual skills ... so it is really about the culture internally of the people. If they come to the wrong person, of them being aware of the Gateway, and we do advertise it internally so that they can pass companies to the Gateway and we can help them find who they need.'

Business Development Officer, University Enterprise Centre

Regarding the internal relationship, the data revealed that there was a feeling that the culture of academics in the Business School is that people do not share their contacts because they want to protect the companies they work with. On the other side senior management at the University believe that sharing contacts internally is a challenge; however those contacts are the University's contacts and they have to be shared within the academics' network contacts:

'That [sharing contacts] is a challenge... If you are an academic and have a particular link with a particular person in a company, it is generic not only in here, it is clear that academics are very unwilling to let that contact be made available to the institution. [they don't want to] compromise their links.... what I would like to see is the utilisation and sharing of their network contacts. What is very prevalent in universities, is a significant willingness of individual academics to share their contacts wider than the institution.'

Knowledge Transfer Pro-Vice Chancellor, The University

'I think what we are trying to move towards is a culture where people don't possess their client base, they nurture it, they respond to it but they don't hold it: MY CONTACT, you know, it is a contact from the University's Business School'

Assistant Dean Employer Engagement, UBS

From the academics' point of view, one of the characteristics of relationship management is having interpersonal skills and being a more socially-oriented person. Doney et al. (2007) argue that the relationship can be built through an interpersonal relationship. Also, Galbreath and Rogers (1999) argue that another way of satisfying customers is building personal relationships with them. It is about listening to them and using their feedback to improve the relationship, so adding value for the customer, which helps to create mutual respect and trust

with customers. This attitude to RM is much more based on nurturing the relationship with clients rather than a transactional relationship. So the University might need to put the academics with more socially-oriented personalities in front of SMEs:

'It [relationship] relies upon the interpersonal skills of the people involved ... If you are a socially-oriented individual you will pick up the telephone, you will keep the conversation going, you will be interested in the issues facing the other person, so what might come naturally to somebody like me whose commercial life is spent establishing and maintaining the relationship with people, it just seems natural, so crucially it is about two human beings making and maintaining a connection between two people ... we go to a pub afterwards, we have a chat, we talk more about the business and it shows the interest in the other person ... you are not treating the client in a transactional way, you are both there with different roles, different responsibilities and the relationship you're nurturing.'

Consultancy Project Manager 1, UBS

From the other side, the majority of businesses think that the University should be simple in their communications in terms of language and try to get their message across in clarifying commercial benefits to businesses in a quick way, perhaps using an informal approach to relationship management such as breakfast meetings or after-work sessions away from the business' workplace. This is in conjunction with the earlier discussion on relationship building techniques such as regular meeting through the events that are hosted by other partners such as working dinners (Philbin, 2008). This is because of time concerns at the SME's end (see the following comments):

'If you had five or six different people then brochures coming in from this department and that person and that secretary and so on and so forth, I think it would get too complicated. I think it needs to be fairly simple but perhaps on neutral ground...a forum, perhaps something quick, something at breakfast, something at the pub after work, something away from their work station. You've got to find out what they want. They want hard outcomes... things that can be done pretty quickly.'

Managing Director, Company D

'In terms of managing the relationship It is all about connecting it with some commercial benefits to the organisation, something commercial to me: something like improve the number of staff, improve the way they work...some SMEs are really into the whole Chamber of Commerce approach or whatever, they are really into that, that's a good approach.'

Sales and Marketing Manager, Company A

The informal relationship approach was mainly the core of the SMEs' points. They think it is a strong approach in managing the relationship with SMES and the University can do better in that sense to develop a good relationship, but there is just a shadow of it at the moment:

'Personal interaction is the best for me... Somehow you've got to create this informality where this mix - University academics and business people - freely sitting together without any pressure. Explore common goals, who could help the particular situation, it is unbelievably powerful.'

Managing Director, Company B

'Yeah, I see him all the time. Yeah, I play golf with him so we've formed a very good relationship ... I would attend it [networking seminar] once a year because it's very good for me to find out what you do, what skills you have ... it's one of the most under-used things in universities. Bear in mind a third of the population is like that, not a person who's going to sit there and read your website. I will come along to the events though and I'm very busy, but I will make the time to do that... I mean, in the sense of they could do exhibitions, meet and greet, networking sessions, you know, invite us all down after work, have a glass of wine and talk to the different lecturers in different positions ... the reality is for me personally I'd rather come and talk to people, sit in and get names, faces, you know, numbers, and then communicate directly much easier. If you could give me a directory or a list of people I have to talk to for the different areas that would be perfectly good enough for me. If I could pick up a phone and be put in the right direction, great.'

Managing Director, Company F

Following the importance of an informal approach in relationship management, the interpersonal relationship was identified as a facilitator of building the

relationship. Academics believe that customer relationship management is not easy because the resources are not fully available; however individual academics' networks play a significant role in encouraging SMEs to go for a function, as the following academics believe:

'The resource availability to undergo relationship management of the client is very, very difficult. It is all done on an individual basis, and if the individual moves on it falls into a black hole. It is not done as rigorously as it could be done because simply we are not resourced or structured in a way to do that.'

Consultancy Project Module Leader, UBS

'Before I started this job I got in touch with the operational director because I knew him, he is quite a strong networker as well, he invited me and linked me and wrote a lovely reference about me as well, so that level of trust and understanding was there anyway. I just rang them up and I said 'I've got this new project funded, I don't know whether it's something for you, but come and have a chat.' He was like 'Yes, yes.... you just come over and we will see what we can do'.... and as a result we've done a project again in the food industry in reducing waste which is saving them money and he is obviously pleased.'

KT Project Manager, UBS

'My personal opinion is that they're [individuals] essential in any business relationship, it's all about the people, but I think it's more essential with SMEs ... what happens is, individual academics - and this is the same throughout Higher Education, it's not just a unique problem to us - you have a relationship with a client that might give you some research, some student projects, whatever, you've invested in that client, it's actually a very scary thing to, say, let one of your colleagues who you might not trust to manage that relationship as well, to hand it over, so I think that so many relationships come down to individual relationships.'

KT Champion, UBS

The senior management of the University is also aware of the importance of the role of individual academics in linkages between University and businesses by showing to SMEs their understanding of the business. Here are some statements from senior managers:

'First of all, individual academics are a valuable route into links; I mean, business is very much supported by personal contacts, so individuals who have personal contacts would be very valuable links.'

University Knowledge Transfer Pro-Vice Chancellor

'They [academics] can understand business and be able to converse, in a way that is understandable.'

Assistant Dean Employer Engagement, UBS

From the other side SMEs also trust the relationships that are built through interpersonal relationships, and believe that is the most useful and dynamic way of developing a relationship with the University, with the people who they already know. SMEs would prefer to be personalised by the University; this is the case for most of the SMEs such as companies D, A, H, B, C and F:

'Every problem comes to you [as an SME] and you've got to run, run, run, so if you were meeting people at a social level, you know, sit down in the pub, you might persuade people to go to a function if there was something interesting going on. I think a speaker or something that was of interest to them, or in terms of design or in terms of whatever world they're living in, they might be persuaded, but it would have to be personalized, it would have to be the same person, you know, and the SME manager developing the dialogue'

Managing Director, Company D

'I would talk to X because I have experience of him helping at a low level and unofficial level, lunch and a conversation.'

Managing Director, Company A

'The best is always a personal relationship.... I personally prefer to go with one person. That's the sort of relationship that I can think of where somebody could have a dialogue that was meaningful and look into mutual benefits.'

Sales and Marketing Manager, Company A

'I'm not even sure who the coordinator is anymore for [your University], so I think that part of it is actually weak. But we find

our way around through the people that we already know. So, I think there's certainly some work that needs to be done in that area.'

Operational Director, Company H

'The most productive means are, knowing people in other parts of the University or organisation might be of help us...Personal interaction is the best for me. The great advantage of doing this [course] is continuously visiting the University for our particular ends. Once you are there you see how amazing it is, you meet people - this is the parallel within University life and outside - it is just phenomenal. You sit in the café, you've been introduced to regional businesses, you never meet ever (external network), people drop by ... Have you spoken with so-and-so ... incredible network, we have it so good, this excuse to be sat there.'

Managing Director, Company B

'Personal interaction is very important. But it has to be interaction, has got to be done based on an understanding of a business.'

Director of People Solutions, Company C

'I think networking is crucial, yeah, I mean if I knew who to talk to or the right people to talk to get to other people I'd use the Universities so much more.'

Managing Director, Company F

The data shows that both sectors have experienced unequal power at some stages in their relationships. For example, academics believe that they have the power in the relationship with SMEs because of the conceptual knowledge on the University side. Power and control are important issues with respect to the process of collaboration (Vangen and Huxham, 2003), and have to be considered in managing relationships by the Business School; as Vangen and Huxham (2003) argue, unequal power relationships may impact the collaboration. Then, maintenance of trust is necessary for the perceived resolution of unequal power (Calton and Lad, 1995):

'We will be using our conceptual knowledge to help them with new ways of insights, new ways of seeing, so we certainly have a lot of power: we have power because of the notion of our independence, we build power through trust.'

Consultancy Project Manager 1, UBS

'In developing that programme... we knew that we were driving it, we were leading it, because we have professional knowledge. Our partner also noticed it but they know that if we didn't do it the project would not progress.'

Knowledge Transfer Project Manager, UBS

'Normally as an SME we have a shortage of resources, human and financial, the power is being held in the University's hand because that's the way the University is.... there is a huge power imbalance.'

Managing Director, Company B

What is arguable here is that the power basis of knowledge and finance might control and lead the relationship. Rigid systems and a 'tick box' attitude at universities are perceived as overly controlling; this is the nature of large organisations, such as the UBS. The party who financially contributes more to the collaboration is more likely to control the relationship:

'For the projects which are managed by students we don't pay anything, in those cases we adapt with their situations ... we also pay the University for some projects. I would not be as flexible as when students work for us...If I have to pay the relationship changes, and I'm less likely to worry about their academic achievements and more on the goals. It is a different relationship, there's no doubt about that.'

Managing Director, Company F

'Although they've got a relatively small number of employees, the managing director really wanted to control everything that was going on and he was slowing down the innovation process ... effectively they paid the full cost of the academic time and the student time that we used to address the problem that they'd identified.'

Business Development Manager, UBS

Although, in the context of this research, the power of knowledge was seen as unequal, it seems a positive force in the collaboration. When the UBS has expert knowledge of the project it can give an SME the assurance of receiving a good service, which can help build and maintain trust in the collaboration.

5.9 Summary

As a result of this discussion chapter, relationship management was identified as the main important element in managing the inter-organisational relationship. This is not a new point of view, but this research serves to strengthen this need. It was recognized that clear vision and a framework for the projects is a part of relationship management. Choosing the right communication channel is also important because communication is one of the most important characteristics of relationship management. Therefore, it suggested that a relationship can be established between SMEs and the Business School through face-to-face contacts, frequent interactions and quick response to the SME.

Attention needs to be paid to internal relationships at the Business School because this influences the external relationship. Perhaps considering a CRM implementation in the University could facilitate internal relationship management and, therefore, better customer relationship management.

Interpersonal skills were revealed as one of the characteristics of relationship management. Some researchers such as Cousins (2002) holistically examined managing the inter-organisational relationship by reviewing different literature in the context of buyer-supplier relationships in supply chain management. His study takes the view that relationships between firms can be viewed on the same basis as human inter-personal relationships, which are based on trust, mutual understanding and co-operation. The author suggests that an inter-personal relationship is the apt approach in UBS/SME relationships. Academics involved in interaction with SMEs need to be more socially-oriented characters. It helps to communicate better with SMEs and increases SMEs' confidence and willingness in the relationship and their trust in the Business School, thus becoming more engaged.

The findings and discussion in this chapter, therefore, contribute to answering the research question, *'How were relationships and communication initiated, formed and managed between the UBS and SMEs, from the point of view of both sectors?'* It can be concluded that in terms of effective relationship management between the UBS and SMEs, there are some areas that need improvement and can help with initiating and developing the relationship.

The data in this chapter also identified trust as a significant facilitator in relationship management, which was not a surprise, but the researcher was impressed by the result of this chapter, i.e. that trust can be initiated and built through an appropriate relationship management approach. As a result, one of the themes of this research 'the role of trust' developed which will be discussed in Chapter 7. Trust is the cornerstone of relationship management and a core feature of a relationship (Perry et al., 2002). The data also revealed some of the challenges and opportunities which need a close and in-depth look which will be helpful in finding solutions to how to overcome the challenges and how to build and develop the opportunities. All these issues will be discussed in the next chapter.

Chapter 6: Collaborative Opportunities and Challenges

6.1 Introduction

This chapter will expand on Theme 2, i.e. 'Collaborative Opportunities and Challenges', which emerged from the data. The aim of the chapter is to show and clarify the views of participants such as decision makers in the process of collaboration. As a result of this review, the collaborative opportunities which can facilitate the development of collaboration between the Business School and SMEs will be identified and discussed, and also the collaborative challenges which can hinder the collaboration will be examined. In addition, the data suggests the purpose of involvement and advantages of involvement can be considered as motivation in the collaboration process, which will be discussed in this chapter. The structure of this chapter will be followed by a discussion of the categories and sub-categories relevant to this theme (as shown in Figure 4.9 which was developed in Chapter 4). All this discussion will show how each category and sub-category is related to the initiation of collaboration between UBS/SMEs, and therefore contribute to answering the research questions. This theme including each of the categories and subcategories related to the collaborative opportunities and challenges will be explained and discussed now.

6.2 Purposes of Involvement

The author suggests three purposes of engagement; first because the market is competitive for the both Industry and higher education sectors, second for business reasons and third for education and training reasons. These can be seen as opportunities of engagement from the both sectors' points of view.

6.2.1 Competitive Market

Evidence shows that rapid changes in competition and speed of innovation around the world have promoted the need for the creation of stronger links between research communities and commercial enterprises (Plewa et al., 2005). This means that businesses will face some challenges in the future when competing with their competitors in the market, and will therefore need to gain expertise in different areas to make their business more competitive. As company B claims:

'We have done quite a few projects with universities, especially in recent years. A lot of them come through from the development/ product design side of the business, trying to create the next best thing, trying to keep ahead of the game, bring to market products and new ideas.'

Technical Director, Company B

Another company involved in a KTP in HR claimed that:

'It is good for the business but it is not life or death or win or lose ... but it does help with the competitiveness of the business and we can see those benefits.'

HR Advisor, Company G

Researchers (e.g. Naude and Ivy, 1999; Sands and Smith, 1999; Bakewell and Gibson-Sweet, 1998; Franz, 1998) also highlighted the fact that institutions of Higher Education are facing an increasingly competitive environment, a change in the age of students, financial restrictions and changes in higher education funding systems. Also, as Salter et al. (2010) stated, engagement with industry is related to academic research activities, including securing additional research funding. It means that the more work universities do with businesses the more benefits they get into their research. And there is a need for more research into SMEs that will help understanding of them and provide possible benefits for research. One of the Knowledge Transfer Champions stated:

'The information we are collecting from working with them [SMEs] is feeding into our research base around innovation in SMEs.'

Knowledge Transfer Champion, UBS

6.2.2 Business Reason for Engagement

Data from the present study shows that another reason for engagement is 'Business Purpose'. This is consistent with Shaw and Allen's (2006) argument that the key assumption seems to be that partnerships or collaborative relationships will enable technical development, product innovation and business development. Academics believe that their business relationship can help SMEs with their business planning and suggest new ideas to them which could improve their competence and efficacy. It also has the advantage of working in an open

innovative manner and trying new things, which perhaps can differentiate them from the competitors in the market where they operate. One of the participants, a Business Development Manager who has responsibility for developing relationships with external businesses through planning and designing programmes for SMEs, shared his ideas as follows:

'Clearly the benefit for SMEs is that a third person - an additional thought about how they work in a sort of open innovation manner - can be very useful because it can stop them thinking about doing the same things in the same ways... and suggest some different ideas to them which could well improve their efficiency and effectiveness.'

Business Development Manager, UBS

From the SMEs' point of view, their engagement is also about innovation and changes, stops them repeating the same things every day and also brings knowledge into the business, getting expertise and specialist knowledge in a particular field from external resources into the business. In this line Lambert (2003) argues that at local level universities will have different departments with expertise which can be of benefit to some particular businesses, as mentioned by the company G, H and B:

'The reason of our involvement is mainly innovation and change and that you can't just keep doing the same thing day in day out, and also predicting the future, what are the challenges going to be happening. We don't know what they might be ... also if someone hasn't got knowledge in a particular area, for example the HR project - they [company] have not got an HR professional qualified in the area so it brought that expertise into the company.'

HR Advisor, Company G

'We don't have answers to all of the questions that we've got. So we do need to tap into external resources and we also see that by collaboration and working with universities ... when we are developing products we sometimes don't know some of the technical answers and we are not getting the performance out of the product that we want in the design phase, we would contact the University and basically work with them to come up with a solution'

Project Manager, Company H

'You get to know people who are specialists in a particular field, for example for developing a product [for a person with a specific need], we sit here and think to review what they have at the moment, listen to their feedback. You've [university] got your skill setyou don't know the next bit of the jigsaw.... going to university one could tell us the technical part of it it is simply tapping into knowledge with experts.'

Managing Director, Company B

Therefore, to some SMEs access to expertise and professionals, innovation, product development, marketing e.g. branding, packaging, process mapping, are all considered as business purposes of the engagement which all can help them to bring new products and ideas to market. But to some of the SMEs 'market research' is the aim of their collaboration. In that case they use a group of mainly postgraduate students to conduct market research for the company which is relevant to the students' studies (for the students' consultancy project). This is the case for Companies H and F:

'A group of students, we used them on market research and that delivered some interesting results. ... I've got a project at the moment where they are doing some market research.'

Project Manager, Company H

'Some of the projects they've [students] done, they've investigated whether we should have manufactured in China.... they spent a lot of time examining different places that have tax implications....I've got that as a definitive database on how to pay their taxes. [Another one] found us distribution networks in Europe.'

Technical Manager, Company F

From the SMEs' point of view the collaboration with the Business School influenced business performance positively, as is the case for company G in receiving two KTP collaborative projects with the Business School and other faculties:

'The human resources were about establishing the HR function within our company and all the bells and whistles that go with

that in terms of reducing absence, staff turnover, developing a workforce, development strategy and again it was very, very successful... Every project we have done has had a significant output for our business and actually enabled us to keep more than marginally ahead of the game, which is what we try to do.'

Operational Director, Company G

This part of the findings is in line with Lambert (2003), who argues that companies in partnership with universities are more successful in business compared to those that are not. This does not mean that all collaboration with universities leads to success however; the Community Innovation Survey UK (2001) shows that enterprises in partnership with a university had an 82% increase in 'the range of goods and services' and 85% improved 'quality of goods and services', while the enterprises without partnership with a university had figures of 42% and 46% respectively. Similarly, the enterprises in partnership with a university had the opportunity of 'opening new markets and increased market share' (81%) and 'reduced unit labour costs' (65%), while the ones without partnership had a 40% increase in market share and 33% reduced labour costs. This illustrates a clear correlation between business success and university collaboration, which is in line with the findings of this thesis, i.e. that collaboration with the Business School has a positive impact on the businesses' improvement. This can be seen as a strategy for the Business School to encourage and motivate more SMEs in collaborating with the Business School. However, this is not only the way of encouraging SMEs; this thesis suggests other reasons for UBS/SMEs engagements.

6.2.3 Education-Training Reason

The data suggests that another purpose of involvement is Education and Training. Academics state that they are developing different activities for SMEs; for example, in the Food and Innovation Research Centre some training packages have been developed that can help them to improve their processes and techniques. As one of the academics says:

'We scope different activity, for example work on knowledge transfer with SMEs in our Food and Innovation Research Centre and put together some training and development packages that

can help them improve their businesses and make them more competitive.'

Assistant Dean Employer Engagement, UBS

In the same stream, some sources, e.g. NESTA (2008), found that HEIs can expose students of management to environments that cultivate entrepreneurial mindsets, behaviours and capabilities to deal with an increasingly complex and uncertain world. A survey conducted by Salter, Tartari, D'Este, and Neely (2010) shows that one of the factors influencing the decision to interact with Industry is 'training of postgraduate students'. In 2004, 'training of postgraduate students' was not a crucial factor influencing the decision to interact with industry, while in 2009 35% of the respondents agreed it was a crucial factor (Salter et al., 2010). This shows that training postgraduate students is becoming more important in the collaboration between Higher Education and industry, and the data of this research suggests the same. Perhaps because universities are thinking more about student employability, there is a chance to develop students' practical skills, and thus make them more attractive to the employers. Another advantage of doing this is the reputation for the Business School in attracting more prospective students who can feel that they are more likely to get a job if they do a course with the Business School. UBS is developing students' experience of real life work through its engagement with businesses in the region particularly with SMEs. As the 'Consultancy Module Leader' stated:

'I work with [another project] which is similar to consultancy projects but in this case they are formal projects run to companies' time ...done by students paid for the job and supported by the academics.'

Consultancy Module Leader, UBS

The education and training purpose for involvement with the Business School was also mentioned by the SMEs in order to help businesses with management training and development. This has been seen as personal development which helps managers to manage the business better and become more open-minded, because they see the University as a learning and reflective environment. Company A has a relationship with the Business School for staff development and perceives the University as a place for education only; however, they still

see the positive impact of Higher Education study in managing their businesses.

This is pertinent to Company A:

'It is a great deal that the University can offer management training or management development ... In our company one of my colleagues did an MSc by distance learning [at the Business School], I've done an MBA with the Business School which was based on attendance - not full-time attendance, but I think half-day attendance.'

Managing Director, Company A

'In the process of recruiting for a personnel manager, my preferred candidate clearly has aspirations. My immediate thought was how we can tap into the University, because that will keep her engaged with the University environment where other people are reflective and you learn a lot.'

Managing Director, Company A

'I've never considered them as a half of the potential and I've never given a thought to approaching the University - unless I want to do my PhD or to move my studies on, why would I contact the University? I can't imagine why they should be interested in me.'

Sales and Marketing Manager, Company A

Perhaps the senior managers at SMEs might not be as well aware of the relevance of the University to their business as the staff who are involved in a project with the University; however, clarification from the University side would be helpful, as the HR advisor in a knowledge transfer partnership in her organisation says about the story of her experience:

'The meetings were really good because at one stage the managing director of the company didn't understand why the University were involved- what's the benefit to the University? He [MD] was saying "I can see you doing these projects and learning about HR, but what are the other benefits"? Not everybody realizes because when they think of the University they think of teaching. People from the university, the academics, supervisors, explained about the research function of the University and how this is helping with that agenda, so that

cleared things up as well, so[the company] actually learnt about universities and what they are there for.'

HR Advisor, Company H

It can be concluded that the purposes of involvement in such collaboration are related to competitive market, business, and education-training reasons; however, this thesis suggests that there are some advantages of involvement in such collaboration.

6.3 Advantages of Involvement

It has been recognised that SMEs in their business relationship are concerned about the outcomes of a relationship; therefore their attitude is "What is in it for the company to engage with the University"? This is the case for companies A and G:

'The problem is, it is not what you can get from SMEs, it is what SMEs perceive they can get from you? initially at the start of relationship what is in it for me?'

Managing Director, Company A

'Companies have a lot of pressure on their time, and if they can't immediately see the benefits of doing something that could be the downfall, because they are not going to engage.'

HR Advisor, Company G

The data identified three main advantages of collaboration between the Business School and SMEs, including economic, educational and government policy which will be explained below. This part of the Findings provides the answer to one of the research questions, i.e. *what are the mutual advantages in such collaboration?*

6.3.1 Economic Advantages

Storey (1994) states that small firms play a key role in employment creation, in the economy and in innovation, therefore contributing to the development and stability of the British economy. Researchers (e.g. Aldrich and Zimmer, 1986) argue that economic actions associated with entrepreneurship are conditioned by the social relations and networks into which an entrepreneur is plunged. One of the potential benefits of the collaboration between universities and industries in the UK has been mentioned in different sources; e.g. BIS (2010) argues that the

development of knowledge transfer relationships with local SMEs has been encouraged in the interests of both the UK national workforce and the UK economy; Smith (2000) also emphasizes that a shift in attitudes towards the role of the Higher Education sector and, in particular, through encouraging universities to be entrepreneurial and commercialise their knowledge, is seen as a key factor for economic development.

This research also suggests that there are economic benefits in collaboration between the Business School and SMEs. From the academics' point of view, in this research, SMEs play a key role in terms of innovation in their industry and productivity in their own regions; working with them can be helpful and supportive to the improvement of their performance, which is an income outlet for the future. Once the Business School develops a very good long-term relationship with small businesses they can get further business. Especially with long-term projects such as two years KTP, it is a predictable income which is also a strong output in terms of financial viability for the Business School. This issue has been pointed out by academics for example:

'Basically, the University has to make money... the source funding that allows you to do that research [with SMEs] comes from outside, and there is quite a bit around to support the organisations, usually the outputs to do with increasing the level of performance which will bring money into the UK, so it helps the economy.'

Consultancy Project module Leader, UBS

Benneworth (2001) states that one of the key characteristics of the university-industry interface is to use universities to support knowledge-based economic development. Research in developing countries such as Costa Rica, e.g. Preira (2009), has shown that collaboration between universities, research centres and the private sector can produce innovation that keeps local businesses competitive and therefore helps to ensure the country has a sustainable base for economic growth. In this thesis, academics perceive themselves as influencers in the economy of the region and would like to contribute to the growth of the region.

By their collaboration with regional SMEs they want to generate value and economic benefit for UK PLC. As one of the academics stated:

'We have a role to play in the economic development of this region, therefore being able to exchange knowledge is important for us We can also support and help organisations within the region to boost the economy of our region.'

Assistant Dean, Employer Engagement, UBS

The data suggests that SMEs' manufacturers perceived that innovative new products will be a successful factor in the future. They are looking for the business benefits in their relationship with the Business School. Perhaps this is why Lambert (2003) claimed that much more action needs to be taken to convince businesses, especially SMEs, about the economic benefits to be gained from innovation, because SMEs have few resources in-house and it is risky for them to find new ways of developing products and services. However, in this thesis, from the SMEs' point of view working with the Business School can add value to their business if they find a solution to their problems. In other words, finding a solution for their business issues influences the company's performance and growth. This is the case for Companies H and B:

'If we are doing a project, the only reason is because we want a solution to it, and provided the project's actually successful that will add value. Anything we do is actually focused on delivering a business benefit, whether that be a new product, or a new market for solving an operational problem.'

Project Manager, Company H

'It recognises manufacturers can help the economy in the future, and the key to being successful in the future is innovative new products and skilling.'

Managing Director, Company B

Both SMEs and academics claimed that collaboration with the university was more cost-effective for the companies because the cost of services at the University is cheaper and can add more value to the company compared to consultants:

'We probably add far more value than a consultant does, but we do it in a learning way which would therefore give them longer benefits over a longer period of years, whereas a consultant comes in and out and solves the immediate problem... and they would have to pay for as well.'

Business development manager, UBS

'I get far better value using the students... If I wanted to carry out research and pay for it with consultancy I would expect to pay a lot more money - it would cost me a lot more.'

Managing Director, Company F

As a conclusion of the above discussion, there are economic advantages in Business School/SME collaboration because it helps significantly in terms of innovation and productivity of the businesses in the region, and therefore contributes to the growth of the economy.

6.3.2 Educational Advantages

This sub-category explains the educational benefits from the collaboration. The data reveals that the Business School is committed to the student experience and to creating employable graduates; therefore, one of the advantages of the collaboration for them is to give the students this opportunity to have access to the real-world experience. From the academics' point of view, they may not get a financial return on their investment into the relationship with some businesses, however, building the relationship with SMEs can create some contacts for student placements and provide a learning exercise doing real work for the company which helps students' employability, while more contact with a greater range of organisations can create more job opportunities for students when they leave the University. The output of a relationship can generate teaching material, for example academics develop case studies to feed into teaching as an output of collaboration such as KTP projects. It is also professional development for the graduate who has been working on the project. A 'Consultancy Module Leader', 'Knowledge Transfer Champion' and 'Business Development Manager' shared their concerns:

'It is a very vocational university, to have contacts with what's happening in the real world helps with teaching and it helps the staff development function as well. It helps keep material that you are teaching very fresh, very new, so it has an educational function outside that.'

Consultancy Module Leader, UBS

'We need the engagement for our students, for our academic staff and because of the political agenda around it, and it is a part of our engagement strategy.'

Knowledge Transfer Champion, UBS

'There is huge value in adding to students' studies bit about concepts and ideas with getting some real hands-on experience and that improves their employability ultimately, particularly their employability skills.'

Business Development Manager, UBS

Educational benefits of collaboration are mainly associated with the students and academic staff. Students will develop the real-world experience which increases their employability opportunities, and it benefits academic staff because the experience of working with businesses will be fed into teaching, for example creating case studies for lectures and other academic purposes such as papers for publication.

The SMEs' view is almost the same as the academics' in terms of the educational benefits of the relationship. SMEs believe that their commercial environment can give students the opportunity to experience a new world and put their educational learning into practice. As the Operational Director and Managing Director of two manufacturing companies say:

'People can use our knowledge and space, getting students in and working for us on a project, that's been very positive... very enthusiastic people coming through and taking a fresh look at your company is very good.'

Operational Director, Company B

'I have recruited two people from the universities through those projects, so it is also an opportunity to look at recruitment if I need anyone.'

Managing Director, Company F

At the same time, SMEs think that it is of mutual benefit because students with new ideas come and look into the business. In some cases it helps the companies with their recruitment as well; companies know that universities have graduates that are looking for jobs and sometimes students have worked with SMEs before.

In order to reach the above advantages, this thesis suggests that the role of government policies also need to be reviewed.

6.3.3 Government Policy

As the economic benefits of the collaboration explained in 6.3.1, it is clear that policy makers in this area play an important role and need to make it as easy as possible for such collaborations to occur (Lambert, 2003). He continues that the greatest part of the government-financed business R&D in the UK goes to large companies. This is the same in other mature economies like the US, France and Germany. Therefore the UK government should look for ways to direct a higher proportion of its support for business R&D towards SMEs.

This sub-category explains the significant influence of government policies and support in initiating University-SME collaboration which can help the businesses to grow. In conjunction with, the 'triple helix' model (Etzkowitz and Leydesdorf, 2000), which stresses the partnerships of university, industry and government to the benefit of innovation productivity, it can also be seen here that government plays a highly important role in integrating the university and industry. This is supported by Wood (2012) argument that the 'triple helix' model is a suitable format for integrating intellectual capital from academic institutions and policy from the government with industry because firms require to access to new knowledge for production.

The data in this thesis shows that from the Business School's point of view some of the government policies such as the innovation voucher are attractive to academics as a source of funding. This government support sounds popular and important to both sectors and it has been seen as a key to the future to get SMEs engaged with universities, especially for the long-term projects such as KTPs. As the following quotes show, innovation vouchers could triple the number of enquiries to the Enterprise Centre. This shows the interest of SMEs in this government support mechanism.

'When we had the innovation vouchers we were getting about 130 enquiries a month. Without innovation vouchers we get about 40-50 enquiries a month that we are passing through to faculties.'

Business Development Officer, Enterprise Centre

'It [government funding] enables smaller businesses to do this [KTP]... If you can appreciate a smaller company, they haven't always got the resources to do a project like this.'

HR Advisor, Company G

According to DBIS (2010), 99.3% of businesses in 2007 in the UK were SMEs and they can contribute to the economy of the region as has been explained in 6.3.1. Therefore the UK government has been showing interest in helping UK PLCs through planning different financial schemes (Storey, 1994), *'Train to gain, A plan for Growth², innovation vouchers etc.* Therefore, financial support has been highlighted as the most important advantage of government policies because SMEs and sometimes the Business School are short of financial resources (this will be discussed in detail in the section 'Resources'). Thus government funding helps businesses to up-skill the staff and get access to the new technologies and knowledge around their industries, as this support mechanism is appreciated by both sectors.

² Train to Gain is a revolutionary development in terms of public service reform. It is transforming the way that Government and training providers support employers in the interests both of the UK national workforce and the economy. This scheme was in the period November 2007- July 2011.

'If we are seen to be engaging with our local region, and fulfilling those kinds of political agendas at a regional level, engagement with SMEs is incredibly important from government policy perspectives.'

Knowledge Transfer Champion, UBS

'The reason that government should be interested is the, employment potential is massive from small businesses, they are relatively straightforward to set up when someone has got an idea. Government has recognised the fact that 99.7% of our companies in Britain are small/medium, it is the overwhelming majority. Trying to up-skill us is a wonderful idea.'

Managing Director, Company B

6.4 Summary of the Section

The above discussion identified the fact that there are some purposes and advantages for the Business School and SME in engagement that might make the collaboration attractive to both parties. This is mainly because both sectors live in competitive markets - Higher Education and Industry - and they are eager to delight their stakeholders including students at university and customers of the businesses. As a result of that, both parties want to be 'ahead of the game' in the sector they operate. Therefore, in essence with Shaw and Allen (2006), this thesis suggests that improving SMEs' business performance is a reason for their involvement. Business performance such as product innovation and development, market research, marketing e.g. branding, packaging and process mapping, are identified as helping SMEs to bring new products and ideas to market, which is also supported by Lambert (2003). Therefore, this can be seen as an economic advantage of engagement because, in this manner, the University's knowledge is available to the businesses through students' and academics' involvement which can produce innovation that keeps local businesses competitive and helps economic growth in the region.

The data also suggests that the education and training purpose of engagement is mainly to the benefit of postgraduate students and students' placements. This can create training opportunities for students and, therefore, make them competitive graduates regarding their employability. In addition, the education

and training is also for the purpose of staff personal development at SMEs which helps managers to manage the business better and become more open-minded.

This thesis also identified government policies as an integrating part of the collaboration to facilitate the use of the aforementioned advantages. In conjunction with the 'triple Helix' model (Etzkowitz and Leydesdorf, 2000), therefore, government schemes are identified as a supportive mechanism to business and university collaboration. However, there are still some issues around managing resources in both sectors which can slowdown or de-motivate the parties' engagement. It is important to discuss why this is an issue and what the issues are, as finding the problem is half of the solution. Therefore, the awareness and understanding of the challenges in the business relationship needs an in-depth look, which will be discussed now.

6.5 Hurdles to the Relationship

Data analysis shows that the collaboration between SMEs and the Business School is challenging because there is a lack of 'natural business' between both sectors, and that both parties struggle sometimes to work together. There are some underlying structural issues between SMEs and the Business School that sometimes create friction and lack of understanding between the actors. There are some reasons such as structural differences which mainly cause cultural differences. There are also some issues around resources such as finance, lack of time and staff workload. All these issues will be discussed in this section.

6.5.1 Structural Differences

The data shows that one of the structural differences is the size of the firms; the University as a public and large organisation and SMEs as small, private organisations have different operating environments. Interactions between two large organisations seem more understandable because they operate within the same psychological mindsets, but when it comes to the interaction between one small and one large organisation some barriers occur; for example, the issue of cash flow is important to SMEs compared to large organisations. Therefore they might have different priorities based on the structure of the organisation which causes a hurdle in the relationship. This issue is expressed by academics such

as the KT Pro-Vice Chancellor and Business Development Officer and also SMEs, e.g. Company C:

'When we as a university are interacting with a large NHS hospital both are large corporate organisations, both understand the public sector and individuals within both organisations would tend to operate within the same psychological mindset in terms of being aware of public sector governance constraints ...What they [SMEs] are articulating is the challenge of dealing with large companies or large organisations... The issue of cash flow is right at the forefront of an SME's attention, where it is not so much in large organisations.'

KT Pro-Vice Chancellor, The University

'The availability of someone in an SME is considerably less than in a larger corporation, therefore the relationship between the University and a large corporation is quite different to the relationship with an SME.'

People Solution Director, Company C

'Systems and processes from the University's point of view and the structures sometimes are barriers in terms of collaboration and in terms of potentially working with the businesses in an interdisciplinary way.'

Business Development Officer, Enterprise Centre

Another issue in some of the collaboration process that can cause barriers to the relationship is when the objectives of the research have not been defined clearly either by the University or the SME. No clear objectives in the collaboration process can make the parties confused and perhaps lead to an unsuccessful experience, as is the case for KTPs' Project Manager and Company A:

'The main barrier is he [MD] hasn't articulated a clear strategy for their product developments. It is difficult to prioritise and make decisions.'

KT Project Manager, UBS

'This is the sad thing; to say we never really understood what it was all about despite being involved in it. And we never understood what the objectives were and never got anybody to define it for us ... I think one of the challenges with this particular

project was that the objectives were loose and fuzzy and ill-defined.'

MD, Company A

One of the challenges particularly for the University is that SMEs' managers with a low or medium level of education do not see the relevance of linking with universities because of their mindset. Both academics and SMEs believe that the majority of SMEs have relatively uneducated business managers, so convincing this group is not an easy job because they do not see the relevance of their business with the University. This issue was raised by the Managing Director of Company D, who emphasized this issue because he is an academic lecturer with practitioner experience who runs a small business as well. Company A thinks the same problem exists for the University in their interaction with SMEs.

'My wife and myself are educated but anybody else we come across, more or less, they're just ordinary men and women. A lot of small entrepreneurs don't have the level of education that my wife and myself have and they would be very intolerant of academic, esoteric, non-experienced approaches'

Managing Director, Company D

'If you have an organisation in - I don't know, trucking, delivering things from one place to another - I doubt that the chief executive would have a degree at all let alone an undergraduate degree, and I doubt anybody including them would see the need for a University for them. They might connect with a training agency or Chamber of Commerce or whatever, but they wouldn't think of universities in that way.'

Managing Director, Company D

'You've got to remember that a significant number of SMEs are run by people who haven't necessarily got formal recent education... I think they can help us but I think the problem is convincing people who have not had academic experience, so it is a bit of a struggle.'

Managing Director, Company A

Interacting with the managers with this type of mindset would be a challenge. It can be difficult because they are more interested in what they do and perhaps do

not consider being innovative and making changes in their business. This is the experience of Company C:

'The mindset of the SMEs' relatively uneducated business manager, that culture, that mindset, if you see what I mean - you've got people with a terribly negative head on in small and medium businesses. They just want to do what they do and somehow you've got to break into that.'

The other issue with the less educated leaders at SMEs is that they do not associate themselves with the universities unless something will for example help them to save money. So the University should put more effort into convincing SMEs to initiate collaboration. This is the case for Company D:

'You're going to have to work a bit harder with the sort of mid-education market at once, unless you've got something absolutely definite - we can save you money. But I never heard of a university going to anybody and saying they could save them money. They don't say it like that, you know, they talk about, well you can get a qualification. So what, I've got a million pound business, I'm a millionaire, I need a qualification? That's what they would say to you.'

Managing Director, Company D

'You've got kind of academic middle class and you've got businesses, small and medium businesses, artisan businesses, working class, lower middle class ... C2 in our terms, and those C2s don't see any reason at all for us, there isn't a connection.'

Managing Director, Company D

As a conclusion to the above discussion, there are structural differences such as the size of the organisation that create a specific culture for an SME which is different from large organisations such as the Business School. SMEs' culture in terms of interaction with the Business School might also come from the level of education of their managers/owners; the ones with less Higher Education have a mindset where it is hard to convince them to engage with the business because they don't see the relevance of the University to their business. These structural differences can be seen as challenges to collaboration in the context of this thesis. The awareness of these challenges is useful to the mutual understanding

and also can help the Business School in setting the appropriate strategy in approaching SMEs.

6.5.2 Cultural Disparity

The data shows that another main difference that can influence the relationship and cause the barrier in the relationship is differences in organisational culture. Saunders et al. (2010) argue that business relationships between people from different cultures can be influenced by the individuals from different cultures which can influence the formation of trust in business relations, and can result in confusion, misunderstanding and miscommunication.

The organisational differences identified in this thesis are differences such as the bureaucratic system imposed by the University, operating environments, different 'languages', i.e. theoretical versus practical, short-term solutions required by SMEs and flexibility, which all will be discussed in the next section. All these differences will be discussed under this subcategory called 'cultural disparity', which will clarify cultural differences between the UBS and SMEs as a part of understanding the sectors.

6.5.2.1 Bureaucratic System

Bureaucracy appeared as central to the discontinuation of relationships (Plewa et al., 2005). For the success of a relationship Gordon (1998) suggests a process-oriented structure rather than a functional corporate structure. A functional corporate structure is more likely to create a barrier to the relationship. This thesis found that a bureaucratic system on the academic side acts as a major barrier to the collaboration. It is believed by the academics that it is in the nature of large organisations like universities or Business Schools to have a degree of bureaucracy in the process of collaboration and it should be understood by SMEs:

'I mean the reality is, that's not a perception, that's a reality. You cannot run an organisation employing thousands of people without a level of bureaucracy.'

Knowledge Transfer Champion, UBS

'An organisation that operates in the public sector government framework has a bureaucracy. If you went to a large private

sector company like Shell, that has a bureaucracy. The bureaucracy is a function of the size of the company.'

KT Pro-vice Chancellor, University

'I think also the nature of what we do seems bureaucratic because of the iterative nature.'

Consultancy Project Manager 1, UBS

Research conducted in 2004 by AIM illustrated that 19% of respondents agreed that rules and regulations imposed by university or government funding agencies is one of the barriers to the interaction with industry, while in 2009 20% of respondents agreed with this barrier (Salter et al., 2010). This shows a slight increase in tough regulations from universities. However, the data from this research also shows that sometimes these rules are not directly required by the University because the funding agencies have their own regulations, therefore influencing the process of an enquiry at the University. This function might be perceived as a bureaucratic system imposed by the University, whereas it was originally imposed by government funding agencies. This issue was mentioned by the KT Pro-Vice Chancellor at the University:

'There are many schemes nationally whereby SMEs can get funding to work with universities which are nothing to do with universities, so an SME can get money from Business Link to pay for work done by the university. That is not the university's bureaucracy, that is governmental bureaucracy...we need to distinguish between whether it is a bureaucracy imposed by us, necessarily or unnecessarily, or is it a bureaucracy imposed by the funding agency?'

KT Pro-Vice Chancellor, The University

In this line a Business Development Officer at the University Enterprise Centre thinks the same. They have the same strain perhaps because they work closely together as KT Pro-Vice Chancellor has the responsibility of an Enterprise Centre.

'There is Government funding we have looked at where the bureaucracy comes in, in terms of forms that need to be filled out, but if you are an SME, 60% of project costs by KTP are supported on an annual basis... When you are looking at the

government funding, if you want the funding, there is paperwork and there are hoops to jump through to do that ... If it is an SME it depends; it might be that they are working with the University for the first time and it might be their first experience of publicly-funded programmes and these require paperwork and application forms, things to be signed in order to get that funding.'

Business Development Officer, Enterprise Centre

Other academics e.g. the Consultancy Project Module Leader think that passing clients from the Enterprise Centre to another department might mean losing interest in the client.

'If you are in a business and you want help from the University, where do you go? There is no obvious place. You speak to the Enterprise Centre for example; they are aware of what they can offer and bits about what the other people offer, they pass you around, and once you start getting passed around you lose interest.'

Consultancy Project Module Leader, UBS

The bureaucratic functions are more noticeable in unpaid projects, mainly projects that will be funded by funding bodies, and it seems that both parties, i.e. the University and SMEs, go through a bureaucratic process. The University might be able to understand and tolerate these processes better because as a large organisation they are familiar with this kind of culture, but it might be discouraging to SMEs. This is the view of KT's Pro-Vice Chancellor:

'If companies say we want to work with you and would like you to work for us but we don't want to pay for it, then sometimes there can be a bureaucratic mechanism for them to get the money ... I think what my experience has been is when SMEs want to work with universities, want work to be done but don't want to pay for it themselves, they want to work with universities to help them to get the money to pay for work and then we have to go through a bureaucratic process. For example, the SME may want to work

with universities to get a knowledge transfer partnership, that is one way that they can get free money, but they need to go through a bureaucratic process which puts the SMEs off.'

KT Pro-vice Chancellor, University

The perception of bureaucracy might be different between academics and SMEs. For example, academics think that if SMEs want free services then doing paperwork to get that money is not bureaucracy - or if it is bureaucracy, at least it can pay off by getting free money - or difficulty in getting access or communicating with senior managements at University is not bureaucracy. This is the case for the following academics:

'We as a university can offer, yes, we can give you this free, but to get this free you've got to fill in a sheet of paper, so that's bureaucracy!'

KT Pro-Vice Chancellor, University

'It might be that they are working with the University for the first time and it might be their first experience of publicly-funded programmes, and these require paperwork and application forms, those kinds of things to be signed in order to get that funding. So, there is a payoff I suppose in terms of that.'

Business Development Officer, Enterprise Centre

The KT Pro-Vice Chancellor continued:

'The SME would like to ring up and talk to myself or the Vice Chancellor, and if they can't and they have to speak with somebody below me or somebody who works with somebody below me, they would say that is bureaucratic, and there would be 500 SMEs in [the region].'

Some of the academics agree that in addition to paperwork there are internal issues, such as finding a relevant expert to an SME's enquiry with free time, which can cause delay in responding to SMEs, and which therefore can influence and be seen and perceived as bureaucracy by SMEs. It is an internal issue in terms of staff workload and also who could be the right person to make the link with the SME. The academics who are involved in Consultancy Projects shared the same concern:

'In terms of bureaucracy, it is made up of multiple beads and pieces which are lightly glued together and move around a lot, so finding a unique person could be quite difficult even internally.'

Consultancy Project Module Leader, UBS

'Filling out forms to justify, of course any business investment needs a case justifying, in terms of the bureaucracy. Forget the paperwork, the fact of the matter is there is a clash of responsibilities because the same people who are tightly locked into the timetable work are the same people expected to be dynamic with SMEs. So what happens is first of all a client knocks on the door - who did he talk to? They could be coming through any angle; through the Enterprise Centre, then there is this convoluted way of getting somebody to drop on to that problem; and the reason it is bureaucratic is the people who get the inquiry have to always ask the academics a favour to respond and responding quickly isn't easy.'

Consultancy Project Manager 1, UBS

Academics think that the bureaucratic system is not noticeable in paid collaborative projects because they have accumulated some resources such as trained staff and expertise for these types of projects which all facilitate the relationship.

'If the company wants to pay for the work themselves there is not a problem [in terms of bureaucracy].'

KT Pro-Vice Chancellor, University

'No, they don't perceive it [the bureaucratic system], they don't see it because the response is fast and professional because of the resources behind it.'

Assistant Dean of Employer Engagement, UBS

Underneath the perceived bureaucratic system at the University are issues such as government funding that creates a level of bureaucracy. The University and SMEs have to go through a paperwork procedure. Moreover, as universities receive funding from funders they need to justify their expenses and show their evidence of supporting the regional businesses to the funders, so the funders can monitor the funds that go to the University. And also internal issues such as staff workload and finding the right person inside the University give the

impression to SMEs that it is a bureaucratic organisation, which can be seen as a barrier to the relationship. However, according to academics there is no bureaucracy imposed by the University in paid collaborative projects because resources in terms of staff and expertise have been considered. It seems that it is possible to overcome the bureaucratic system because the academics' time can be bought for the purpose of collaboration. But what about the practitioners, do they think the same?

The data of this thesis identified that SMEs perceive the University as a bureaucratic organisation in their experience of working with the University because they are in a competitive market and also have a shortage of specialised resources; therefore, they are keen to see the feasibility of their innovative ideas in the quickest possible way. Thus the experience of waiting for the paper work to be done is a painful experience as they do not have a 'slow motion' culture and they would like to get the work done fast. This is particularly pertinent to companies B, C and G:

'Within their [corporate] agenda weeks and weeks work filling 100-page forms, which is experienced sadly. There is no single decision maker, yes or no, it is endless committee meetings, they [universities] focus on control and rules because everything should be quantifiable and measurable. It is a big, big barrier to work - they need to fix this mechanism and take the pain out of it.'

MD, Company B

'If they were more flexible in terms of some of the requirements they have - I can understand why they need certain requirements in order to avoid things like fraud, if it is government money it should go in a proper way, I understand that, but I am speaking as a potential employer.'

People Solutions Director, Company C

'I think [the long process of getting approval for the application] is not down to the University, it was down to the process that the KTP organisation put in place to have to do that, because the academics at the UBS were very keen to get it set up as well.'

KTP Advisor, Company G

Academics see this 'slow-motion' culture caused by the bureaucracy as a breach between them and SMEs, as was particularly mentioned by the Assistant Dean, Employer Engagement:

'I think there is a gap between how fast SMEs want us to work and how fast the culture is here that we are able to work.'

Assistant Dean Employer Engagement, UBS

SMEs also think that there are some individuals in the University who can help but the bureaucratic system influences the inside of the organisation and stifles their freedom to operate.

'Within the University there are people who are innovative, but their freedom to operate is restricted by the constraints of the bureaucracy they are working in.'

MD, Company B

SMEs seem to be frustrated by the bureaucracy in the process of interaction with the University, but in some cases they understand the situation in the University and have sympathy with them. However, they would like to see some solution to this barrier, as they see themselves as potential stakeholders. Thus, academics such as the Business Development manager at the UBS think that individuals should be able to breakdown the bureaucracy inside the University:

'We're trying to break that (bureaucracy) down, but I think the best way around it is having an individual contact ... I've some experience of trying to break down the bureaucracies...What cuts through that is back to the individuals again. So if an SME tries to deal with the University then it gets caught up with the bureaucracy, if it tries to deal with an individual within the University then it's up to the individual member of staff of the University to help guide the SME through the bureaucracy.'

Business Development Manager, UBS

He continued:

'It would only change if small firms were in a culture where they knew that they had to pay for things, but you've got to remember that huge amounts of European funds have come into this area, huge amounts of support and grants and loans and so on, so

we've got a culture in the area of SMEs where working with the University means getting a grant or getting a loan, certainly not paying full cost for it, and that's the culture that has existed. Obviously a few companies aren't prepared to pay.'

Another issue which was identified as a cause of the bureaucratic system was the fact that the University acts slowly. This culture is in contrast with SMEs' culture, who want to get things done quickly and in the shortest time possible. This is pertinent to company A:

'They came for a meeting, it took two hours - I don't have that much time. Every time they came to see me I was like oh, I knew it would be a long time. That was the worst thing, I don't mind giving my time but I don't want to give it and achieve very little.'

Sales Manager, Company A

The above discussion shows that bureaucracy is a part of the University's culture which causes some issues such as slow action on issues, while it is the opposite on the SMEs' side. So it seems some degree of cultural change needs to occur in both sectors to help keep the relationship going. Therefore flexibility is identified as an important issue because the University has to strike a balance between theory, which is the comfortable zone for academics, and practice, which is the comfortable zone for SMEs. It is a challenge for both sectors, especially for the University, to get the balance right in their interaction, as was highlighted from both sectors' point of view:

'It is a delicate balance between, you know, what theory, what academic stuff is around in the subject area, but you've got the reality of the Managing Director just wants to get on with it - he is a practical person so in this case the learning for me was to sort the strategy out first.'

KT Project Manager, UBS

'An SME should have the overall impression that I've got: working with universities is a key certainly for our business and I guess for lots of SMEs, but putting it into practice and matching the needs of SMEs and the needs of the individual corporate face with the University is unbelievably difficult.... we can change very quickly. If I was not here is it still the same business? These

sort of things are very unstable in SMEs which makes it difficult for the University to match those two things together.'

MD, Company B

Getting that balance right is an important issue; however the data of this thesis shows that it seems difficult to do it because the two sectors operate in two different worlds which is a barrier to the relationship. Meanwhile, the culture of informal communication should be cultivated as a way of overcoming the bureaucratic system at the University. Plewa et al. (2005) suggest that due to potential differences between the environments, both sides are likely to require an extensive amount of time, training and reward to overcome the barriers to interaction. The following findings will be discussed together with the issues relevant to the operating environment and communication in both sectors.

6.5.2.2 Summary of the Section

The data reveals that both parties, i.e. the Business School and particularly SMEs, see some challenges in their business relationships. For example, the bureaucratic system imposed by the University is a challenge in collaboration. There are a few issues such as funding agencies who monitor the funds going into the University and the university 'slow-motion' culture underpinning such a system which can create this understanding. So there is a need for cultural changes at some point in both sectors. Therefore, flexibility is needed particularly on the University side. However, the bureaucratic system is less challenging for paid projects to the University because resources will be allocated in such cases.

This thesis suggests a need for defining a special gateway for business engagement with shorter working processes at University/the Business School. The role of a facilitator, therefore, is needed and requires a vehicle or an 'interpreter' between the two sectors, perhaps through specific grouping of academics with commercial and business knowledge who focus on building corporate development and hence facilitate necessary resources and capacities (i.e. expertise, time and freed-up work load time for business engagements).

6.5.2.3 Different Operating Environment

This thesis identified that the two sectors have different operating environments which is challenging; Bruneel et al. (2010) called it an 'orientation-related' barrier

(Chapter 2). Academics think that there is a kind of complexity and also doing things in a certain way in the University sector. It can be associated with the SMEs' point that lots of paperwork on the University side is discouraging in the relationship. This is the experience for the following academics:

'Lots of people in the UBS they work for industry, and there is a tendency to say, you know, by working for the University we become immersed in the culture - we have a certain way of looking at things that can appear quite threatening to small businesses just because it is different, not because there is any bad intention there, it is just because it is different.'

KT Project Manager, UBS

'So there is no doubt that if you said to an SME, oh, before we can start work on this project we have to get all the paperwork sorted, and that's going to take us three weeks, or two weeks, or whatever it might be. But for an SME owner-manager if he wants to start a piece of work, he tells his guys the work is going to start, and it starts, often.'

KT Champion, UBS

'The academic job is to deconstruct everything, is to take it apart, is to look at the complexity of it and whatever that thing was, 'leadership', oh, leadership depends on blah ,blah, blah, all these different things, you know, so complicated ... I can do four days talk about culture.'

Consultancy Project Manager 2, UBS

SMEs put more input regarding the environmental differences. They think what is crucial to the business, how to do things? In their environment the outcome is very important to them because they are risk-averse and not thinking much about the big picture. This is applicable to Company D:

'I would perceive as a small business person that my world is full of how to do things, doing things, and a university's world is full of what things are and describing things and, you know, a big picture. I don't live in a big picture, I don't spend enough time thinking about the big picture it's true, but I live in a tight world where literally I live or die by how much money I make this week. The world from the small business person's point of view is very narrow and very outcome-driven, rather brutal actually, rather

crude and brutal, and yes they do need the bigger picture and so on and so forth, but that's not their world. My survival means my employment, my children's food. That is not the same world that a university lecturer lives in - they don't live by the sword and they don't die by the sword, but they have something to offer and I just think you're talking about two very different kinds of world and connecting them.'

Managing Director, Company D

This raises the question of why SMEs have this kind of environment. Perhaps it is because they normally have a shortage of resources and do not have time to think about the 'big picture' and be reflective. They mainly follow a short-term solution strategy.

'You've got to remember, SMEs we are not wealthy companies normally and the problem is SMEs are under-resourced and they genuinely are not sitting on a pile of profit. We are fighting all the time, so I don't think that world works very well with the University world, they don't understand each other very well.'

Sales Manager, Company A

'I think mainly from the company's point of view it's about getting academics to understand business, which the two company supervisors did, but you know some things weren't always feasible or because it's a very different world from an academic institution, University to a factory.'

KTP Advisor, Company G

SMEs are interested in short-term strategy because of their fear of not having enough resources to survive; therefore, they are looking for quick benefits and practical solutions, which they think are achievable from a commercial consultancy. Academics mainly think long-term because they have reflective thinking at work, which comes from the research-based attitude in the University. The KT project manager and companies A, B, H and G shared their experiences with the following statements:

'He [MD] was looking for something immediate and tactical but what we were offering was much more long-term, over the long term will be more beneficial so I think we had a different agenda.'

KT Project Manager, UBS

'I spend time in University, there is a great deal of academic reflective thinking, that doesn't happen in SMEs and is not valued, sitting and reflecting and discussing different ideas.'

MD, Company A

'If you get to the commercial consultant they will probably work to a very specific brief which they might not think beyond.'

Operational Director, Company B

'The research that we are talking about tends to be applied rather than pure research, because we're looking for short-term solutions rather than long-term ... We are not into academic research, that isn't what we are looking for, we're looking for solutions. We have a chief executive who will argue and may come across probably as knowing everything, and will come up with some very good arguments. So somebody that's going to basically sort of sit down and say, well, there was this paper back in 1936 that says that - this doesn't work, it's very much practical.'

Project Manager, Company H

'[At SMEs] things needed sorting out straight away, but from the University perspective that was more about the research, so writing up a report...we put some journal articles together, so writing those up, making sure that everything was documented planning'

KTP Advisor, Company G

The above discussion indicates that both sectors have different operating environments and strategies; short-term and long-term. The University does things in a certain way, sometimes complex, while SMEs are more interested in 'how to do things' and are very much focused on outcomes, not thinking long-term. Therefore, different operating environments can cause a barrier to the relationship. The data shows that in such a different operative environment, the 'languages' are different which can also cause a barrier in the collaborative process, especially in initiating the relationship. Language differences were identified as a barrier to the relationship, and this will be discussed now.

6.5.2.4 Different Languages/Communication

Relationship literature highlights that one of the relationship characteristics is communication (Plewa et al., 2005). Communication is the 'formal as well as informal sharing of meaningful and timely information between firms' (Anderson and Narus, 1990, p. 44), which can impact on commitment and trust between parties (Morgan and Hunt, 1994). The data shows that there is a communication issue because of 'language' differences between academics and practitioners; it is understood as theoretical versus practical language because of organisational cultural differences which hinder the relationship. Johnson and Tilley (1999) also emphasised the difficulties in the management of communication because of the organisational differences, especially cultural differences. Moreover, a successful University-Industry linkage involves a high level of interaction to ensure the creation of mutual understanding and value (Plewa et al., 2005). So, in this thesis, the language of communication is important and is a significant concern for both parties. This is pertinent to the KT Champion at UBS and company A:

'It is, and I know people don't like the language around Higher Education... by making academics understand that their language, which they think of as being simple, is not simple to an SME.'

KT Champion, UBS

'Universities working with SMEs may be in different areas, maybe a team of architects or physiotherapists or whatever, I can see, they easily can talk in the same language, but academics and SMEs like ours don't talk the same language, I don't think our world works very well with the academic world, we don't understand each other very well.'

Sales Manager, Company A

'I think the problem is it is the perspectives and language, and I think that's the first challenge for universities to work out that bridge... I think the challenge there is for universities to take the reflective academic approach and find a way to address business needs, but I think there is a huge psychological language between the two; I think that's one enormous challenge. I am not saying it [starting relationship with the University] is impossible, but you've got to remember certain things about

SMEs; short time span, suspicious, language, you use academic language. I am not criticising but the language you are using here it is fine for me, but if you had my managers they'd say Eh?!

MD, Company A

The academics believe that speaking the same language as SMEs can have a significant impact on the relationship in terms of attracting businesses because psychologically they feel you are a part of them. This is the KT Pro-Vice Chancellor's perspective:

'You're familiar with the famous quote 'If you speak to somebody in a language they can understand you can win their mind; if you speak to them in their own language you are in their heart.'

KT Pro-Vice Chancellor

In conclusion, the language differences between academics and practitioners can be seen as a barrier to the relationship. As this research has shown, the language differences are rooted in cultural disparities. There is a need for academics to bridge the language gap with practitioners in order to communicate better, understand and meet SMEs requirements. The role of an 'interpreter' needs to be introduced between the two sectors. Academics with more commercial and business knowledge can play the role of 'interpreter' to facilitate communication and help mutual understanding between parties. This is the view of the KT Pro-Vice Chancellor:

'Two approaches to university, one is make sure to employ people from outside who speak their language secondly they create a vehicle, special purpose vehicle that looks like the organisation that the SME is. So the SME then works with small organisations, then they feel actually they speak my language! That's another option for universities.'

Creating such a vehicle or 'interpreter' may need resources, and the question is: is the University able to provide these resources? The data identified that there are issues around resources that cause hurdles in the collaboration, particularly in initiating collaboration. There are financial issues, lack of time, overworked staff, capacity issues and managing the resources. The following section with the

heading of 'resources' will discuss the aforementioned issues from the academics' and practitioners' points of view.

6.5.3 Resources

It is argued by Lank (2006) that 'resources' is one of the key collaborative activities, which is about ensuring that the right resources are allocated to the right things. This research identified that there are some shortages of financial and time resources between the two sectors in the collaborative process.

6.5.3.1 Financial Issues

It is stated by Brough (1970), cited in Storey (1994, p. 105), that 'It would appear that the owners of young firms were more likely to suffer from inadequate funding, poor products and inefficient marketing'. It seems that the issue of inadequate funding is still a problem in the SME sector, because this research shows that SMEs suffer from a shortage of financial resources. This is the case for companies A, B and G:

'You've got to remember SMEs are not wealthy companies normally and the problem is SMEs are under-resourced and they are genuinely not sitting on a pile of profit. We are fighting all the time.'

Marketing Manager, Company A

'Normally as an SME we have a shortage of resources, human and financial. The power is being held in the University's hand because of the way the University is.... What we produce here, that pays for staff, research we do for product development and investment, everything comes from one source.'

Managing Director, Company B

'I think in this case it [Government Funding] enables smaller businesses to do this [KTP]. If you can appreciate, a smaller company, they haven't always got the resources to do a project like this although it's going to be good for the business and they may be able to see the benefit. Some companies may not be able to afford to do that, so the funding was good.'

KTP Advisor, Company G

But where does the shortage of resources at SMEs come from? SMEs are usually family businesses who took over from previous generations, or are young

entrepreneurs who started the business with an innovative idea. So they might not have enough resources in such a competitive market and are always looking for resources outside their business.

The shortage of financial resources at SMEs could be because of the reduction in lending to SMEs. The Bank of England's latest quarterly review of small business lending confirms that the annual rate of growth in lending to SMEs has been negative since late 2009 and fell to -3% in February 2011 (nesta.org.uk, 2011). However, there are some hopes that new banks entering the UK market, such as Sweden's Handelsbanken, will develop new ways of financing and focusing on the needs of entrepreneurs (nesta.org.uk, 2011).

Keh and Xie (2009, p. 739) also argue that in a B2B setting "When the relationship between the customer and the supplier evolves from strangers to partners, customers may experience reputation-based certainty, then trust-based re-purchase intention happens, and finally identification/commitment-based willingness to pay a price premium occurs". This has also been found in this research, as the SMEs who had previous working experience with the University would like to do more collaboration and even pay for the projects in collaboration with the University if they feel that they will get what they want. But their expectations will be different. This is the case for companies F and H:

'And I would pay for it as well if I knew I was going to get good quality work done; there's not a problem with the money.'

Managing Director, Company F

'Absolutely. We'll pay for ... we tend to go for the best solutions. Money is not really the end game. Yeah, we'll pay for what we want. If we have the relationship, you would expect to get an answer to something on the back of a telephone call, we wouldn't expect to pay for that. But that's one of the benefits of KTPs where you do have the ability to actually have that short, sharp conversation, but bigger projects, absolutely, we're happy to pay for them.'

Project Manager, Company H

Company H also had another experience in terms of their willingness to pay for the project when they can get the work done quickly, as is noticeable in the following example:

'I think there may have been some funding. But actually the funding wasn't the important aspect of that particular project. It was basically getting the work done as quickly as possible, so we paid for it.'

Project Manager, Company H

So the SMEs are happy to pay for the service they receive from the University, but it seems that this is in contrast with the academics' perception of SMEs' intentions in the relationship with universities in the UK context. Academics believe that SMEs are looking for free service or help, as is the case for the following academics:

'There is a genuine reticence in the UK of companies paying for work done by universities. Within the government-funded university system there is a sense that universities should not be making money out of interaction with companies. When you go to other countries there is much more of a sense from the SMEs that if they want something done at universities they have to pay for it.'

KT Pro-Vice Chancellor

'They [SMEs] see them [universities] as a source of free help or an extra pair of hands. With a lot of small businesses their motivation for coming to the University is they want an extra pair of hands for free, they want to make sure it's all resourced for free, they think that's what the University can provide.'

KT Project Manager, UBS

Academics believe that there is less investment in building relationship with businesses for a number of reasons. One of the reasons is that because the major income for the Business School comes from full-time students, the relationship with businesses might not be the priority for the Business School, as is the case for Business Development Manager:

'Part of the reason for that is, as far as the Business School is concerned, its cash cows, its major business, comes from full-

time (FT) undergraduates, FT postgraduates much more than research and all its transfers, so we invest as a university less by a long way in terms of organisation and clients, and that's not because we don't value them, it's just the bulk of our business comes from elsewhere. So we'll always be a poor relation in that sense to the investment.'

Business Development Manager, UBS

The other reason is that few resources have been allocated for working with SMEs, in terms of finding some free time on staff timetables, as the academics' work plan is set a year in advance and they have their day job to do. Therefore finding an expert with the relevant knowledge required by the SME and buying the academic's time is difficult and needs resources. This is the case for the following academics:

'Academic work is planned a year in advance. We are addressing this in that we are trying to build a bit more flexibility in for knowledge transfer activity, but the people that are good tend to have all their work planning up and filled, because that's the nature of how we run our work planning, it gets planned every year for the next year, so there is very little flexibility institutionally to say ok, I need you to go and work with this SME for five days in two months' time, because if it's not work-planned then there is a process that has to be gone through about replacing them, buying their time out.'

KT Champion, UBS

'Where we have to buy academic time out, first of all we have to find the expertise within the academic staff and then negotiate releasing them from teaching and other activities. I think that's when we come up against some difficulties and issues.... it is a time issue for them in actually getting somebody working with you and spending time with you when you've got a day job, and there is very little resource to release you to an SME to work with.'

Assistant Dean Employer Engagement, UBS

As discussed in the 'advantages of involvement', although government schemes are identified as a supportive mechanism to both businesses and universities, academics believe that in the new Coalition government the supporting bodies

are disappearing and there is a small amount of funding going to universities, and this is one of the reasons that there is less investment in developing relationships with businesses from the university side:

'There is a relatively small amount of funding to universities to do that [develop relationship between the University and SMEs], to do their research ... The agencies within the UK which facilitate [financially] that interaction are currently disappearing in the new coalition government We receive a small amount of funding as do other universities - we are one of the most successful ones.'

KT Pro-vice Chancellor

In conclusion, one of the main resources in collaboration has been identified as financial reserves which are in short supply for SMEs. However, they are willing to pay for the service received, but there is less interest from the University to engage with SMEs because of the small amount of funding that goes into the University for working with SMEs, and it is difficult for academics to find enough time to spend with the businesses because the data suggests that one of the resources that is required in working with SMEs is the issue of time. Lack of time is considered as one of the concerns that can create barriers to the relationship. The following section will discuss in more detail the reasons behind the issue of 'time'.

6.5.3.2 Shortage of Time

The author identified that both sectors are suffering from shortage of time in their day-to-day activities. Academics and practitioners shared their concerns regarding the 'shortage of time' as one of the main factors that hinders the relationship between them. It was interesting to see in the following quotes that a couple of academics showed their awareness of lack of time at SMEs, perhaps because they were experiencing the same issue when they interacted with SMEs for the purpose of consultancy projects for postgraduate students:

'The SMEs tend to be the ones who don't have the in-house resource to carry out their own research and they don't have the

time to do it so, you know, it's likely that the MDs are the guys doing everything - the sales, telemarketing etc.'

International Consultancy Project Manager, UBS

'If you go to the organisation, individuals have no time; most businesses are busy, they are concerned with what is very appropriate to them at a specific time and look around for what might be on offer for the future to help their planning, to help them develop aspects of the business.'

Consultancy Project Module Leader

SMEs also expressed their concerns related to lack of time because people at SMEs are mainly multi-tasking:

'You've got to remember in SMEs there is always a shortage of resources, people multi-task, they don't have time, skills, really to be reflective. They usually implement first and strategize after. Let's do it and then we'll work out why we're doing it.'

Managing Director, Company A

'I have worked for large organisations and SMEs. In SMEs people work a lot harder than in larger corporations, and the reason for that is that you have to multi-task in an SME for an SME to survive; therefore people generally work a lot harder in my experience because they have to.'

Director of People Solutions, Company C

There is an issue that the nature of SMEs' work requires a quick response and they do not have time to invest in the relationship. If the University is not able to provide them with the solution within their timeframe they might shift to another solution-provider, as they need to act quickly in the market. If the University is able to make a commitment and deliver on time, then SMEs will continue to work with the University. But how quick the University can be, and whether it has enough resources for such cases, is questionable. This is the case for the academics and Companies H and C:

'The problem with SMES is that they are dealing with problems that need an instant response and so on, and very often a lot of

SMEs don't have the time to invest in that and therefore never really find out what we do.'

Business Development Manager, UBS

'We won't do a project unless we've got a specific time frame. So I think in almost all of the projects that we've actually done, the Universities have actually delivered, but there's been a recognition upfront that we weren't going to do the project unless they met the timescales.'

Project Manager, Company H

'They have shortage of time; therefore they need to understand if they are going to invest in something they can see some benefit from it. SMEs are short of time - if they want to invest they want to see the benefit.'

Director of People Solutions, Company C

He continued by sharing a story from his experience:

'I went to another project which was for developing an environmental management system within our business, which is half done. It was left on the shelf because nobody has got time to do it. When I mentioned that they jumped on that because it was safe, because graduates doing something directly for us within our business, has a less marketing feel to it; so I thought, well, I think the University needs to wake up to the fact that if we want help it has got to be on our terms not on theirs. I think she understood that, I said "Well you asked me for couple of projects, I gave a couple, now it is not going to work", so the system is not flexible enough to cope with it, and I said "I'll have to go somewhere else and get it done somewhere else", so that was the end of that.'

Director of People Solutions, Company C

In this line Company G that was involved in a knowledge transfer project has experienced the importance of time commitment and the frustrated reaction of the management in that case:

'I think that was from the external funding source whereby you need to have, you know, all the 'i's dotted and the 't's crossed; everything has to be perfect in the proposal, which is fair enough because it's funded, but I think being an SME, they're used to

things happening very quickly in [Company G], and the University are perhaps more used to things happening slowly, so there was a bit of frustration there on [the Company's] side and they nearly said, you know, "Let's forget it" because it was taking that long. I think just from a time demand that was difficult.'

KTP Advisor, Company G

The data suggests that the issue of lack of time in the university sector comes from the staff's excessive workload, because they are expected to do teaching, research and business engagement. There are some issues involved with this type of expectation from the academics. For example, not all of the academics have experience of working with businesses. This is an important issue because of the cultural disparity (discussed in 6.5.7) and language differences; academics with commercial experience can make the collaboration process quicker as they might have a better understanding of SMEs' culture and speak their language. Therefore academics-practitioners need to be considered as one of the resources for engagement with SMEs. In that case, academics will not be carrying a heavy teaching load, and can employ their communication and expertise skill and spend more time looking after the projects with SMEs. This is the case for the following academics:

'If I am doing six hours teaching a day and the SME I am working with has a problem at 9am I might not be able to get on to that problem or discuss that issue till 6pm. If I respond I am taking a risk because I am adding to my work hours which my line manager has an issue about, so you've got to square the response of lots of people, so it just seems to take ages.'

Consultancy Project Manager 2, UBS

'The capacity issue comes back to how busy these academic staff are. Often, we are in the position where we have very keen star players in terms of knowledge transfer and working with businesses and keeping business engagement. People love doing this and are great at it, but they often end up being the busiest academics in the world because they will not only be great at knowledge transfer but they are going to be great at research and teaching as well, so they will be very much in demand and we find academics sometimes are overloaded.'

Business Development Officer, Enterprise Centre

'At the end of the day we do still have this problem that we're not there just to solve clients' problems, we have commitments of teaching, outcomes are expected of teaching, planned research, we're expected to contribute to the REF and so on. Although we want to be business-like and we want to be a business we can't be the same as some commercial operators who have one set of outcomes they are trying to achieve - we've got 3 or 4 different outcomes that we're expected to deliver.'

Business Development Manager, UBS

'We did one very recently with a manufacturing company who are in a very specialist area of manufacturing. I had some involvement with the project but it is not my industry, I don't understand it very well, if they came back with some very, very specific industry-related issues I wouldn't be able to help them out. Somebody else in the University could, but how do I find them? Because for example if I go to the electronic engineering subject group leader it may stay in their mail box etc. and no one will follow it up. There is no formal system, because the dominant thing for tutors is teaching, so it is not necessarily a better way, but it might be an easier way.'

Consultancy Module Leader, UBS

So if the University does not think about allocating some resources for working with SMEs on different projects, whether student consultancy, KTP or the companies' product development etc., there is a risk of losing the engagement of this group of stakeholders:

'You know, companies have a lot of pressure on their time and if they can't immediately see the benefit of doing something, that could be a downfall because they're not going to engage.'

KTP Advisor, Company G

In contrast, if they consider the resources for academics who work with businesses, for example flexibility in their timescale and considering extra working hours for the academic-practitioner, then it could have a good impact on the outcomes in terms of meeting the SME's expectations within the requested timeframe:

'We won't do a project unless we've got a specific timeframe. So I think in almost all of the projects that we've actually done, the Universities have actually delivered but there's been a recognition upfront that we weren't going to do the project unless they met the timescales.'

Project Manager, Company H

'I've had variation in the students' quality but seven out of nine of those student projects have been fantastic, very valuable. Perhaps it's the hours they put in; the students put in a lot longer hours than what the innovation vouchers allow - that may be the perfect logical answer.'

Managing Director, Company F

This section identified financial issues and shortages of time as two main resources that need to be paid attention to because they are a part of the challenges in the Business School/SME collaboration. How are the resources managed by the two sectors?

6.5.4 Managing Resources

The term 'resources' has a different meaning in the view of academics and practitioners in this thesis. Academics think that it is extremely difficult to find the necessary resources to manage the client relationship because the resources are with individuals and there is no unified source of information for academics at UBS. For example, having access to companies outside the University is necessary for designing the assignment for a module. Academics need to have access to those companies, but there is no unified list of companies or a database of external links at UBS to refer to and select a company to work with. Two issues are involved here: firstly, there is a lack of a CRM system at the UBS, and secondly resources are controlled by individuals in the University. Therefore, it is the academics' responsibility to look for an appropriate company outside for the students' work projects. Thus it is time-consuming and adds to their workload. This is the case for the Consultancy Project Module Leader and the University Enterprise Centre:

'One of the problems you would have on taught programmes is the managing resources that you require are quite thin, so the resource availability to undergo relationship management of the

client is very, very difficult. It is all done on an individual basis, and if the individual moves on it falls into a black hole. It is not done as rigorously as it could be done because simply we are not resourced or structured in a way to do that.'

Consultancy Project Module Leader, UBS

'Oh, there is a ton [of barriers] that would be spoken about, people will speak about resources and capacity to deliver the project to business from academics' resources.'

Business Development Officer, University Enterprise Centre

Here is an example of the problems in managing resources from an academic point of view:

'For example, the engineering course is going to start in two weeks' time, I still don't have assignments sorted for that, I need a nice engineering company with a nice project. I couldn't even find it, there is no resource I can go to and say "This is what I want, can you help me find somebody who might be interested in engaging in this?" There is no pool of companies saying "Look, there is something going on in the University, please involve me, I'd like to get involved". We don't have that, which makes my life as a lecturer very difficult because it takes me a lot of time to go and find it, and it is only because I can see a benefit from it and I can see the value and therefore I am prepared to put in time to do it, time for which I am not compensated in my workload time - I could easily choose just write an essay question, which I could have finished in a moment. So the system drives it down on to the individuals to take responsibility.'

Consultancy Project Module Leader, UBS

Senior management, e.g. the Assistant Dean of Employer Engagement at the UBS, believes that some resources such as staff training have been considered for the collaborative projects with SMEs particularly on paid projects, and therefore clients will get a quick and professional response. It shows that the University is also short of financial resources, because when they get paid by companies then they can allocate staff and expertise to provide SMEs a quick service.

'There are research centres that are much more able to flex their resources and they have more experience of doing that. Barriers will be less and they get better in responding quickly. They [SMEs] don't perceive it [the bureaucratic system], they don't see it because the response is fast and professional because of the resources behind it... We have invested for a couple of years and are just investing again in more specialist staff; for instance in business advantage we are training and employing four people who spend 80% of their time doing these sort of activities with SMEs or with large organisations.'

Therefore, academics' views on resources are more related to skilled staff and available external links for designing teaching programmes. On the other hand, SMEs' perception of resources is about human, skill and financial resources where they are usually under-resourced. Therefore they look for these types of resources when they approach the university on any business issue. If it is likely to get those resources, they will start a relationship with universities because they think universities can provide them with those resources. This is the case for companies A, C and F as the following quotes show:

'You've got to remember SMEs are not wealthy companies normally and the problem is, SMEs are under-resourced and they genuinely are not sitting on a pile of profit. We are fighting all the time, so I don't think that the world works very well with the University world.'

Sales Manager, Company A

'The difficulty for SMEs is because they generally are under-resourced in terms of staff, the result is because people are busy they don't look at the future and adapt the organisation to change that is occurring.'

Director of People Solutions, Company C

'So really it's for small projects where I don't have the resources or the necessary expertise here available to do that, whereas I can farm it out to someone at University.'

Managing Director, Company F

A 'lack of CRM' at the Business School was identified as one of the important resources that need to be managed, because CRM is a set of practices that provide a consolidated, integrated view of customers across all business areas to ensure that each customer receives the highest service (Karakostaa et al., 2005; TOWI Industry Study, 2000). Having a unified list of SMEs can help to understand and identify their needs and move towards meeting their requirements. Companies are looking to combat this issue by developing relationships with customers through the use of CRM systems which can create competitive advantage (Elmuti, Jia and Gray, 2009). On the other hand CRM is no longer something that only leading-edge enterprises use to gain competitive advantage, it is now a necessity for survival (Buttle, 2004). Understanding customers is a key goal associated with CRM because, as Kotler (1997) pointed out, the cost of attracting a new customer is estimated to be five times the cost of keeping a current customer happy. The benefit of implementing CRM in a college setting includes a student-centric focus, improved customer data and process management, increased student loyalty, retention and satisfaction with the college's programs and services (Seeman and O'Hara, 2006). Payne and Frow (2006) used this definition: "CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM provides enhanced opportunities to use data and information to both understand customers and create value with them" (Payne and Frow, 2006). This lack of CRM would not allow the business to know its stakeholders in terms of their need and understanding them better. It is also identified that there is a lack of mutual understanding between the two sectors, so this thesis suggest that there is a need for implementing CRM in the Business School which might be helpful with the better understanding of the SMES' needs.

6.6 Awareness and Mutual Understanding

6.6.1 Lack of Awareness of what the University can offer

Researchers such as Crosby and Bryson (2005), and Huxham and Vangen (2005), and in the field of collaboration argue that the process of collaboration involves similar problems in any inter-organisational arrangement, and that developing a detailed understanding of each of the possible factors at work in

such processes is a means of enhancing the possibility of achieving successful outcomes. It can be understood from their research that 'mutual understanding' is not an easy thing in collaboration but is helpful in attaining successful results. In essence, the data provided by this research shows that SMEs with a few years of business relationships with the University are still not completely aware of what services or products are available at the University, particularly at the Business School, which are relevant to their industry. This can create collaborative challenges in UBS/SME relationships. Academics as well as businesses think that they do not shout enough about their relevance to industries, which could be one of the reasons causing the lack of awareness, as can be understood from the following quotes:

'The starting point is, universities need to make it clear what they can offer to businesses.'

Managing Director, Company E

'The ones that you work with do obviously, that sounds obvious, but I think as a wider business community we probably don't shout enough.'

International Project Manager, UBS

'I think we are poor at explaining what we can do and I think we almost take the view that we talk to an SME and we say to the SME "What do you want?", and the SME says to us "What can you do?" We say "Everything, what do you want?" ... there is a danger it goes round and round'

Business Development Manager, UBS

In this line Bradley et al. (2004) looked at Scottish Manufacturing Institutes and found that a significant problem for business is to understand what universities can offer them. Johnson and Tilley (1999) also argue that SMEs, HEIs and relevant intermediary organisations need to know what linkages are available and how and why these linkages are appropriate to each party. SMEs are not always aware of what services their HEIs can offer to them.

As Johnson and Tilley (1999) suggest, there is a perception with some SMEs that HEIs are irrelevant and inappropriate to their needs. Therefore HEIs need to deliver their goods or services in an understandable way to SMEs, emphasising

the added value to be gained by the SMEs. In addition to that, from the academic point of view of this research, 'UBS' is not widely recognised by learners on postgraduate part-time programmes. Perhaps this is because the Business School is fairly new in terms of being promoted; therefore learners were more likely to recognise the term 'university' rather than 'Business School'.

'For the postgraduate part-time programme the University commissioned research and within that they are saying that people didn't recognise UBS. The University was recognised but not the Business School. It wasn't really kind of that well recognised.'

International Project Manager, UBS

Therefore, as Johnson and Tilley (1999) claim, this thesis also suggests a marketing campaign directed towards different types of universities and SMEs could be beneficial. Moreover, internal awareness inside the two sectors is also essential. Thus the Business School can be the appropriate link or contact with regional SMEs.

Therefore, two issues have been recognised here; one is regarding lack of awareness of the existence of the Business School, which was emphasised by academics, and the second issue is lack of awareness of what the University can offer to businesses. On the second issue academics and practitioners have the same view that this gap is there. As a KTP manager stated:

'I learned people are reluctant to engage with the University, even it is being offered to them free of charge; people are still unclear how the University can help them.'

KTP Manager, UBS

'SMEs don't understand your relevance, what can you deliver. If any [staff] walked past here now and thought you were from the University, they would be utterly confused about what are you doing here. Unless they could see a link, they will think that this is an indulgence for me; they will not perceive any benefit for this business.'

Managing Director, Company A

Some of the SMEs' leaders perceive a university as an educational place where only teaching and academic research take place, and therefore they may not see any point in approaching universities for their business issues. This is the case both for a company who had a successful collaborative project with the University and a company with less engagement:

'At one stage the Managing Director of the company couldn't understand - he knew we were doing the project, he knew what the [Company G] was getting out of it. But he didn't understand really why the University were involved. When they think of the University they think of teaching and they don't think of the research side.'

KTP Associate, Company G

'I've never considered them as a half of the potential and I've never given a thought to approaching the University - unless I want to do my PhD or to move my studies on, why would I contact the University? I can't imagine why they should be interested in me.'

Sales and Marketing Manager, Company A

'I think there is a significant opportunity for the University to expand its offering and market itself, because I actually believe that business doesn't understand what the University can offer. So obviously there is a two-way partnership there, but I think if you could get the message across to businesses such as us, the SME's, I think the University could have such a significant output for those businesses.'

Operational Director, Company G

The University should think about its communication channel with SMEs to cover the lack of awareness, as one of the academics stated:

'If they [SMEs] are the audience of the University it is classic marketing - you've got to be able to put your message in a channel they are reading or where they get the information. So lack of awareness is probably the fault of the University by not knowing the place all the time where the SME is going to get hold of the information.'

Consultancy Project Manager 1, UBS

Therefore, the lack of awareness of what the University can offer could be because of the lack of effective communication between the two sectors (discussed in Chapter 5). Bradley et al. (2004) suggested that methods for improving communication are required, and universities should make more effort to clarify and communicate their specific strengths and areas of expertise. Meanwhile, SMEs believe that, in order to overcome this barrier, there is a need to establish a database of what the University can offer and make it available to SMEs in order to educate SMEs and increase awareness. This database could be in conjunction with implementing a CRM system at the Business school. The Director of People Solutions in Company C shared his ideas:

'What would be really useful to me would be a kind of database that the University are offering graduates or schemes like this and what sort of experience they are looking for, and based on that database, providers can say "This is the sort of project we want to fill"; it is not purely based on hidden relationships then, it is more based on knowledge.'

Director of People Solutions, Company C

The idea of a database for the university's offers perhaps is more suitable even for the SMEs who have not started the relationship with the University. It can also be helpful for the Business School to identify their strengths and areas of expertise in order to target more SMEs relevant to their available expertise and initiate collaboration. This idea could also be matched with the CRM system at the Business School, which could create a database of external businesses. Having two databases (University offers and external businesses) could help the Business School to customize programmes/ services for the target segment.

6.6.2 Mutual Understanding and Respect

This research suggests that universities and SMEs are different sector governances that work differently. Academics' understanding of SMEs is that SMEs are looking for a source of free help and they think that universities do not understand the real world. Practitioners at SMEs want someone with understanding of the real world and real-world experience who can do things. The data revealed that from the SMEs' point of view it is hard for the University to

meet SMEs' requirements. This is the case for Companies D, A and H. Here are also some statements from the academics' point of view:

'They [SMEs] see us as a source of free help or an extra pair of hands. For a lot of small businesses their motivation for coming to university is they want an extra pair of hands for free, they want to make sure all the resources are free. We can be to some extent, but not just somebody to do filing and tidying up.'

KT Project Manager, UBS

'If you are working with a large university and a large corporation you are working between public sector and private sector governance; therefore there will be a different way of working, they need to understand each other.'

KT Pro-Vice Chancellor, The University

'I want somebody who can do the Boston Consultancy Matrix for the company, not tell me who invented it and what academic links there are between it and something else - I want somebody who can do it.'

Managing Director, Company D

'I think the problem with universities is they are exceedingly detached from a required business outcome, and I think that shows in all their contact with us, they would contact us and come and see us [in that project] I don't think that it was managed badly, it was just misunderstanding and a lack of a common basis on which to discuss anything.'

Managing Director, Company A

'When I've got a project, I look for a way of actually solving it some desktop research is necessary, I am sure the University has experience in doing that, but that isn't necessarily what we actually want, which is more detailed market experience. We are looking for more detailed market experience.'

Project Manager, Company H

The need for mutual understanding has been stressed by Gupta et al. (1986); constant exchange of information assists mutual understanding. As a result of the above discussion, there is a need for mutual understanding in the working relationships between the two sectors. This can happen through managing the

relationship, which was discussed in the previous chapter. Organisations often have a short-term perspective on research and development activities, while universities have a longer-term time frame (Cyter and Goodman, 1997). This research found that SMEs and the Business School had different agendas; SMEs are interested in bottom-line outcomes and short-term strategies, while the UBS is more focused on long-term strategies. Thus the responses to SMEs have to become flexible, practical, in the timeframe demanded by the SME. This will happen with more communication and relationship management between the two sectors. This mutual understanding and respecting each party's status can make the trust-building smoother and decreases unexpected expectations from the other party. This is consistent with Plewa et. al.'s (2005) research that claims successful university-Industry linkage involves a high level of interaction to ensure the creation of mutual understanding and value and also needs a high level of linkage mechanisms, i.e. trust and commitment.

Having reviewed the collaborative challenges in the business relationship between the Business School and SMEs, this thesis also suggests some of the issues that can encourage both sectors in engagement and interaction. The following part discusses the parties' motivations in the collaboration process.

6.7 Motivation in Collaboration

This thesis revealed that equally there are some limited mutual interests and there are some motivators; academics with a business mindset, and skilled leaders with high educational qualifications at SMEs and experience of previous relationships are more willing to develop the relationship between SMEs and the University.

SMEs would prefer to work with academics with a business mindset because they think academics with these characteristics have commercial experience, industry knowledge and technical competence, and are very open-minded and innovative in their partnership with the University. They believe that these characteristics are to the advantage of someone at the University in the partnership because they show their understanding of the real, commercial world which can be mixed with academic research knowledge in finding solutions and advice for the businesses. The academics with the above characteristics can

have a fresh look at the business and come up with new ideas for business development etc. These issues were raised by the majority of participants in industry sectors such as Companies A, H and B in their experience of collaboration with the University:

'It would be advantageous if somebody, doing that sort of work, had grounding in commercial reality. There was a lady, I think she was the marketing lead, she was very commercial, I would speak to her, we were sort of committed to each other over the situation. Somebody in the team that had some commercial knowledge would help the relationship...The biggest thing is bringing somebody who is not from your industry into our world, let them look at our world, ask "Why did you do it that way?", ask you the sort of questions that you wouldn't probably tend to ask yourself; but hopefully the person that is asking you questions is not the one in the early stage of that learning career, the one that has experience and some credibility.'

Sales Manager, Company A

'We inevitably take a problem to them so we want a solution to a problem. We are not particularly interested in broad academic research. It's a specific problem that we will take to somebody that's actually got the relevant skills and expertise. The University should have the technical competence to do that in certain fields.'

Project Manager, Company H

He continues with the following example:

'I think one of the examples that I can give is one of the products, we were trying to lift 500kg of load in a single push of a pedal button. We can't do it, how do you do it? So you've got a range of technologies you could use; hydraulics, pneumatics, nuclear fusion, biomass, whatever. So it's actually using the expertise of the University to actually say, well now we think the one that probably would do this is this particular area. In terms of research, we tend to have a very clearly defined product development programme ... I think for us it's about ... we are reasonably judgmental in terms of people, so we are looking for people that are innovative, we are looking for people that are very open, and we are looking for people that are actually commercial. So if we sit down with anybody in terms of scoping the project, we are actually very keen that we've got those three

elements and the ability clearly to drive the project through ... We want the academic strength of the University; we look for people who know stuff that would underpin work we are doing with the same particular group of people. We want somebody who produces a lot of data or some sort of research [to say] you need to go in this direction.'

Managing Director, Company B

The findings also suggest that educated leaders in SMEs have more a positive attitude towards collaborating with universities. As stated by Mangematin and Nesta (1999), the educational background and specific competencies of an employee widen the pool of knowledge and also contribute to increased networks with individuals who have similar competencies. This can help SMEs to understand the basic academic language because of their experience of being in the educational environment:

'Not all SME owner-managers have degrees or have had that kind of engagement with Higher Education institutions. If they have they are more likely to understand, which is why our alumni are such an untapped source of possibility, because we know they have been to university, we know they understand some of the basic language, the comprehension gap is smaller with those kinds of individuals.'

KT Champion, UBS

Academics believe that SMEs' leaders with higher education qualifications can better understand the benefits of working with universities:

'There are some companies who understand the benefits of working with universities and a lot of them, if they studied later on in life, e.g. doing an MBA or something, they are more likely to understand what knowledge and expertise is in the University. They have a degree-level education and most of them have a Masters education later on in life. One company I've just started working with, the chap is doing his DBA- the MD - I suppose they [educated leaders at SMEs] have an understanding of what's available at universities and the benefits.'

KT Project Manager, UBS

In line with the academics' point of view, SMEs also think that managers with higher education can more easily understand the relationship with universities,

and it is all because of their previous experience of being in an academic environment:

'I think you would find the Higher Education director kind of small business would think differently.'

Managing Director, Company D

'The reason that I came up with that decision [sending staff for Higher Education] is because of my previous university experience. I don't think you can rely on that in other SMEs.'

Managing Director, Company A

'Mainly because I've done my Masters I understand a little bit of that world, but it seems they didn't understand our world very well. So it seems constrained by the commercial world that I live in.'

Sales Manager, Company A

'The reason I had so much contact is from the DBA I am doing and through that you meet people and they tell you how things are. I didn't know that body of research existed which is interesting to me, you talk to one person and another, it is very informal the way that progress has been made for us. I think the ordinary SME doesn't have this advantage.'

Managing Director, Company B

'People who have been through university understand the University, I was at university 35 years ago but yes, even I have had a lot of contact since then. Yes, I think people who have been through university have a little bit of understanding of what universities get up to.'

Director of People Solutions, Company C

'I don't feel intimidated walking into universities, not at all, I'm very comfortable in the environment. That may be different for different people; there's a lot of people that get intimidated by big thick documents, you know, but I'm sort of used to it, I mean I read a thesis - so it doesn't bother me, I can read between the lines.'

Managing Director, Company F

Both sectors consider previous relationships through a business project as a motivation in starting a relationship or doing more projects with the University. When companies do one project with the University and find it useful to the business they are more encouraged to come back to do more work based on their previous experience. The Assistant Dean Employer Engagement believes that this approach works in the relationship with SMEs, especially for Company G:

'Quite often it is about the relationship that we have already.... we've had a quite long relationship with Company G and I think this is the key really. With them [SMEs,] specifically with Company G, we did small business activity with them and that led to the opportunity to do a KTP, because we understand your business better now and we understand what you are interested in, so it is a small steps approach.'

In some cases the previous relationship that has been made through people for example who used to study at the University or had a friend in the University can motivate SMEs to approach the University for collaboration. The Consultancy Project Manager 1 at UBS shared his experience:

'First of all the MD was a student on the engineering side in the University, they had some knowledge or experience of KTP previously, so they didn't have to be sold that the KTP adds value to your organisation, they understood broadly the process and they understood the sort of benefits that would get from it. So in that sense they were a 'warm' customer, it was them inquiring rather than us pushing out. We just filled the inquiry and developed interest in that. In that particular situation they approached the University. They have had quite a long experience of working with different parts of the University. Some of our research centres concerned with engineering worked with them before. But in that particular case they came to us.'

Business Development Manager, UBS

Starting work with the University through previous contacts gives SMEs the confidence and trust to approach the University and also saves time:

'I've known different energy managers who've worked for years, had a sort of link with the University, and I asked if there were any Masters in the environment, and they said there were and

they put me in touch with one of the lecturers. The lecturer gave me two people who were studying Masters and they did a good job. I have little exploration in links with universities.'

Director of People Solutions, Company C

He continued:

'Instead of starting with a blank sheet of paper I will be more interested in something which is tailor-made. And because you have a long-term relationship with someone you don't need to go through all those ... meet up with them, explain who you are etc. because you already plugged in - it is an on-going thing.'

Another issue in initially approaching businesses from the University is related to academics' passion on a project. If they are interested in a particular subject, that leads them to approach businesses for collaboration. This is the same understanding from the SMEs, they think that academics' personal interest in a research area can encourage them to follow up the project and be receptive. The initial approach can even create a collaboration opportunity with businesses which are taking an opportunity from the competitors in the market, as was the experience of the following participants:

'In the one that I am particularly interested in I'll contact the company first and talk to them about the University ... We've just had another one that had a preferred supplier and actually decided to go with us instead because I'd contacted them, had a chat with them.'

Knowledge Transfer Project Manager, UBS

'The person I work with right at the moment - he's brilliant, he's a great lecturer, he's very responsive, very positive about it and the students get some fantastic products. I think with a lot of others, it just doesn't interest them, so I don't get anywhere with it.'

Managing Director, Company F

6.8 Summary

To sum up the above discussion, there are some opportunities for collaboration with potential SMEs because not all of the industries are related to work with the Business School. Other research, e.g. Reichman and Womble (2005), shows that certain industries - relatively few industries such as biotech and

pharmaceuticals and new areas of engineering - rely on university research as a main source of inventions. In other words, university research affects different industries differently, and in most fields universities receive important inputs from industry as well. However, this thesis shows that not all the industries have the relevance to work with the University; for example, high-tech innovative businesses and some manufacturing companies are more likely to work with the University simply because the nature of their business is more research-based. This could be a reason why some SMEs perceive that universities are more concerned with research. Salter et al. (2010) also claim the motivation for fully engaging with industry is related to academic research activities, including securing additional research funding and finding interesting and rewarding research problems. Meanwhile, this is the case for Company A:

'The majority of SMEs leaders in that business never had any involvement in this business. This is a huge gap...If any [staff] walked pass there now and thought you were from the University they would be utterly confused about what are you doing here ... they will not perceive any benefit for this business.'

Managing Director, Company A

The potential SMEs who have staff and managers with Higher Education and also who have previous experience of being with the University are considered as opportunities for the Business School to work with. The previous experience is important because it gives SMEs confidence to trust their partner better, so it facilitates the collaboration.

However, the main challenges are involved with the barriers from the University, such as the bureaucratic system, cultural disparity including different operating environment, language differences, time issue communication and relationship management, which can all impose challenges on the relationship. Therefore two components (Components 2 and 3) of the Initiating Collaboration Model (Figure 4.10) have been developed from this discussion chapter, which mainly explains the importance of the awareness and understanding of relationship management (which was discussed in the previous chapter), collaborative challenges and opportunities in initiating collaboration.

As discussed, and as the model shows, the awareness and understanding of both parties' situation is at the heart of initiating a collaboration. There are some issues which act as barriers, including the bureaucratic system imposed by the University or government funding bodies in supporting SMEs, the cultural differences, the language differences, short-term and long-term strategies and lack of awareness of what the Business School can offer to SMEs, and these barriers to mutual understanding slow down the process of collaboration. Meanwhile, there are some drivers, such as previous experience working with the Business School, which can give confidence to SMEs to trust the relationship with the Business School. Leaders and managers with Higher Education at SMEs and also the involvement of academics with commercial experience in the collaboration can facilitate the relationship as well. So the relationship management at the Business School can be influenced by the barriers and drivers in their interaction with SMEs. Thus the model of initiating collaboration was developed as a result of the previous chapter and also this discussion chapter. The next chapter will discuss the Third Theme, i.e. 'the role of trust' of the present examination, and illustrates that awareness and understanding of trust is another component in initiating UBS/SME collaboration.

Chapter 7: The Role of Trust

7.1 Introduction

This chapter will expand on Theme Three, i.e. 'the role of trust' in developing collaboration between the UBS and SMEs. Chapter 5 discussed how the relationship can be communicated and managed and as a result of that trust and commitment were identified as two key factors to facilitate relationship management and collaboration. Chapter 6 identified some of the challenges such as 'lack of awareness of what the Business School can offer to SMEs' and cultural disparity, and also discussed the opportunities (e.g. previous experiences to the relationship). Not surprisingly, the data shows that trust plays a crucial role in such a relationship; therefore it was considered as one of the main components of initiating collaboration (see figure 4.10). From that point, therefore, it was really interesting to see that there is a need for initiating and building trust between the two sectors to overcome some of the challenges and build on the opportunities in such collaboration.

Therefore, referring to the model of initiating collaboration (Figure 4.10 which developed in chapter 4), trust as one of the important elements in initiating collaboration developed as the third Theme of the present study. The structure of this chapter will be followed by a discussion of the categories and sub-categories relevant to this theme.

This chapter will discuss the concept of trust such as the characteristics of trust, definition of trust, i.e. the meaning of trust in the context of this research, types of trust at organisational and personal levels, and the factors that can facilitate initiating and building trust in collaboration between the Business School and SMEs. The chapter also expands on the practical ways of initiating, building and sustaining trust through managing SMEs' expectation, delivery of promises, and networking and referral strategies, from which the model of initiating and building trust (see figure 4.12) developed. All these factors will be explained now.

7.2 Characteristics of Trust

7.2.1 Sharing Information and Anonymity

Trust is determined to be one of the several antecedents to knowledge sharing (McNeish and Mann, 2010). Knowledge sharing has been conceptualized as the willingness of individuals in an organisation to share with others the knowledge they have acquired or created (Gibbert and Kraus, 2002). Mentzer, Foggin and Golicic (2000) state that sharing the information, knowledge, risk and profit are the characteristics of collaboration in supply chain relationships. Knowledge sharing in organisations is important for number of reasons such as improvements to the alignment to missions, visions and values, and strategy, joint team accountability, process focus, stronger awareness of customer and competition, a collaborative team environment, and decentralised decision making but consistent with corporate direction (Tiwana, 2002). The data of this thesis shows that it is also important in inter-organisational relationships; the University sees all data and research information as free to share, because that is what universities do, i.e. transfer knowledge. However, the University has to consider some differences in the relationship with SMEs in terms of sharing information; perhaps not all information can be shared because the internal information from SMEs is a part of their competitive advantage. Considering this secrecy should be understandable to the other side of the partnership as well. As one of the academics stated:

'One of the issues that universities have is they see all data and research information as free to share ... they pass it on, but there has to be a distinction made between the specific details of the client to share and perhaps the general management principle that might represent... OK, share, but not specific details ... You've got to get that distinction and the other person has got to feel that you are not going to humiliate, embarrass, reveal inside information that represents part of their competitive advantage'

Consultancy Project Manager 1

The issue of sharing information is not a serious problem for company H because of the trusting relationships that they built up with the University; however, if it happens in the market they work in then they think that legal action will be taken. This shows that their information is vital to the business. As the Project Manager of Company H said:

'In reality it is never an issue, because we've got relationships and we tend to trust the people that we work with at the universities. If somebody was to go off and actually do something, if they were to copy something, we'd actually sue them. But if it was in an unrelated market, then it doesn't really matter as long as it is not competing with anything that we're doing.'

Therefore, trust is regarded as important in the sharing of knowledge (Davenport and Prusak, 1998) because it is an antecedent and a consequence of knowledge sharing (McNeish and Mann, 2010). These authors argue that in the context of a relationship, it works to strengthen the relationship, and provides more reason to trust the relationship. Data from this study indicates that 'information sharing' is one of the characteristics of trust. Sharing information is a vital part of building a relationship because academics might not be able to give professional or effective advice without enough information from SMEs. However, as the relationship develops over time more information will be shared, and trust starts to be built in the relationship. As a Knowledge Transfer Champion in the Business School stated:

'Once SMEs have understood that you can help them, address a real need, they will share information that they perceive to be relevant, and actually that is one of the vital parts of building the relationship ... Over time the access deepens and they give us access to more information.'

Knowledge Transfer Champion, UBS

Following Lee et al.'s study (1998) in a supply chain context, Balasubramanian and Tewary (2005) stated that another concern associated with information sharing is the confidentiality of the information shared. In the present work, the reason that some of the SMEs are reluctant to share information with an outsider, either a consultant or universities, is perhaps because they live in a competitive market and releasing any sensitive information from the company can threaten the business. Academics and practitioners both have the same view on this issue, that some of the SMEs have a paranoia of outsiders and are therefore reluctant to share their information:

'I think the paranoia is not just with the University but with any external organisation.'

Business Development Manager, UBS

'You have got to remember SMEs have a paranoia about outsiders ... very rarely welcoming consultancy in their businesses ... when we did this project with the University we were paranoid of being tight into something, about being committed about giving resources that we may not have at the time, whether it be time or money'

Managing Director, Company A

How much the University understands the sensitivity of the SMEs' information is a concern for companies. Firms perceive the University as not having a good understanding of the sensitivity of information and therefore they are not keen to share all types of information. This is the case for company A:

'I trust them [the University] with something physical or a financial issue, but it was the data that I was concerned about, do they understand the sensitivity? Even talking to you I don't know what your partner/husband or friends do, they might be in a business in competition to mine.'

Sales Manager, Company A

However, clarifying the aims and objectives of a project can be seen as an assurance for some SMEs in order to share their information with the University, which could be a base for building trust in their collaboration. This is the case for company G:

'If we didn't have that trust then the project could have been hampered, because you are less willing to share the information and you need to know what their aims and objectives were, what's their agenda.'

Human Resource Advisor, Company G

In this line, some of the academics believe that once SMEs notice that the University can be helpful to their business and assure them about the confidentiality of information, getting information from SMEs is not a problem for the University. This is the senior management's view on the issue of sharing information at UBS:

'We do find that we are trusted as an organisation, [therefore], organisations don't worry too much about secrets or information getting to competitors - but we do care in assuring them what we are told we do treat in confidence.'

Business Development Manager

'Some organisations, when they know you are able to support and give them something, they do, but it is a huge amount of difficulty in giving you the information ... It is willingness.'

Assistant Dean Employer Engagement

Some researchers, e.g. Handfield and Nichols (1999), discussed the importance of trusting relationships in the supply chain and how sharing information and assets is essential for a successful supply chain. However, Lee et al. (1998) argue that information sharing in supply chain collaborations faces several barriers such as aligning incentives of different partners and also timelines and accuracy of the shared information.

As a result of the above discussion, this thesis identifies that sharing information is important in the collaboration process and also has a strong link with the role of trust in building partnerships. Therefore, the author suggests that trust needs to be built in order to see more sharing of knowledge and information; the more information is shared, the more trust exists between the parties. Selness and Sallis (2003) found that when there is a high level of trust, both parties are willing to share knowledge and learn from the cooperation. Lai, Chen, Chui and Pai (2011), in their study on suppliers, customers and third party collaboration and product innovation performance, also found that, because the involvement of innovative products requires a high level of mutual trust before both parties are willing to share information and produce results, inter-organisational collaboration can produce good innovation performance only when a high level of trust exists between the two parties. Thus, bilateral trust is a major factor in facilitating effective cooperation (Dwyer, Schurr and Oh, 1987).

Some researchers, e.g. Zand (1972), suggest that when trust exists people are more willing to give useful knowledge, at both individual and organisational levels (McNeish and Mann, 2010). This research also revealed that 'sharing information' in the collaboration process between the Business School and SMEs is an element of trust, whether trust in an organisation or trust in individuals.

7.2.2 Value and Risk

This thesis shows other characteristics of trust are creating value and avoiding risk. SMEs value the relationship with the University because it helps their business, for example getting the right advice for the future of the business that perhaps can reduce the SME risk of evolving in a wrong direction, which is the case for Companies B and F:

'You felt they [the University] brought something to our company that we didn't have. They have lots of different things so you see what else is going on to help you with your business issue.'

Operational Director, Company B

'One project was looking at recycling a solvent and whether we should get into that business, and they empathically said NO, which was really interesting, so they stopped me taking the business in a direction which would have been proved wrong, that was very valuable.'

Managing Director, Company F

7.3 Definition and Attitude to Trust

Many researchers believe that trust is a context-dependent phenomenon influenced by cultural traditions and settings (Welter and Alex, 2011) and a multi-dimensional concept (e.g. Butler, 1991; Newell and Swan, 2000; Clark & Payne, 1997, 2006). Jones and George (1998) consider trust as an interaction of values, attitudes and emotions or moods. This research also indicates that academics and practitioners have different attitudes to the concept of trust in the context of their collaboration. Some academics have the same opinion that trust is about being honest and clear on what you offer, being accessible, having integrity, being confident in sharing information, being respected and protected, willingness, and giving and taking. The following quotes show some of the academics' approach to the issue of trust in the collaboration context.

'Trust in the relationship means you would feel confident in sharing information between you, and it would stay between you and wouldn't be released beyond that.'

Consultancy Project Module Leader, UBS

'Actually trust is the highest utility way of achieving an end, the idea that trust should actually be given ... called the gift principle, you give trust you shall receive trust and that actually embeds trust.'

KT Champion, UBS

Academics mainly believe that delivering what you say means you are honest with SMEs and it creates credibility for academics in the relationship,

so that businesses can trust them. The Knowledge Transfer Project Manager at the UBS stated:

'In order to have a business trusting you, you have to deliver what you are saying, you have to build that credibility with that company. Similarly they have an obligation to be open and honest with you with their information - if they are not happy with you to tell you, to add that conversation.'

Academics, e.g. senior management, also approach trust as honesty and what they mean by honesty is honesty in what the University can and cannot do. They believe that trust in business means being able to say sorry if something cannot be done by them, or apologise if something went wrong in the relationship. For example, the Assistant Dean, Employment Engagement and Knowledge Transfer Pro-Vice Chancellor at the University have the same opinion in this regard:

'Trust is also being able to say "I am sorry, we cannot support you in that" - being ourselves aware of what we can help with as well as what we can't help with.'

Assistant Dean, Employment Engagement, UBS

'At a purely corporate level trust is about openness, respect, honesty and standard things. Most particularly for universities, trust is about being honest on what you can do and what you can't do. If somebody comes to you and says "Can you do this?", you say "Yes" or "No" and explain, and if you say "Yes" and that you can do it by a certain time and for a certain price, that's what we do, so that's business trust, that says you are open, you are honest and you respect one another.'

KT Pro-Vice Chancellor

From the SMEs' point of view, e.g. the Sales Manager of Company A, trust is where financial risk is at a minimum, there is no obligation for sharing,

being open and not afraid of the relationship, confidentiality, having the best interests at heart, working on common values and mutually supportive goals, behaving in a certain way and predicting behaviours. In some cases both sectors shared the same thoughts; for example, trust means 'the best interest of partners' as Consultancy Project Manager 1 from the UBS and the Sales Manager of Company A believe:

'Everything that we do has to be done in their [SME's] best interests.'

Consultancy Project Manager, UBS

'When we are working with manufacturers we know who we can trust and who we can't. In those scenarios I can say trust is about have they got my best interests at heart, that's what I call trust.'

Sales Manager, Company A

Morgan and Hunt (1994) state that trust will occur when one party has confidence in an exchange partner's reliability and integrity. By comparing the two sectors' views, it can be seen that the notion of trust means openness, trustworthiness, integrity and confidentiality about the shared information in the collaboration. Moreover, the economic or financial consequences of trusting a business relationship with the University are a major concern for SMEs in the collaboration process.

On the other hand, some SMEs, such as Company C that works in a consultancy business, and academics, e.g. the Knowledge Transfer Project Manager at the UBS, believe that trust is a fundamental part of a relationship because it gives the partners a chance to behave in a certain way; therefore a relationship without trust cannot exist. Other SMEs, e.g. Company G, consider that trust is more about a relationship that develops with individuals:

'We provide advice; primarily we don't supply goods, we don't supply things, we just supply actual property, and if they didn't trust what we are saying or act on it, we wouldn't

have anything to offer. Trust is just a fundamental part of our relationship with our client but it is the same with any sector - if trust doesn't exist you don't have a relationship'

People Solutions Director, Company C

'Trust for me, no matter what the relationship is, is fundamental. I don't think that a relationship can function without it.'

KT Project Manager, UBS

'I suppose it is challenging to think about trust because it is not something that you think about immediately, I think it is more about the relationship that you build with that person and then that leads to trust.'

Human Resources Advisor, Company G

Comparing academics' and practitioners' attitudes, the academics' approach to trust is if they have the skill or potential to do work for the SME. However, the SMEs' attitude is more about a relationship that can develop trust in collaboration. Therefore their definitions of trust might be too different.

7.4 Organisational and Personal Levels of Trust

That trust has different forms (e.g. Lewicki and Bunker, 1996) is reinforced by Atkinson and Butcher (2003) who argue that, although there is no clear view about the basis of trust in a managerial context, two major bases apply to trust in managerial relationships - *task-based competence* and *personal motives*. They propose that competence-based trust is essential at the managerial level, while motive-based trust derives directly from the personal nature of the relationship. In a somewhat indirect fashion, the initial analyses suggest that these two bases are central to an understanding of trust in cooperative partnerships (with competence based trust being the more central). Indeed, trust is placed at the centre of the majority of senior management relationships and also is the largest driver of utility relationships. However, trust needs to be understood in its

relational context to determine the extent to which it drives the relationship. In other words, it has multi-dimensional subcategories. Here the assumption that competence-based trust is of particular significance in initiating collaborative relationships is supported.

Newell and Swan (2000) identified three types of trust. The first is companion trust, which is based on personal friendships and a moral foundation that one party will not harm the other. Therefore the parties expect openness and honesty from each other. This type of trust is process-based, which will develop over the time as people get to know each other personally. The second type is competence trust, which is based on the respect for the abilities of the trustee to complete their share of the job at hand. The trustier can rely on the competencies of the trustee. The third type is commitment trust, based on contractual agreements and developed on an institutional basis. Mutual benefits for the parties are expected in the relationship and can be relied on to be committed according to the details of the contract. It facilitates the cooperation and will rarely be used to settle conflicts between parties.

Competence-based trust, in the present study, is either at a personal or organisational level. Competence-based trust at a personal level means that SMEs trust the knowledge and capability of individual experts at the Business School, which is consistent with Newell and Swan's competence trust. Trust researchers (e.g. James, 2002; Lewicki et al., 1998, cited in Saunders, Skinner, Dietz, Gillespie and Lewicki, 2010) associate the form of trust in many UK business relationships with face-to-face regular meetings between two individuals that help to develop some familiarity and then finding fairly predictable behaviours. This is called interaction-based trust (Saunders et al., 2010), which can be seen as one of the practical ways of developing personal trust in this thesis.

In this thesis, trust at an organisational level means that SMEs trust the University's knowledge because they perceive it as a reliable place. Saunders et al. (2010) argue that in circumstances where associations need to go through a high level of institutional regulation, the parties

normally become conversant with accepting roles which might be enforced by the business community. This is called institution-based trust because the parties believe that the risk of disloyalty is relatively low, and therefore each party's behaviour is more likely to be predictable. The findings of this thesis also reveal that some of the academics believe in trust at an organisational level which is mainly relevant to being open, respectful to one another and honest with their ability on being committed to SMEs in terms of time and their ability to work with SMEs. For example, being confident with what they can do or not to do which was the major issue for the University's Knowledge Transfer Pro-Vice Chancellor:

'At a purely corporate level trust is about openness, respect and honesty ... most particularly for universities trust is about being honest on what you can do on a certain time and for a certain price and what you can't do, so that's business trust.'

KT Pro-Vice Chancellor, The University

In this thesis, although a personal level of trust through the development of face-to-face interaction is the centre of attention, the author agrees with Saunders et al. (2010, pp. 93-94) that, due to stable and reliable institutional structures of the business system, individual managers as well as firms they present can easily develop trust in business partners even if they do not know each other at a personal level.

Another issue with the dimension and level of trust is related to the knowledge that is held at the University. Some SMEs, such as company 'B', believe that the University is trustworthy because of their knowledge as an educational place, but there is a huge potential on the commercial side as well. Research (for example Keh and Xie, 2009) on the role of trust in corporate reputation and customer behavioural intentions in the context of the industrial business market found that corporate reputation has a positive influence on customers' trust in the B2B setting. Customers are more likely to believe that highly-regarded companies are competent, act honestly in their daily operations, and consider the interests of both parties in the

relationship when making decisions, which contributes to the trustworthiness of these firms. This can be seen in this research; SMEs see the knowledge at a university as a reputation, and this influences businesses to view a university as a trustworthy organisation, i.e. competence-based trust at an organisational level. Company B believe in the University's competence:

'You trust each other and especially as the establishment of the University you trust their knowledge ... they are there because they are good in their field, knowledge. You are positive in your belief that you are getting the best knowledge, the facilities, infrastructure - but you trust organisations like the University because of the world they are in, because of the aspects of the education side of the things – teaching, but more and more the commercial side of things is massive.'

Operational Director, Company B

Keh and Xie (2009) also argue that highly-regarded companies can benefit from their reputable name, and should carefully manage important relational resources resulting from having a good reputation.

On the other hand academics believe in trust in knowledge, but they argue that knowledge comes from the individuals at university that leads to trust in organisation. One of the consultancy project managers at the UBS claims:

'The dimension and trust coming to a certain point in the process, [in that project], I think initially because of his [interviewee's colleague] knowledge and trusted UBS as a brand, as an institution; so then you've got to have that rapport of individuals'

Project Manager 1, UBS

The findings of this research highlight the importance of an interpersonal level of trust in business relationships. This is in the line with Doney et al.'s

(2007) argument that trust can be built through interpersonal relationships. Academics pointed out that some SMEs started their relationship with the University through an informal route because it seems a quicker process in building a relationship. In addition, that type of relationship has an element of truthfulness behind it which can lead to trust in the organisation. Therefore, approaching the University because of trust in an individual is seen to be directed to trustworthiness in the organisation. This is the case for some of the academics at the UBS:

'To get into the University by the informal route is the fastest way of trying to break down "Who do I speak to?"'

Consultancy Project Module Leader

'Because of that relationship with an individual, once an SME has a relationship with an individual, they will tend to give more trust to other individuals within that institution if they are referred'.

Knowledge Transfer Champion, UBS

'It is an individual's credibility to start off with, and the University's credibility - that can't be underestimated [sic], that initial contact, the individual that makes that contact is vital - and all of the integrity behind that articulating what we can offer or we can't offer.'

Assistant Dean Employer Engagement

Academics also emphasize that trust at an interpersonal level can keep a relationship going, because even if the initial person does not have the relevant knowledge, the issue can be passed on to the expertise in the area within the institution. Therefore, the initial contact can be seen as supportive to the client inquiry. This is also a key factor in IOR management that Eisenhardt and Schoonhoven (1996) identified, i.e. that cooperation and interaction tend to happen among people who know each other or are friends and create opportunities for cooperation by expanding awareness,

trust and commitment between the parties. Therefore, the trustworthiness of potential partners facilitates cooperation (Babiak and Thibault, 2008). In this line, the Business Development Management at UBS stated:

'The strength of these collaborations is very much on a personal basis, and very often that is down to the key person in the company identifying the key person in the University that they trust. If the person they trust in the University and know well can't provide the solutions they want, they will point them to somebody who can.'

Therefore, from the academics' point of view, it is important to recognise the significance of ensuring they put forward the right people in terms of their knowledge and skills required in order (Chapter 5) to build trust at an interpersonal level in the collaboration process. This issue is strongly emphasized by the SME sector. For example, SMEs approach the University because of trust in people's professional knowledge, technical competence and understanding of business; therefore they mainly trust at an interpersonal level. Here are some views from both sectors:

'People, just people - the trust will be in the people - it's down to knowledge and people.'

Project Manager 2, UBS

'It depends on individuals. In my situation with UBS I have gone through X because I have a good relationship with X and X understands business ... My primary trust would be with people not the organisation, because I didn't develop a relationship with the organisation, I developed the relationships with the individuals concerned.'

Managing Director, Company A

'We'll form a judgment as to the technical competence of the individuals, whether somebody actually will be able to work with us - we have very strong views on who we work with.'

Project Manager, Company H

'The best [trust] is when you are usually referred by somebody through an informal network ... You know somebody ... it's hugely to do with individuals, we've been very lucky to know the people we've known before the start.'

Managing Director, Company B

'It is always people ... that's based on your experience of being with people, so it is the people who create the trust ... I suppose it is people who make the trust work or develop.'

People Solutions Director, Company C

Both sectors mentioned that the organisational and personal levels of trust are based on their previous experiences in collaborations; however, the interpersonal level of trust was given greater emphasis in the context of this thesis. The reason is because a personal level of trust can influence organisational trust, as the KT Pro-vice Chancellor at the University stated:

'Underpinning that [doing work professionally and delivering it on time to budget to SMEs] are personal relationships which facilitates that level of organisational trust.'

Another reason is because SMEs feel that by exposing their information to academics in the relationship they are not going to be criticised, and also sharing information with the person's honesty and reliability. This is the case for the Consultancy Project Manager 1 in the UBS:

'On the interpersonal level they feel that by revealing difficulties they know they are not going to be judged ... I think he also shared it because he knew he wasn't going to be judged - "What you must do is..." or "What you should do is..." - it was much more consultative, helping him to make sense of his problem.'

This has been seen as a strength in the collaboration as discussed earlier, and a very significant factor in initiating and building trust in collaboration

from the SMEs' point of view, because they see it as a success factor in the collaboration process. This is the case for Companies H and B:

'For us trust is actually the most important thing in any relationship. You take technical competence as being something that's given; you are not going to do it unless you believe the individual can actually do it. Then in terms of relationship, it's about people and that is fundamentally important, and that's the way that we tend to do business.'

Project Manager, Company H

'I think universities have a broad spectrum of expertise ... [trust] has hugely to do with the individual. We've been lucky to know people we've known before the start. It is up to individuals.'

Operational Director, Company B

'Having established a relationship with people, when we are talking about institutions in partnership we are talking about individuals talking to each other when it comes down to it, buildings don't talk to each other, it is people - it is always people. You have a general feeling about trust in any organisation, but that's based on your experience of being with people. so it is the people who create the trust.'

People Solutions Director, Company C

7.5 Building Trust in Practice and Collaboration

This research has identified that it takes time to develop trust and winning the trust is hard work; however, the more you become involved the more you will succeed. Academics and practitioners both believe in the time-consuming process of trust building in a relationship. This is the case for the KT Champion in the UBS:

'The client was terribly happy, the client got back in touch, and having built that trust, and this has been a long process,

a lot of time has been invested in this, building that trust probably over four or five months - and I think that's very hard to recognise and build into the structure of all Higher Education institutions, is that building the level of trust is a very long-term and highly costly activity.'

KT Champion, UBS

This is also a belief at SMEs such as Companies B and C:

'it [relationship] is really a big circle slowly built up, the more you get involved, the more success you have to encourage both sides. Obviously you build trust over the years, working with the people like myself and our MD, coming through a system to business.'

Operational Director, Company B

'Trust is something to takes a long time to build - you have to work hard to win that trust.'

People Solutions Director, Company C

'I think over time people come to trust us more - it is human relationships, and I think it just reflects that.'

MD, Company C

Although it is time-consuming to develop trust between the University and SMEs, this research suggests that trust can be initiated and built practically in this context.

Galbreath and Rogers (1999) suggest that twenty-first century businesses should focus on customization, personal relationships and after-sales services to satisfy their customers' needs and wants. Competitive advantage no longer depends on mass production, mass marketing, mass distribution, uniform policies and economies of scale; the key to business success is to address each stakeholder individually.

Perhaps the University needs to address SMEs' needs individually: from the academics' point of view, emphasising and showing an understanding of the SME's business, doing small activities to demonstrate understanding and competencies, is helpful in trust building. That can be seen as facilitating to understand the SMEs' needs because they also need to be seen as individuals. This is the case for the following companies:

'Every business has a lot of similarities, and subjected to a certain pressure they would do the same thing, but there is definitely no one unifying theory that unites businesses, so each business has to be viewed on its own merits ... When you are talking to an SME you have got to recognise that you are talking to one individual SME, so that's the start.'

MD, Company B

'For instance, if you take us with a manufacturing company we are consultancy, if someone is talking about consultancy for us they have to understand what consultancy is and the pressures we face, and also understand the nature of the work we do, which is in effect to do with sustainability.'

Director of People Solutions, Company C

'Every problem comes to you [as an SME] and you've got to run, run, run, so if you were meeting people at a social level, you know, sit down in the pub, you might persuade people to go to a function if there was something interesting going on. I think a speaker or something that was of interest to them, or in terms of design or in terms of whatever world they're living in, they might be persuaded, but it would have to be personalized, it would have to be the same person, you know, and the SME manager developing the dialogue.'

Managing Director, Company D

In this line, academics such as the Assistant Dean, Employer Engagement at the UBS shared her concerns as follows:

'You can use 'pathfinder'-type activity where you prove yourself by doing small activities with an organisation - that helps build trust and helps to build an understanding about the capability of the institution, and helps demonstrate you can understand the business; and once the relationship builds you may be able to do larger activities.'

Open communication and information that is freely available are ways in which trust is built (Anderson and Weitz, 1989; Anderson and Narus, 1990; Morgan and Hunt, 1994; Doney and Cannon, 1997). Moreover, this thesis revealed that a quick response in communication is one of the needs for SMEs and can be seen as a professional way of communication. This is the case for company F:

'I would say it has been run very professionally, I got a good response from them.'

Technical Director, Company F

On the other hand, not having a good understanding of SMEs' requirements can cause dissatisfaction for SMEs in their relationship with the University. It can damage the relationship, especially on paid projects, and it also leads to a high risk of losing a project. This was the case for company F:

'What I wanted, they didn't hit the goal exactly, what I said I wanted, because I said "How much is it going to cost me?" - I wanted to know exactly what it was going to cost. What they gave me was all the packaging etc.- but they didn't hit the goal - they came back with "It's going to cost £12,000", and I was, like, "Why? If I was going to do it in my office what would it cost me?" "Ah well, that's only a few hundred pounds". It was a bit mixed - if I had been paying for it I would be extremely disappointed, because they didn't exactly hit the target I wanted.'

Managing Director, Company F

Therefore, understanding SMEs' needs is vital because it helps the University to deliver with respect to their requirements, and is thus more likely to satisfy the client and manage their expectations better. The data revealed that client satisfaction by delivering the promises and thus managing SMEs' expectations are other important elements in initiating and building trust between SMEs and the Business School.

Frequency of engagement is a sign of client satisfaction from both the academics' and practitioners' points of view. Academics particularly think that it is a success when the client comes back to the University for more collaboration, especially when SMEs are willing to pay for the projects, because a longer-term relationship can bring prolonged income to the Business School. This issue was the case for the following academics and practitioners:

'We were glad of the experience, and also it helped to understand the company's need to be better. That was one of the engineering projects - as a result of that we negotiated another project on the consultancy course on a Masters programme to synthesise that data. It was because they felt confident with us, with the first part, that allowed that to take place, so it is a case of delivering and being honest I think.'

Consultancy Project Module Leader, UBS

'The client has come back to us and is saying that he would like project X associated to work with him to look at market scoping. So he is now willing to actually spend his own money on engaging with the University, and I think that is a signature breakthrough moment in the relationship with an SME, and to have got to that point where they trust and understand our offer - I think there is a frequency of engagement and spending money with us that helps define success.'

KT Champion, UBS

'[After that project] now we are looking at another longer-term relationship which can bring in some sustainable income as well.'

KT Project Manager, UBS

'If they [the University] gave me some students that were not good, probably I wouldn't go back to them - that was not a good experience...'

People Solutions Director, Company C

As a result of above the discussion, client satisfaction is relies on frequency of engagement through quick response in communication (Chapter 5) and delivering the promises during the collaboration process, thus building trust between the parties. The data shows that delivering promises is a significant element in initiating and building trust between SMEs and the University, which is discussed in detail in the next section.

7.5.1 Delivering the Promises

This research suggests that delivering the promises from the University side can make it trustworthy to SMEs and creates credibility for the University. Although resources and the capacity to deliver the project to businesses from academic resources were hurdles to the relationship (Chapter 5), delivering the promises is seen as a main issue in building trust, because reliability and integrity are closely linked with being honest about what the University can or cannot do. Academics perceive delivering the promises as an important factor in building trust with SMEs; here are two examples:

'Delivering what we commit to deliver I think is important in establishing the credibility and earning trust. In order for the business to trust you, you have to deliver what you are saying, you have to build that credibility with that company.'

Knowledge Transfer Partnership Project Manager, UBS

'Trust is down to reliability and doing what you are saying you are going to do, or at least explain why it hasn't been done.'

Consultancy Project Module Leader, UBS

In this respect SMEs have the same line of thinking as academics. Integrity in what can or cannot be done by both sides can create trust, otherwise the parties might lose their trustworthiness. Therefore, paying attention to delivering promises can be helpful in managing the SMEs' expectations. This is the case for Companies G and B:

'You trust that things are going to get done and completed, so if somebody said "Yes, I am going to do this", then you expect it to be done.'

Human Resource Advisor, Company G

'If they [the University] say they're going to do something, if we have an agreement on time, if we hit those deadlines, things happen. If you get an element of doubt, if people let you down, you lose that trust. Our experience has been very good, we set out to do 100% - you believe that they will get it done.'

Operational Director, Company B

'When it comes to the paid work, in terms of managing expectations, I think it's just delivering. You've got to deliver to the client - so if the client has certain objectives, certain requirements and they are paying for it, then as a Business School there is no issue, we've got to deliver what we said we were going to deliver.'

International Project Manager, UBS

A consensus has emerged in the marketing literature (e.g. Anderson and Narus, 1990; Doney and Cannon, 1997; Dwyer and Oh, 1987) that trust includes two

essential facets: 1) credibility; and 2) benevolence. Trust in a partner's credibility is based on the belief that one's partner stands by his word, fulfils his promised role obligations, and is sincere. Trust in a partner's benevolence is a belief that one's partner is interested in the firm's welfare and will not take unexpected actions that would have a negative impact on the firm. It follows that trust requires a judgment as to the reliability and integrity of the exchange partner (Morgan and Hunt, 1994). Many researchers view trust as a behavioural intention or behaviour that reflects a reliance on a partner and which involves vulnerability and uncertainty (Moorman, Deshpande, and Zaltman, 1993). The findings of the present study are in agreement with Morgan and Hunt (1994) who claim that commitment and trust lead directly to cooperative behaviours that are conducive to relationship marketing success. Hence delivering the promise is central to initiating trust as a part of relationship management between universities and SMEs. As a result of the above discussions, understanding SMEs' requirements can be seen as a way of delivering promises, therefore facilitating managing SMEs' expectations, which thus makes the University more reliable, credible and more able to establish a trusting relationship with SMEs.

7.5.2 Managing the Expectation

Academics believe that in managing the expectation of SMEs, clarity and being frank and open at the beginning of the relationship is important. If it is not managed it will put the relationship significantly at risk. This issue was raised by a number of academics:

'The way of managing expectations is for me - at the beginning when I am recruiting the companies - is just to say that we've got students with language skills, business skills, and I am really quite clear on what it is I think I can offer them, and so as long as I am honest and upfront then that's fine - but we have to be realistic as to what we can do for the amount that they are paying for that service.'

International Project Manager, UBS

'Clarity at the front end, that's about managing the expectations and managing what the client goes through.'

Consultancy Project Module Leader, UBS

'Also being very clear on what is expected and delivering what's expected, so it is a combination of that.'

KT Project Manager, UBS

Trust is important in understanding expectations for cooperation and planning in long-term relationships (Dwyer et al., 1987; Hakansson, 1982). In line with this, Vangen and Huxham (2003) argue for a 'trust-building loop' in which reputation, past agreements or contracts can form the expectations about the future of collaboration. Their research suggests that managers see trust as an essential ingredient for nurturing successful collaboration. Vangen and Huxham's model provides important insights into how this nurturing takes place in practice and suggests more research is needed to further refine the practical model of trust building.

A number of researchers, for example Lewis and Weigert, 1985; Luhmann, (1988) argue that the creation of trust entails taking a risk, while the existence of trust is seen as a mechanism to reduce the risk of opportunistic behaviour (Lane and Bachmann, 1996; Lyson and Metha, 1996; Ring and Van de Ven, 1992; Bradach and Eccles, 1989). Therefore trust and risk form a give and take relationship. Trust leads to risk taking, and provided that initial expectations materialise, risk taking in turn nurtures a sense of trust (Das and Teng, 1998; Coleman, 1990). Therefore, as Vangen and Huxham (2003) suggest, trust building must be a cyclic process (see the model below).

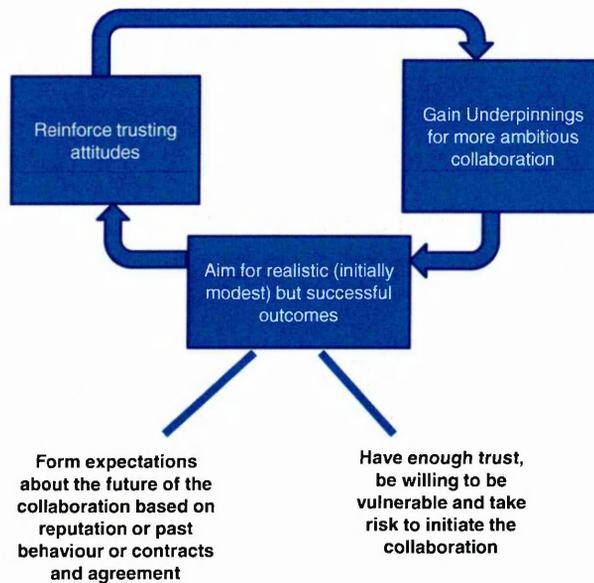


Figure 7.1: The Cyclical Trust-Building Loop (Vangen and Huxham, 2003)

Vangen and Huxham argue that: “Every time partners act together they take a risk and form expectations about the intended outcomes and the way others will contribute to achieving it. Each time an outcome meets expectations, trusting attitudes are reinforced. The outcome becomes part of the history of the relationship, increasing the chance that partners will have positive expectations about joint actions in the future. The increased trust reduces the sense of risk for these future actions” (2003, p. 11).

As SMEs perceive people at the University as experts and knowledgeable in their field, they have high expectations of the University in their relationship. Academics also suppose that SMEs have high expectations from them, especially in paid projects. For example, they perceive a need for a fast response in their communication. Therefore, managing the expectation is not only related to professional knowledge but also to the skill sets available.

‘There is some expectation management that it would be beneficial if more academics had when they went to work with SMEs, in terms of how to approach them and what to

expect - for example, an SME owner-manager gets in touch and wants an answer by tomorrow...'

Knowledge Transfer Champion, UBS

'Sometimes expectations around innovation vouchers have been difficult ... this is all about the skills of managing the expectations and not feeling bad and saying sorry for not being to help on this occasion. This is something we still fall down on.'

University Business Development Officer

'A lot of course-based student projects don't always meet client expectations because client expectations are set too high - for example, often an external partner will assume that a final year marketing student must know everything about marketing so they can come and solve my problem.'

Knowledge Transfer Champion, UBS

Here also are examples of SMEs' high expectations in collaboration with the University:

'The quality of two Masters students here was lower than I expected if I am honest. At the end they produced something which was good, but I had to give them a lot of stairs to get there - maybe my expectation is too high.'

People Solutions Director, Company C

'I suppose from a company if you go into the University for assistance you're expecting the person you're dealing with to be a guru, the specialist in that area, and you are looking to them for advice and knowledge, so that person has got to be up to speed - and you know, if they turn up at the company and they don't really know what they want to get out of the work, or they

don't know really what they are talking about, then that may make the company think, "Why are we doing this?"

Human Resource Advisor, Company G

Therefore, academics see SMEs as their clients and managing client satisfaction has been identified as one of the key factors for building trust. However, in most of the cases the Business School started the relationship with SMEs for the student projects in which the service and consultation would be free for businesses. Offering free service or activities at the beginning of the relationship was identified as one of the ways which can attract SMEs' attention in initiating trust from some of the academics' points of view.

'I think there is an experience of offering a free service to start building up trust.'

Assistant Dean, Employer Engagement, UBS

'We could do small pilot projects, we could work with them over a short period of time, we could offer them free advice, a sounding board, something like that.'

Project Manager 1, UBS

'We are providing bite-sized pieces that are not critical to them - so things like a consultancy project as part of a course that company may well get for free. What we frequently find is that they are surprised at the amount of information, the quality of the result of the project. So that can reassure SMEs that we can do something.'

Business Development Manager, UBS

Some of the other academics, e.g. the KT Champion at UBS, argue that this initial free service gives the businesses the idea that every service at the University is free of charge for them. When it comes to paid projects

later on into the relationship it would be difficult to change the SME's attitude, so their high expectations may come from the free service that they received initially, which can make the trust building challenging.

'One of the challenges of starting with a relationship where there is no financial exchange is that it is then a difficult job to move them from believing that universities will do everything for free to making them actually pay for things, so that's a different step in building trust.'

The Business School has other clients, i.e. students, and the quality of the student experience is one of the priorities for the Business School; therefore most of the modules have been designed to have an element of real work experience and project work, in which students are sent out to companies to sort out companies' business issues. These projects are led by students and advised by an academic staff member called an 'academic advisor'. It would be a challenge for the University to give the opportunity of real-world experience to students and manage expectations and deliver promises to SMEs in order to build trust. As the KT Champion commented:

'Now we have to promise the client something in order to get our students the time, so there is a tension that emerges there between our need for our students to engage with real-world business, and our need to manage expectation and deliver on promises, and all those other elements of trust-building behaviour.'

In order to overcome this challenge, the author suggests some of the techniques of relationship management which arose in Chapter 5 of this thesis. Techniques such as a clear vision and framework of the outcomes of the project can be helpful in managing the expectations because, as discussed above, from Vangen and Huxham's (2003) point of view each time an outcome meets the expectation, it supports trusting attitudes between the parties. Saunders et al. (2010), built on the argument of Dibben and Rose (2010) that in the consultant-client business relationship, formal decision making, reporting and informal discussion are important in

developing trust. Having a clear vision of the outcomes of the collaboration in this thesis can be considered as formal decision making, which is important in developing trust. In addition, the practical knowledge of the academic advisor on the project would be really helpful in guiding the students in the right direction, therefore achieving the set outcomes and thereby managing the expectation, which leads to delivering the promises and initiating trust. Therefore, there is a need for academics with practitioner skills in the involvement of such projects.

7.5.3 Networking and Referral

The present study revealed that networking is worthwhile in initiating and building trust because SMEs are very much focused on networks, as the following evidence shows. The advantage of focusing on attending or holding networking events is to target SMEs in active projects and also the ones who are potential partners in the future:

'SMEs are very much focused on networks, so the level of trust an SME that I introduce to a colleague would have with my colleague would be higher because I introduced them than if my colleague had got in touch without joining those relationship loops back.'

Knowledge Transfer Champion, UBS

From the academics' point of view one of the ways that trust can be built with SMEs is sharing with them the experience of working with other companies, sharing the success of other companies who perhaps had the same problem:

'All we can do is suggest other ideas and hopefully show them people in a similar situation who have taken a different approach and been successful with it.'

Business Development Manager, UBS

'Another dimension that we thought would help was that the company saw another company they were not in competition

with and they saw them as being very innovative - they felt that if only they could emulate the other company then they could grow as well.'

Business Development Manager, UBS

Both academics and SMEs support the idea of networking and referral in initiating and building trust because it is a credit to the Business School when SMEs trust them. This was the view of the following participants:

'Because as we've said SMEs are very well networked, so if you can persuade one SME that actually a lot of misapprehensions or barriers aren't as insurmountable as they think, they will pass that word round - it is very much word of mouth.'

KT Knowledge Transfer Champion, UBS

'We do lots of projects; we're seen probably as the most innovative company, or certainly one of the most innovative companies, in this region. We certainly highlight the opportunities that can actually be gained by working with universities. So we give credit where we believe credit is due, so no problem with that.'

Project Manager, Company H

As a result of the above analysis and discussion, it is concluded that networking, referral and word of the mouth are strong strategies that can help the University in establishing a trust-based relationship with SMEs. From the SMEs' point of view, no statement was made regarding the importance of referral in trust building in their relationship with the University.

7.6 Summary

This discussion chapter was mainly concerned with the role of trust that, not surprisingly, is very crucial in developing UBS/SME collaboration. It is also involved with the meaning of the concept and the type of trust in the context of this thesis, and also identified the significant elements in initiating and building trust in UBS/SME collaboration, in which the model of initiating and building trust

developed in supporting Vangen and Huxham's (2003) trust-building cyclical loop. Some practical suggestions have also been made on the implementation of the model.

This thesis suggests that academics and practitioners have different attitudes to the concept of trust, at some point, in the context of their collaboration. To academics trust means being honest, clear on what you offer, being accessible, having integrity, being confident in sharing information, being respected and protected, showing willingness, and giving and taking. Meanwhile, from the SMEs' point of view trust is where financial risk is at a minimum, there is no obligation to share, being open and not afraid of the relationship, observing confidentiality, having the partner's best interests at heart, working on common values and mutually supportive goals, behaving in a certain way and predicting behaviours. It can be seen that the academics' approach to trust is if they have the skill or potential to work for the SMEs. However, the SMEs' attitude is more about a relationship that can develop trust in collaboration. Therefore, the model of initiating and building the relationship is involved with the practical side of the meaning of trust from both parties as the below model demonstrates.

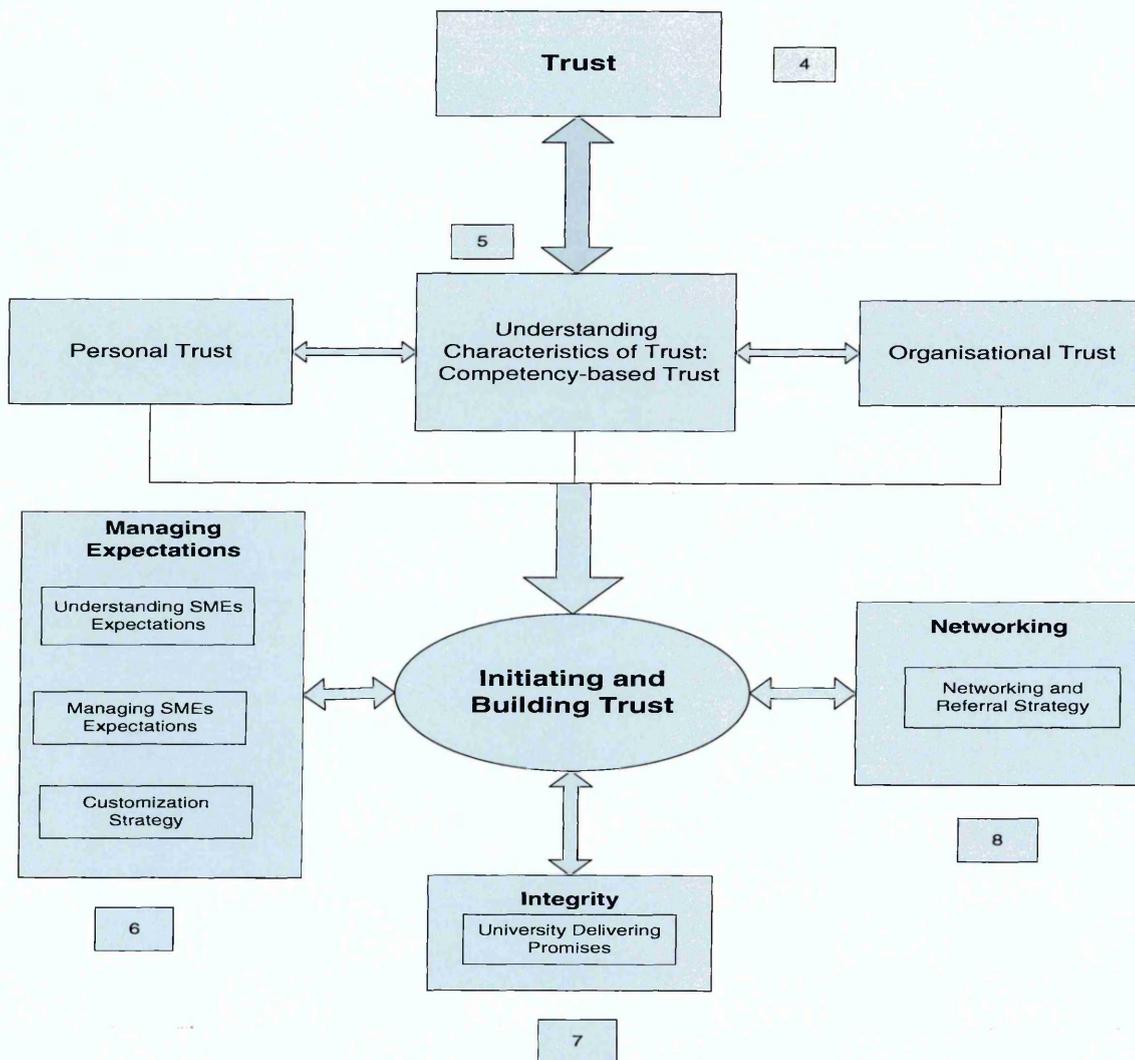


Figure 7.2: Initiating Trust and Trust-Building Model: a supporting model to Vangen and Huxham's Trust-Building Loop (2003)

The present model shows that competence-based trust, either at a personal or organisational level, is more appealing to this thesis; however, personal competence-based trust has been highlighted. This is consistent with researchers' argument (Smith and Barclay, 1997; Anderson and Weits, 1989) that, in partnerships, people are more willing to trust a partner with expertise or reputation in a specific area. SMEs in their relationship with the Business School would prefer a personal level of trust which can lead to trust in the organisation and to a long-term relationship. Therefore, trust at the personal level can facilitate the collaboration and help with trust building between the two sectors. This can be considered as a focus to the Business School in building trust in practice with SMEs through developing interaction-based trust (Saunders et

al., 2010). Plewa et al. (2005) also emphasise the importance of trust building and claim that trust and commitment act as the linkage mechanisms between the parties in a relationship.

The model also illustrates that the Business School should initiate the collaboration to build trust with SMEs, in which managing SMEs' expectations in initiating trust is crucial. This thesis suggests that, in managing the expectations, there is a need to understand SMEs' needs through a customisation strategy, i.e. SMEs would like to be seen as individuals because they belong to different industries so they strongly recommended customisation, such as an event with a guest speaker from the industry they are associated with, as the best strategy to meet some aspects of SMEs' expectations. In addition, managing the expectation not only needs expertise and professional knowledge but also requires skill sets such as communication skills, a quick response in communication, and frequency of engagement.

This chapter also discussed that initiating and building trust also needs integrity in delivering promises from the University side to SMEs by using practitioner-academic expertise. This thesis also suggests networking and referral strategies in initiating and building trust. In other words, when the SMEs' expectations are met and delivered by the Business School, SMEs will share their experience of working with the Business School in their networks and suggest it to their communities. Therefore, they recommend by word-of-mouth, and other businesses have the confidence to initiate a trust-based relationship with the Business School.

7.7 Summary of the contribution to knowledge

The two practice-based models which have been developed and discussed in chapter 5, 6, and 7, are the main contribution to knowledge of this thesis. The author suggests that the model of initiating collaboration (Figure 4.10) is an innovative model as it considers a holistic view of the awareness and understanding of four crucial components in the business school and SME collaboration. This model emphasizes on the best approaches that relationship can be managed and supports the collaborative opportunities. Moreover, it

shows that trust is a key to initiate collaboration and is a tool to overcome to the collaborative challenges. This shows that the awareness and understanding of each component can be influenced by the other component in helping to initiate collaboration. The author, therefore, suggest that this model can be used in other contexts particularly by the other HEI who might be interested in initiating and developing relationship with external businesses.

The second model (Figure 4.12), which has been developed based on the 'trust' component in the first model, has a strong contribution to Vangen and Huxham's (2003) cyclical trust building loop and other authors' (e.g. Saunders et al, 2010; Keh and Xie, 2009; Doney et al, 2007; Morgan and Hunt, 1994) work.

The author suggests that two types of competent-based trust (Personal trust and Organisational trust) are apt in the context of this thesis. The personal trust can be develop through personal contacts which contributes to Saunders et al's (interaction-based trust) work (2010), and Doney et al (2007) who argue that trust can be built through inter-personal relationship. The organisational trust in this study means that SMEs trust the knowledge at the business school as an educational institution; this is consistent with Keh and Xie's work (2009)- trust in corporate reputation and customer behavioural intention-, Saunders et al's (2010) also call it institution-based trust. However, the author claims that personal trust is more appealing to the context of SMEs and UBS collaboration.

The model of initiating trust and trust building is also demonstrates that there are some areas such as managing expectation, integrity in collaboration, and networking which needs to be acknowledged before getting into Vangen and Huxham's (2003) trust building loop. These areas are crucial to initiate and build trust in the context of UBS and SMEs collaboration. This part of the model mainly suggests initiating trust and trust building through a strategic marketing strategy. For example SMEs' expectation needs to be managed through understanding the needs, considering customization strategy in meeting the requirements; keeping integrity through delivering the promises to SMEs; and Networking. Although the two models have been developed in the context of this study, however, they might be used in the other inter-organisational collaborative context particularly in the university and external businesses collaboration in other higher education institutions.

Chapter 8: Conclusions

8.1 Introduction

This chapter summarizes the thesis and presents the original contribution to both knowledge and business practice. These are considered in relation to the objectives of the research – namely, to explore the relationship between UBS and SMEs in order to further understand 'what is going on' and 'how things take shape' in the relationship between UBS and SMEs, to gain a deep understanding about their relationships from the perspectives of the key stakeholders at the SMEs and UBS, and to suggest a best practice model of collaboration and relationship building between local University Business Schools and SMEs in the South Yorkshire and Humber UK regions – and also in relation to the research questions: 1) How much do UBS and SMEs understand about each other? 2) What are the perceived benefits for both Business Schools and SMEs in improving their relationships? What motivates SMEs to become engaged with the UBS? 3) How have relationships and communication been formed and managed between UBS and SMEs from the viewpoint of both sectors? 4) What are the challenges in relationships between UBS and SMEs, and how can the UBS overcome these barriers? and 5) What is the role of trust in the SME/UBS relationship? How can trust be built practically in such relationships?

The chapter also articulates the implications of the thesis for business practice and the limitations and suggestions for further research.

This thesis examines the development of business relationships between a University Business School and SMEs in the UK context. The main purpose is to contribute to the understanding of how University Business Schools initiate, develop and manage their inter-organisational business relations with SMEs, and what, if any, are the mutual advantages for Business Schools and SMEs to work collaboratively, in order to identify best practice in collaboration in IOR relationships.

The collaboration between a University Business School and SMEs with respect to business development interventions was a new perspective in the IOR context which this thesis undertook. The research reveals that, as discussed in Chapter 5,

the initiation and formation of a collaborative relationship is best done through effective relationship management, specifically through intensive communication and suitable communication tools and channels. It also suggests that awareness and understanding of the challenges involved in the process of collaboration are vital because they help in developing appropriate strategies, such as customization in approaching, managing and developing the business relationships (Chapter 6). Therefore, the findings went beyond the data and suggested solutions, e.g. initiating trust and trust building to overcome the challenges (as discussed in Chapters 6 and 7). In addition, the author suggests some focal opportunities in developing business relationships in UBS/SME collaborations that can facilitate the relationships, which is consistent with the position of Lewicki and Bunker (1996), and Gulati (1995) on incremental improvement of any possible relationship. For example, inter-personal relationships, through previous relationship experiences, create opportunities to understand competence-based trust in collaboration; therefore, this opportunity emphasises the significant role of personal trust in such collaboration (Chapter 7). Further to the need for trust to be initiated and built in inter-organisational business relationships (IOBR), it can also be built through managing stakeholders' expectations, and by integrity and networking (Chapter 7). As a result, the proposed model of initiating collaboration and initiating trust was developed, which includes who and what influences the success of collaborative business relationships and explains why collaborative relationships are important in the context of this research.

The contributions to knowledge which this thesis makes to IOR management as well as initiating and building trust in IOBR include the following:

- The development of a practice-based model explaining the initiation of collaboration in the U-I context. This is explored through awareness and understanding of four main elements, i.e. relationship management, identifying opportunities and challenges, and the understanding of the concept of trust in such collaboration. The author suggests, the existing models of U-I collaboration, for example Philbin's (2008), are a 'linear process model of collaboration' that contributes to a better understanding of the need to evolve a much more robust model, however, it neither

supports sustainability nor dictates a viable management option of the relationship. This thesis, therefore, makes contributions through an incremental approach, to the model of 'initiating collaboration', which is a non-linear perspective and enhances trust initiatives and is much more practice-based. The present model, developed through rigorous data analysis and innovative thinking, is a more comprehensive approach because it shows a new dimension of thinking in initiating collaboration, whilst also discussing the awareness and understanding of four major elements in initiating collaboration. Therefore, each element adds to the existing knowledge in those four areas and in general it contributes to the IOBR (Inter-Organisational Business Relationship) context, especially in collaboration between a University Business School and SMEs.

Additionally, the present model highlights the challenges involved in the collaboration, including a lack of awareness of what Business Schools can offer to businesses. This is consistent with the work of earlier researchers (e.g. Marzo-Navarro et al., 2009; Carvalho and Da Silva, 2003; and Engelkemeyer, 1995), who suggest that there is an absence of effective communication and co-operation between industry and universities. This thesis suggests that this lack of awareness can be caused by a lack of effective communication between the parties. Consequently, some practical suggestions have been made to overcome these challenges. These include intensive communication, especially through informal meetings e.g. breakfast or lunch meetings, and also developing an independent website from the university main website. This website can be designed to promote business engagement as a gateway and a specific communication channel for external businesses.

- The second main theoretical contribution is the development of a practice-based model of initiating trust. The model developed and built on Vangen and Huxham's (2003) Cyclical Trust-building Loop, which suggests a 'fair level of trust' strong only enough to initiate the relationship but not enough to develop or manage it. The present research, therefore, identifies additional components of trust building and reinforcement, including

'managing SMEs' expectations', 'integrity in the relationship', and 'networking', thereby adding to the literatures on trust and trust building.

- This thesis also contributes to practice especially through the model of initiating and building trust. It suggests that managing SMEs' expectations is linked to better relationship management because, through adopting a suitable relationship management approach (i.e. nurturing the relationship through effective and intensive communication, mainly via informal and inter-personal relationships such as breakfast or lunch meetings), the Business School will be able to understand the SMEs' needs and be able to manage these expectations through a customization strategy. A customization strategy can be implemented in practice through e.g. an event with a guest speaker from the industry they are associated with, and in addition SMEs' engagement in designing and perhaps delivering a specific programme specially related to their requirements.
- In terms of 'Integrity' in practice, the author suggests that primarily the Business School needs to put practitioner-academic expertise forward in the relationship with SMEs in order to deliver the promises, because those experts have a mindset of both practitioners and academics and therefore understand the worlds of the practitioners and academics better, enabling them to be committed and deliver the promises.
- This thesis suggests 'networking and referral' as two practical strategies of initiating and building trust in UBS/SME relationships. In practice, when the SMEs' expectations were delivered by the Business School (as described above), the SMEs would share their experiences within their networks and recommend the Business School to their communities. Therefore, word-of-mouth recommendation encourages other businesses to have the confidence to initiate a trust-based relationship with the Business School.
- The implication of the thesis is its prediction of the best means of approaching this group of stakeholders (i.e. SMEs) by Business Schools through the establishment of a trust-based relationship and a model of initiating collaboration. The study also aids in policy making and decisions with collaborative relationships, as it helps managers and practitioners to

get ideas on ways of managing expectations, developing networking and initiating trust.

Therefore, the key output from this thesis is two practice-based models of 1) initiating collaboration (Figure 4.10, chapter 4) and 2) initiating and building trust (Figure 4.12, chapter 4). The second model has been developed and enhanced from one of the main components of the first model. In discussing the applicability of the models, it is important to clarify each component of the models. In general, these models mainly rely on practice-based suggestions; thus the aim is to contribute to practitioners' and managers' understanding of the importance of each component involved in a collaboration.

The model of Initiating Collaboration in UBS/SME Collaboration and its components will now be summarised and details on how each component adds to theory and practice will be revealed in the following sections.

8.2 Summary of Key Findings

8.2.1 Relationship Management; the first components of initiating IOBR collaboration

This part of the key findings is related to Objectives 1 and 2 of this thesis, i.e. 1) to investigate the relationship between the Business School and SMEs to further understand 'what is going on' and 'how things take shape' in the relationship between them and 2) to gain detailed views from the perspectives of the key stakeholders regarding developing their business relationships.

Referring to the model of initiating collaboration (discussed in Chapters 4, 5 and 6), the awareness and understanding of relationship management is identified as one of the core elements of initiating collaboration. Chapter 5 of this thesis discussed and showed the importance of relationship management in an IOBR context and defined the concept of relationship management. RM has not been defined in an IOBR context because other research has not considered relationship management as a critical element in collaboration; therefore, the author explored the critical role of relationship management in the IOBR context and claims that relationship management deals with the initiation, formation, development and management of a collaborative relationship through

appropriate and effective communication tools and channels, in the context of this research.

The findings of this thesis, in the same vein as Plewa et al.'s argument (2005), reveals that communication is one of the most important relationship characteristics. However, contacting the most suitable person in the Business School is a challenge. In addition, an appropriate communication channel was highlighted as an important vehicle to get the message across to the businesses in managing the UBS/SME relationship. In this regard, informal routes of communication and networking, such as knowing someone in the University (which shows trust at an individual level), were identified as the quickest means of communication, facilitating two-way communication (Gronroos, 2002). In conjunction with informal communication, trust at an individual level was identified as a fundamental factor in relationship management success in the context of this thesis. Imperatively, trust is a key element within IOR in which there is little formalised structure (Galaskiewicz and Wasserman, 1989), and this was one of the features of the SMEs discussed in this thesis. Therefore, this thesis identifies that communication through the right channel is a solution to overcoming these challenges and helps with relationship management and creating a trusting attitude between the stakeholders.

In essence, and in contrast to the argument of Wilson and Boyle (2004), and Huxham and Vangen (2000 and 1996), this thesis reveals the lesser impact of formal communication in initiating and developing relationship between the UBS and SMEs. This is consistent with the findings of Wang and Lu (2007) on the effectiveness of personal interactions as against formal communication in U-I collaboration. Formal and informal methods of communication were discussed in Chapter 5. This thesis asserts that, within UBS/SME collaboration, the usefulness of informal communication receives most attention by both parties. More specifically, from the SMEs' point of view, the informal route of communication and networking can be more helpful and effective in accessing the right person in the Business School. This facilitates the initiation of business relationships, thus there should be more opportunities to enhance social and informal interactions. Informal communication in practice can occur through

informal events such as meetings over lunch or in the evening. The Informal route of communication is not only the best communication channel in initiating and developing the UBS/SME relationship, but also shows a degree of trust which can facilitate and accelerate the two-way communication, as Gronroos (2002) asserted, because it allows the building of a common knowledge base. In this part of the findings, trust at the individual level is identified as a fundamental factor in successful relationship management.

This thesis suggests that there are some techniques, such as face-to-face meetings, frequent contacts, and quick response to SMEs' enquiries, which are helpful in building a relationship in UBS/SME collaboration. These techniques can add to the quality of relationship management, lead to a successful relationship, give SMEs more confidence to trust the Business School, and facilitate the development of trust in the relationship, leading to better relationship management and a longer-term relationship. It supports Philbin's (2008) argument that the U-I relationship can be facilitated effectively through developing social capital such as trust, and that trust can be developed through regular communication and regular dialogue. Therefore, the findings of the thesis not only suggest new ways of building and managing the relationship in the context of UBS/SME collaboration, which adds to Philbin's study, but also identify the methods that can help to develop trust in a collaborative process, i.e. intensive communication and regular dialogue, particularly through informal contacts. Hence, the findings recommend that Business Schools take these techniques into consideration in collaborating and developing relationships with SMEs.

The author also suggests some approaches which contribute to the success of relationship management in the context of this thesis, such as friendly and informal relationships, having interpersonal skills and being a more socially-oriented person, i.e. a person with good communication skills. These approaches, particularly inter-personal relationship (Doney, et al., 2007), are important in listening to SMEs and using their feedback to improve the relationship, so adding value for the stakeholders and helping to create mutual respect and trust. Galbreath and Rogers (1999) believe that this kind of approach to relationship management is much more based on nurturing the relationship with clients rather

than a transactional relationship. This thesis suggests that an inter-personal relationship is an appropriate approach in UBS-SME relationships because it helps to improve communication with SMEs and increases the SMEs' confidence and willingness to engage in the relationship, and is therefore a starting point for building trust. Thus, interpersonal skills and a relational approach are keys in managing IOBR.

The relationships between firms can be viewed on the same basis as human inter-personal relationships, which are based on trust, mutual understanding and co-operation (Cousins, 2002). The author suggests the need for more socially-oriented academics in interaction with businesses because interpersonal relationships help to manage relationships better and thus initiate trust. Hence, this emphasizes the importance of the role of individual academics in developing collaboration between Business Schools and businesses.

In order to manage the relationship through developing a relational approach, the author also suggests that informal approaches such as breakfast meetings, after-work sessions away from the businesses premises, in conjunction with regular meetings through the events that are hosted by other partners, e.g. working dinners (Philbin, 2008) are the most appropriate way of building an inter-personal relationship, resulting in better relationship management.

It was also discussed in Chapter 4 that a clear vision and framework on collaboration outcomes is one of the main characteristics of managing a successful relationship in the context of this thesis. This is because a clear vision and framework on collaboration outcomes can reduce the risk of partnership failure and also reduce the complexity of IOR management. Therefore, this part of the findings adds to two specific existing theories. The first is that of Kanter (1989), who argues that many partnerships fail because of the difficulties in managing them. Similarly, the present work suggests that a clear idea and agenda regarding the outcomes of collaboration can lead to a successful relationship, since this reduces the risk of partnership failure in collaboration because both parties know what to expect from each other. The second contribution is to Babiak and Thibault's (2008) argument that IOR management is complex; the author clarifies that this complexity arises because two or more

independent organisations with their own objectives, agenda and culture work on one project, which can sometimes create conflict.

This thesis therefore recommends academics involvement in such collaboration, particularly in consultancy projects and KTPs, to define an agenda, perhaps clarifying for each project what is going on to be done, the time frame and possible outcomes in their communication with SMEs. This helps to reduce the perceived complexity of IOBR and gives more confidence and commitment to the parties involved in the project, which can create a trusting attitude between the parties involved in the collaboration.

The author found that internal relationship management, e.g. communication and sharing details of external contacts, had a significant impact on the quality of relationship management with external stakeholders. While Ford et al. (2003) argue that the success of the relationship depends on the attitudes, commitment and performance of the employees, Gronroos (2007) argues that relationship management is highly dependent on a well-organised and continuous internal relationship. This thesis suggests that internal communication across the University is a type of barrier to customer relationship management because there is a lack of a centralised database across the University or even at the Business School to share the external businesses' contact details which can be used when required; there is a lack of a CRM system, and all the contacts are held by individuals. This thesis suggests that this is because of the culture of academics in the Business School, meaning that they are reluctant to share their contacts with others inside the Business School in order to protect the companies they work with.

In order to overcome this weakness, it can be suggested that flexibility and suppleness can make the internal relationship easier. If all the departments in the Business School agree to share their list of contacts, a list of clients' contact details can be created. Similarly, based on the list of companies and their industries, a directory of academics with expertise in those areas can also be created and the directory made available to businesses. This list of experts could have two advantages to the Business School and also the external businesses. First, the Business School could inform external businesses about the available

experts in different areas of business and management. Referring to the model of initiating trust in collaboration component number 8, this can happen through networking with SMEs, raising awareness of what the Business School can offer. The second advantage is that, in conjunction with communication channels and the importance of finding the right person at the initial stages of a business relationship with the Business School which were discussed in Chapter 4, this could facilitate access to the right person. In addition, the right person with an industrial background and experience gives credibility to the partnership, which is a part of managing the relationship with externals. These recommendations reveal the contribution of this research to practice.

It was also found, as one of the challenges, that there was unequal power and control in the UBS/SME collaboration. Power and control are important issues with respect to the process of collaboration which may impact on the collaboration if unequal power relationships occur (Vangen and Huxham, 2003). This can create barriers to the relationship and slow down the process of collaboration, and can also influence the trusting attitude of the partners involved in the collaborations.

Thus, the author affirms that the power basis of knowledge and finance might control and lead the relationship. Rigid systems and a 'tick box' attitude at universities are perceived as overly controlling; academics believe that this is the nature of large organisations such as the Business School. The party who financially contributes more to the collaboration is more likely to control the relationship. In such circumstances, Calton and Lad (1995) argue that the maintenance of trust is necessary for the perceived resolution of unequal power. In addition, this research suggests that the power of knowledge was seen as unequal, and is seen as a positive force in the collaboration. Academics' expertise and knowledge in projects with businesses can give businesses the assurance that they are receiving a good service, which can help to build and maintain trust in the collaboration.

In addition, this research suggests that there is a need for clarification on mutual-dependant relations (Wang and Lu, 2007) in the context of university relationships with SMEs. This clarification can happen through adopting an

interaction strategy to clarify the issue of power of knowledge which might sometimes be held on the side of the University. In other words, as a part of relationship management the UBS needs to reassure SMEs about the mutual needs of their collaboration which can also develop trust as a solution to unequal power.

8.2.2 Opportunities / Challenges in developing UBS/SME relationships

Referring to model 8.1, the second and third components of the model are collaborative opportunities and challenges. Chapter 6 of this thesis discussed the purposes and advantages of involvement as a part of the opportunities in initiating and developing collaboration, and also examined challenges in such collaboration in the context of this thesis, which are both related to Objectives 1 and 2, i.e. 1) to investigate the relationship between the Business School and SMEs to further understand 'what is going on' and 'how things take shape' in the relationship between them and 2) to gain detailed views from the perspectives of the key stakeholders regarding developing their business relationships. This section will highlight the relevant key contributions.

In order to achieve Objectives 1 and 2, the existing literature on IOR in different disciplines and the application of IOR in a U-I context was critically reviewed, which mainly argues about the collaborative advantages of the relationship. This assisted in understanding factors from the economy, policy makers, and the advantages of education in IOR collaboration, linking up with the 'triple helix' model (Etzkowitz and Leydersdorf, 2000), which argues that the partnerships of government, university and industry benefit innovation productivity. Firms require access to new knowledge for production, so the 'triple helix' model has arisen as a suitable format for integrating intellectual capital from the academic institutions' side and policy from the government side with industry (Johnsen and Ennals, 2012).

Providing a clear picture of the current drivers and challenges in such collaboration was helpful in developing the model of initiating UBS/SME collaboration. Thus, the result of this thesis can inform executive managers at UBS and policy makers in the region on the application of these findings in shaping strategies to initiate and develop collaboration with the regional SMEs.

As a result, SMEs will see the type of help they can get from the Business School, thus helping to develop trust.

8.2.3 Collaborative Opportunities in initiating and developing UBS/SME relationships, and how to build on them

Reviewing the literature helped to highlight why organisations collaborate with each other. Huxham (1993) suggests they cannot tackle their problems on their own. This showed that there have to be some collaborative advantages which make the collaboration attractive to the organisations. On the other hand, Huxham (1993), does not clarify what kind of problems might be involved in collaboration. This research discovered that there are some key purposes of engagement and collaborative advantages in IOBR and these are a part of driving forces in such collaborations. Referring to the initiating collaboration model in Chapter 4, one of the important elements of the model is the awareness and understanding of 'drivers', which can be seen as a part of opportunities that can create opportunities in initiating such collaboration. Therefore, the purposes and advantages of engagement are embedded in opportunities for moving such collaboration forward.

One of the purposes of engagement is the fact that academic institutions and SMEs live in a competitive market; as Plewa et al. (2005) argue, the influence of rapid changes in competition and speed of innovation around the world emphasise the need for the creation of such collaborations. This thesis argues that being in a competitive market means that businesses will face some challenges in the future when competing with their competitors in the market, and therefore both sectors need to gain expertise in different areas to make their business more competitive. So both sectors are eager to collaborate because it helps them to become competent in the market in which they operate.

In addition, research in developing countries such as Costa Rica, e.g. Preira (2009), has shown that collaboration such as consulting agreements and R&D projects between researchers and businesses can lead to innovation and keep local businesses competitive, thereby helping to make sure the region has a sustainable base for economic growth. The author claims that the UBS's aims in engaging with regional SMEs are not only to generate income but more

importantly to contribute to the growth of the economy of the region by generating value for the UK PLC through such collaboration. So, one of the main purposes of engagement is related to business development such as SMEs' knowledge and product development, which can be achieved through consultancy projects and KTP projects. Most of the companies in the present study came from the manufacturing sector; such collaboration can have a high impact on the development of the manufacturing sector, because it helps SMEs with better business planning and developing new ideas which can improve the companies' efficiency and effectiveness. It can be seen as a positive move towards bringing back the UK manufacturing sector which leads to more employment at least at the regional level. Lambert (2003) also argues that companies in partnership with universities are more successful in business compared to those that are not.

As a result of these advantages, and referring to the 'triple helix' model, the role of government can be seen as crucial. UK government policies, e.g. financial support through different schemes, need to be more supportive to encourage and motivate parties to initiate such important collaboration. If this support is provided, then government funding can help businesses to up-skill their staff and get access to the new technologies and knowledge in their industries, as this support mechanism is appreciated by both sectors. This support seems essential to such collaboration, as this thesis also found that the two sectors collaborate for education (SMEs' staff) and training (mainly students) purposes.

Another purpose of engagement is education and training, where e.g. SME staff take part in professional programmes at the Business School. This type of personal staff development at SMEs can help the companies to improve their processes and techniques by having more educated, open-minded and reflective managers, because businesses see the University as a learning and reflective environment. This is linked with one of the interesting findings of this thesis, which asserts that the role of skilled leaders with high educational qualifications in SMEs is a motivator in initiating such a relationship. Leaders with such characteristics are more willing and have a more positive attitude towards initiating collaboration with the Business School. The author also recommends a strategy of encouraging SMEs' leaders to pursue Higher Education study. This

could be initiated by the Business School by approaching SMEs through effective communications and raising awareness of the advantages of Higher Education for employees and staff in business sectors. As stated by Mangematin and Nesta (1999), the educational background and specific competencies of an employee widen the pool of knowledge and also contribute to increased networks with individuals who have similar competencies. This can help SMEs to understand basic academic language and also the kind of help they can get from the Business School because of their experience of being in the educational environment. It can be concluded that businesses in specific industries such as the manufacturing sector could be better collaborative business partners for Business Schools, i.e. not all SMEs are suitable potential partners in such collaborations.

This thesis also asserts that the purpose of education-training involvement between SMEs and the UBS benefits students in terms of the development of practical business and management skills through access to real-world experience, which makes the graduates more competitive and leads to a higher level of employability either at regional, national or international level. This finding is in line with the output of a survey conducted by Salter et al. (2010), which shows that one of the factors influencing the decision to interact with industry is 'training of postgraduate students'; this was not crucial in 2004, but it became a crucial factor in 2009, according to 35% of the respondents (Salter et al., 2010). The collaboration is also of benefit in improving teaching materials; for example, academics develop case studies to feed into teaching as an output of KTP collaborations, which adds value to students' learning experience.

This research proposes that business, educational and training reasons for collaboration between UBS and SMEs are highly crucial in achieving competitiveness in SMEs and also UBS graduates, thereby contributing to business developments and to an increase in employability and economic growth in the region and, in the longer term, the growth of the UK economy. It must be borne in mind that government policies in supporting the initiation of such collaboration are vital; for example, the Innovation Voucher Scheme greatly influenced the increase in the number of enquiries to the University Enterprise Centre. As stated in the Lambert Report (2003), the major part of government-

financed business R&D in the UK goes to large companies. This is true in other mature economies like the US, France and Germany, and also in Japan, where government grants are available exclusively to large firms, which might be discouraging to SMEs (Lee, 2011). Therefore, the UK government should look for ways to direct a higher portion of its support for business R&D towards SMEs.

Through a deep understanding of the key stakeholders' perspectives in UBS/SME collaboration, this thesis reveals that there are some limited but mutual interests as a result of collaborative challenges which will be summarised in the next section. Equally there are some motivators to initiate and develop such collaboration, such as academics with a business mindset, skilled leaders with high educational qualifications at SMEs, successful experience of previous relationships, and academics' passion for a project. So the author suggests that if the UBS wants to expand its industry engagements, it should have more academics with commercial experience, industry knowledge and technical competence in communicating and dealing with SMEs, because academics with such characteristics can communicate more efficiently, using the same language. Therefore, trust can be maintained in the relationship when the knowledge gap between academics and practitioners has been reduced. Again, as discussed in Chapter 6, academics with industry experience can create more interactions with industries, and thus more mutual-dependent interaction (Wang and Lu, 2007) can occur. In this way both sectors will have the confidence to start their relationships. It is also recommended that previous successful experiences of business relationships lead to the collaboration developing because both parties can see elements of assurance, security and trust in re-approaching each other, which also saves time.

These can all be seen as opportunities for initiating and developing collaboration. In order to build on these opportunities, it is also essential to raise the awareness of the mutual benefits that both sectors can achieve from the collaboration. Therefore, this thesis suggests the need for better means of communication, i.e. two-way and informal communication through developing inter-personal relationships in such circumstances (discussed in 5.2.1 and also in Chapter 5 of this thesis).

However, there are still some issues that can slow down or de-motivate the parties' engagement. Exploring the issues was hugely important to the purpose of this research and to answer one of the research questions i.e. *What are the challenges in relationships between UBS and SMEs, and how can the UBS overcome these challenges?* So this thesis also explored the main collaborative challenges and also the techniques which can be used to overcome challenges in such collaborations; these will be summarised next.

8.2.4 Collaborative Challenges in initiating and developing the UBS/SME context, and how to overcome them

Referring to model 8.1, another important element involved in initiating collaboration relates to understanding and awareness of challenges (Component 3), as finding the problem is half of the solution.

Despite the many advantages of IOBR collaboration identified in this thesis, there are also a number of major challenges in initiating and developing the relationship between a UBS and SMEs which create barriers and may slow down the relationship. The author asserts that the main challenges are structural differences, such as different organisational size; the Business School is a large organisation whereas SMEs are small to medium-sized organisations, so the process of work is often very different. Therefore, the organisational structures create another challenge which is a kind of cultural disparity, such as a bureaucratic system imposed by the Business School, different operating environments, different languages in communication, and different organisational culture. The other challenges are resources and capacities including funding, expertise and time. The final collaborative challenge identified in the context of this thesis is lack of awareness of what the Business School can offer. The strategies and solutions to overcoming these challenges are summarised below.

This thesis claims that bureaucratic systems seem to be in the nature of large organisations such as the Business School and unsurprisingly can stifle innovation. As SMEs are in a competitive market and also have a shortage of specialised resources, they are keen to see the feasibility of their innovative ideas in the quickest possible time. Thus the experience of waiting for the paper work to be done remains a painful experience for SMEs as they do not have

a 'slow motion' culture. Consequently, the author suggests that intensive communication and relationship with SMEs as a part of relationship management can be helpful in developing the SME's innovative ideas, hence avoiding suppressing innovation.

As Johnston et al. (2010) state, it is necessary for both HEIs and industries to go through some cultural change in order to create a knowledge-sharing culture. The author claims that there is a need for some degree of cultural change in both sectors; for example, SMEs might need to shift from short-term to long-term thinking and see the collaboration with universities as an investment. In this case appropriate communication tools and networking might be useful in educating SMEs regarding this need. The University might also need to define a special gateway for business engagement with shorter working processes.

However, what is surprising and really interesting here is the fact that sometimes bureaucratic challenges are not caused by the University itself, as universities receiving funding from various sources need to justify their expenses in supporting regional businesses to these benefactors. Therefore, the long process of getting approval for some projects, for example KTPs, is more related to the funding organisation's restrictions, which are perceived as bureaucratic at the University. Accordingly, extra communication and explanation about the nature of IOBR is required to explain and clarify the nature of collaboration between the UBS and SMEs so as to turn this misconception into elucidation, which helps both parties to understand the other's position in collaborations.

The discussion in Chapter 6 indicated that both sectors have different operating environments and strategies, short-term and long-term, and cultural differences. The UBS does things in a certain way, sometimes complex in the SMEs' eyes, while SMEs are more outcome-driven. In such a different operating environment, developing relationships between parties take time, so an interactive process helps to reduce cultural differences between university and industry (Wang and Lu, 2007). Therefore, an interaction/network approach (INA) (Hakansson and Snehota, 1995) seems appropriate in managing the relationship. However, the

'languages' are different which can be a barrier to the collaborative process, especially in initiating the relationship.

The author claims that there is a communication issue because of 'language' differences between academics and practitioners in their relationships, and that these language differences are rooted in cultural disparities.

Therefore, academics need to bridge the language gap with practitioners in order to communicate better, to understand and meet SMEs' requirements. The role of an 'interpreter' needs to be introduced between the two sectors. Academics with more commercial and business knowledge can play the role of 'interpreter' to facilitate communication and help mutual understanding between the parties.

Creating such a vehicle or 'interpreter' may require resources when few resources have been allocated for working with SMEs. 'Resources' here means finding free time on staff timetables, as the academics' work plan is set a year in advance and they have their day job to do. In the Business School, staff are often overloaded with teaching, research and increasing administration which does not give them enough time to concentrate on developing their relationship with external businesses; thus their lowest priority would often be working on projects with external businesses (here frustration can be a barrier, as individuals see big advantages in building their business networks).

Thus, there is a need for a specific group of individuals whose defined role is to focus on building corporate development with SMEs and hence free up workload time for them to engage with businesses. This group of individuals could also contribute to producing a database of academic expertise and a list of businesses, as discussed in section 8.2.1 of this chapter, which could facilitate corporate development. As many Business Schools might have this model, this could be an area for further research, i.e. examining such groups and the effectiveness of this model in developing U-I collaboration.

The author also claims that the shortage of financial resources, mainly on the part of SMEs, and lack of enough time to invest in the relationship from both

sectors - because academics are under the pressure and breadth of academic work and people at SMEs are multi-tasking as well - can create barriers to the development of a relationship and also to developing trust between the partners. As stated by Salter et al. (2010), the motivation for fully engaging with industry is related to academic research activities, including securing additional research funding and finding interesting and rewarding research problems. Therefore, in such a situation, academic passion for a project, as a motivator, can be helpful because such academics might see personal fulfilment in investing time in developing a relationship with SMEs. Thus, it is crucial for the UBS to know its academic staff's research interests in order to support those staff members that can help to overcome such challenges.

The findings of this thesis also indicate, despite the fact that the nature of the research is not applicable to all industries (Benneworth, 2001), that Business Schools do contribute to innovation and economic development, and that awareness and mutual understanding are core elements for initiating collaboration. In addition, this thesis claims that there is a lack of awareness of what a Business School can offer to the local SMEs. Marzo-Navarra et al. (2009) argue that lack of interest from firms in establishing a flow of information towards and participation with universities may be due to a lack of knowledge about the advantages that could be gained by both parties. The author supports Marzo-Navarra's argument and approaches it differently, claiming that the lack of interest could be because of lack of awareness of what the Business School can offer to SMEs.

The issue of raising awareness is critical and a stronger focus on marketing strategies by the Business School, for example, customisation strategy and word of mouth, could act as a vehicle to 'shout out' what is available to the SMEs at the UBS. Activities could include targeting different groups of industries and getting academics more involved with commercial knowledge, in order to educate and inform SMEs about the services available at the UBS. Therefore, adopting the strategy of customisation (Galbreath and Rogers, 1999) to inform SMEs' expectations is suggested (see component 7, in model 8.1), which thus leads to mutual understanding, which is a base for building trust in a relationship.

This thesis also suggests that mutual understanding is required as an important factor in increasing the awareness of what the Business School can offer. However, mutual understanding occurs when a relationship is managed well. The need for mutual understanding has been stressed by Gupta et al. (1986); a constant exchange of information through an appropriate communication channel assists in achieving mutual understanding (discussed in Chapter 5). It is also emphasised by Plewa et al. (2005) that a successful U-I linkage involves a high level of interaction to ensure the creation of mutual understanding and value. So, the author suggests regular communication, e.g. frequent meetings and emails - a major part of relationship management - as a mechanism to create mutual understanding, decrease the knowledge gap between the two sectors and help to raise awareness of collaborative advantages, leading to the initiation of trust building.

Lack of knowledge and lack of information sharing based on trust is another barrier which, not surprisingly, shows that trust plays a key role in initiating and developing collaboration. This is why understanding the role of trust is considered to be an important element in the model of initiating collaboration.

In addition - and surprisingly - this research argues that trust is a key solution and mechanism to overcome and manage some of the main challenges such as bureaucratic systems, 'language' differences and communication, managing resources such as financial, time, and human resources, and lack of awareness of what the Business School offers. Therefore, this thesis strongly suggests the need to identify practice-based factors in initiating trust in such collaboration, from which the second model developed, i.e. initiating trust building, which is linked to the first model of initiating collaboration (see figure 4.12, chapter 4).

8.2.5 The concept of Trust, and initiating a trust-building model in the UBS/SME relationship

Referring to figure 4.10, the awareness and understanding of the concept of trust (Component 4) and the role of trust in collaboration is the underpinning theme of the thesis.

As discussed in Chapters 2 and 7 of this thesis, trust is a context-bound phenomenon (Welter and Alex, 2012) and a multi-dimension concept (e.g. Clark

and Payne, 2006 and 1997; Newell and Swan, 2000; Butler, 1991), and has different meanings in different contexts; it needs to be understood in its relational context to determine the extent to which it drives the relationship. However, in the context of this research the notion of trust means openness, perceived trustworthiness, integrity and confidentiality regarding the shared information in the collaboration. Moreover, the economic and financial consequences of trusting a business relationship with the University are a major concern for SMEs in the collaboration process.

This thesis reveals that trust is a precondition to IOR management and needs to be initiated in UBS/SME collaboration. Referring to the model of initiating trust in UBS/SME collaboration, this research claims that competence-based trust (Component 5) is highly important in initiating collaborative relationships. It supports Atkinson and Butcher's (2003) and Newell and Swan's (2000) competence-based trust, which argues that the trustier can rely on the competencies of the trustee. This can be seen in the present work; moreover, competence-based trust at personal and/or organisational levels is noticeable in the SME/UBS relationship. However, personal trust is highlighted as more relevant in the context of this thesis, and SMEs in their relationship with the Business School should have a more personal level of trust which can lead to trust in the organisation and to a long-term relationship. This thesis suggests that personal-based trust can be developed through informal meetings such as lunch or dinner meetings; however, it is mainly connected to previous experiences of relationships. In the present examination, academics also emphasized that trust at an interpersonal level can keep a relationship going because even if the initial person does not have the relevant knowledge, the issue can be passed on to colleagues with expertise in the area within the institution. Therefore, the initial contact can be seen as supportive to the client inquiry. It can be claimed that trust at a personal level can facilitate the collaboration and helps with trust building between the two sectors.

The model of initiating trust building in this thesis strongly supports Vangen and Huxham's (2003) trust-building loop, but is different from Vangen and Huxham's model. The model in the present study mainly concentrates on the most apt strategic and marketing approaches to initiating trust. It discusses three main

components that are vital to start trust in collaboration before examining Vangen and Huxham's trust-building loop in UBS/SME collaboration. These three components are managing expectations, integrity and networking.

Component 6 of the model concerns managing expectations through understanding SMEs' needs, requirements and expectations. The relational approach, i.e. nurturing the relationship (Galbreath and Rogers, 1999) and creating value in the relationship through developing interactions with stakeholders (Morgan and Hunt, 1994), is suggested as the best approach to relationship management, which will be better able to understand SMEs' needs and managing their expectations through a customization strategy. In supporting the customization strategy, Galbreath and Rogers (1999) note that SMEs would like to be seen as individuals because they belong to different industries; so they strongly recommended customization, such as an event with a guest speaker from the industry they are associated with, as the best strategy to meet SMEs' expectations. It is also suggested that programmes specifically relevant to the SMEs' needs be designed, with their involvement in designing and perhaps delivering the programme. This can also create a path in initiating and establishing long-term, constant relationships that create mutual benefits for the parties (Ravald and Gronroos, 1996). Therefore, meeting SMEs' expectations can result in the SMEs' commitment to the UBS or the people in UBS which is a key to the success of the relational approach.

Component 7 is integrity, mainly from the Business School to deliver their promises to SMEs by using practitioner-academic expertise. Component 8 is networking, i.e. when the SMEs' expectations are met and delivered by the Business School then SMEs share their experience of working with the Business School in their networks and recommend it to their communities. Therefore, they spread their recommendation by word-of-mouth, and other businesses have the confidence to initiate a trust-based relationship with the Business School. Academics and SMEs both support the idea of networking and referral in initiating trust because it is a credit for the Business School when SMEs trust them.

8.3 Contribution to Practice

The research questions that were set for this research (Chapters 1 and 2) are looking for practical answers. Developing contribution to practice was the purpose of this research as the benefits from the research were seen as facilitating the development of effective business relationships between local Business Schools and SMEs in their regions. This investigation provides specific pointers that might assist Business Schools to understand how to initiate, develop and better manage their relationships with this group of stakeholders (SMEs) to stimulate and improve engagement. There has been very little research work on building successful collaborations within the Business School context and which contributes to professional practice through collaboration between Business Schools and SMEs.

Relationship management in practice and initiating practice-based trust are at the core of the contribution of this thesis to practice. As a result of this research, in order to initiate and develop effective Business School/SME collaboration, therefore, the following suggestions can be made to executive managers at Business Schools, business managers and policy makers at regional or national level.

- There is a need for greater awareness of the benefits of the collaboration. This awareness is helpful in mutual understanding and managing the relationship. This thesis reveals the specific consideration that needs to be considered. Therefore, in order to raise the awareness of what Business Schools can offer to external businesses, executive managers at the Business School may need to pay attention to communication strategies, for example regular and intensive communication through the right people - perhaps an academic with commercial knowledge of SMEs - and also through informal networking. This is a part of relationship management that can create mutual understanding between the parties involved in the collaboration and help to raise the awareness of collaborative advantages, thus overcoming this challenge and leading to trust building. This may enable decision makers as well as practitioners to understand the dynamic interactions involved in the process of collaboration and take into account the importance of individuals in initiating and developing trust-

based collaboration. The experience of SMEs' engagement with the Business School shows that success is easier to link to individuals; therefore, developing interpersonal relationships through informal approaches such as breakfast meetings, after work sessions away from the premises, creating an 'SME forum', SMEs' involvement in designing programmes for them, and having the SMEs' representatives from different industries on the Business School board are highly recommended. More individual academics with commercial experiences, industry knowledge, technical competencies in communication and socially-oriented academics are essential in such collaboration.

- Some degree of cultural change is required for both sectors in shifting from short-term to long-term thinking at SMEs, and defining a special gateway for business engagement with shorter working processes at the University/the Business School. Therefore, the role of a facilitator is needed, requiring a vehicle or an 'interpreter' between the two sectors, perhaps through a specific grouping of academics with commercial and business knowledge which focuses on building corporate development and hence facilitating necessary resources and capacities (i.e. expertise, time and freeing up work load time for business engagements). The author also suggests the establishment of an independent website - separate from the University main website - for the purpose of business engagement, which could facilitate communication between the UBS and SMEs. However, these considerations are by no means exhaustive and are time-consuming, so they can be considered as a medium-term plan. Meanwhile they can enhance SMEs' understanding of the overall process of collaboration, which can support and facilitate the development of trust.
- In addition, the internal relationship management may need a better strategy, perhaps by implementing a CRM system particularly in sharing information about external businesses. This improvement could influence the quality of the relationship with external stakeholders. Therefore, this research suggests the development of a list of clients and academic expertise, made available to the staff involved in business engagement. This can be seen as a way of overcoming the internal problem regarding

sharing clients' information and also can provide some help with raising the awareness of the Business School's services to external businesses.

- Trust needs to be initiated in such collaborations because businesses are concerned and reluctant to share their sensitive information with externals and have paranoia of outsiders (Chapter 7); therefore, unsurprisingly, trust is the main core of collaboration. However, surprisingly, trust is a key solution and mechanism to overcome and manage the collaborative challenges. This research informs future policy development in relation to improving intellectual property and knowledge transfer, and suggests that trust needs to be initiated and built up with SMEs in the early stages of a relationship. This thesis also suggests that trust can be initiated through three main mechanisms; managing SMEs' expectations, integrity and networking. The best approach is the relational approach and customization strategy which can help to understand the stakeholders' expectations first and then design specific programmes with the involvement of the SMEs to meet their requirements. The executive managers at Business Schools may need to ensure that the staff who work with external businesses are capable of delivering the promises in order to maintain integrity. The last, but by no means least important, consideration in initiating trust is a networking strategy which needs special attention because, through networking and word of mouth, the Business School's capabilities can be spread among businesses within their communities, for example by arranging an event run by successful businesses in partnership with universities in order to share their experiences with other businesses (this could be as a part of a networking strategy). It seems that informal communication and inter-personal networks continue to function as a useful way of maintaining the business relationship and building trust in U-I collaboration.
- The result of this research informs the future of the UK government policy on financial support through different schemes. This needs to be more supportive to encourage and motivate parties to initiate such an important collaboration. If this support is provided, then government funding can help businesses to up-skill their staff and gain access to the new

technologies and knowledge in their industries which can contribute to the economy at a regional and national level, as this support mechanism is appreciated by both sectors. Perhaps the UK government should look for ways to direct a higher portion of its support for business R&D in large organisations towards SMEs.

This thesis has sought to integrate a practical approach in developing collaboration by identifying the importance of initiating trust in developing business collaboration. Despite trust being a core component in U-I collaboration (Darabi and Clark, 2012; Plewa et al, 2005), exploring the concept of trust and how trust can be initiated with a practical approach has been limited. The knowledge presented here will be helpful to industry and used for better IOBR management, hence facilitating the development of such collaboration by considering the significant role of trust as identified in the literature and supported by data.

The wide range of views from the participants in this thesis have produced new insights into the collaboration between the Business School and businesses which led to the development of a model of initiating collaboration and trust in the IOBR context that practitioners either at the University or in business sectors may find useful in developing collaboration.

8.4 Strengths and Limitations of the Research, and further research

The contribution to knowledge of this thesis is comprehensive in three main areas of literature, i.e. 'IOR', 'Relationship Management', and 'Trust'. The findings from the research also have important implications for government policy makers, university academics (particularly senior managers as decision makers), and business practitioners when implementing KTP and consultancy projects through promoting the University Business School, and for SMEs' interactions in relation to developing sustainable businesses, which are the strength of this thesis.

This research also makes a contribution to the Higher Education industry field with a journal article published in the International Journal of Entrepreneurial Behaviour Research (IJEER, 2012) and published conference papers; one of these received the Best Paper Award at the Sheffield Joint Doctoral Conference in 2010, while the other has recently been accepted for publication and

presentation in ECRM 2013 and will be published in the forthcoming ECRM e-journal 2013. In addition, a journal article is currently in progress. This adds to the literature by exploring an area of research that was not previously well investigated. However, its contribution can be extended beyond Higher Education/Industry collaboration to, for example, other disciplines in inter-organisational relationships.

Like most research, the present study has its own limitations. Due to the nature of the research, data was collected from a specific Business School and specific SMEs in a particular region of the UK, and discusses a specific kind of business relationship (i.e. consultancy and KT projects). Therefore, there is a need for caution in the use of the findings, and further investigation is needed into all types of relationship including student placements and internships between other Business Schools and businesses. In addition, the Business School discussed in this thesis did not have a high level of involvement in KTP projects with SMEs, so less data was collected from this group of participants. Had this not been the case, richer results and recommendations for developing the collaboration could have been obtained.

In this research, more interviews might have been conducted at the first stage (preliminary study) of data collection, by looking at the issue of communication between the two sectors in more detail. That could have added more rigour to the second stage of data collection and analysis.

As some of the universities might have industry practitioners on their academic board, further research could be carried out through a comparative study among Business Schools or universities from different regions, where the result might be different in terms of how and to what extent such participants from industries can influence mutual understanding and the development of collaboration.

In addition, further research may review other types of Business School/SME collaboration and compare different types of practices from a wider international perspective, as some countries, e.g. the USA and Japan, experience the best practice of U-I collaboration.

As the next step, the author suggests further research on putting the developed model of trust building into practice in the Business School context, the result of which would contribute to the expansion of the model of initiating trust in this thesis.

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Appendix 1

Interview Questions for SMEs

Firm:

Industry:

Number of Employees:

Turnover:

Person Interviewed:

Position:

How long been working:

1: Do you have any experience of working with universities? Any examples of good or bad experiences?

2: If no, why not?

3: If yes, how can you make stronger relationships with universities?

4: What do you think about your current relationship with universities?

5: How can universities understand your needs? From your point of view, what is the best way to inform universities about your needs?

6: What issues can facilitate or help this relationship?

7: What are the barriers in building relationships with universities?

8: What are the advantages of this relationship from your point of view?

9: Who should start this relationship first? If universities, how would you like them to start their communication?

10: What kind of help can you get from universities?

11: Could you describe what a trusting relationship means to you?

12: What does trust mean to you in the business context, particularly in a relationship with universities?

13: How do you trust them on what they say or promise? Do you trust individuals at universities or the university itself as an organisation?

14: How would you like universities to build a relationship with your organisation?

15: To what extent can trust help the relationships/negotiations between your organisation and universities?

16: How do you approach universities for your business issues?

17: How can we narrow the gap between universities and SMEs and develop more partnership?

18: Would you like to add anything else to the discussion?

Appendix 2

Interview Questions for University staff including UBS

1: Do you have any experience of relationship with SMEs in your Institution/role?

2: Why do we need the relationship with SMEs?

3: Local Entities Partnership (LEP) is in Government agenda; why do we need this type of engagement with SMEs?

4: What would we like to get out of this relationship? What is in it for our institution?

5: Any examples of good/successful experience?

- How can we build on that?

6: Any examples of bad/unsuccessful experience?

- What was the problem?
- Why didn't it go well?
- What did you learn from it?
- How can we overcome these kinds of problems?

7: The perception of some SMEs' regarding universities is 'a lack of awareness of what universities can offer' and also it is difficult for them to form a relationship with universities because of 'the bureaucratic system' and 'different language'. Why is this the image of universities?

8: What could we do to break down these barriers?

9: What is your approach to relationship management with SMEs?

10: Do you think we do it well?

11: What can we do to stimulate SMEs' engagement?

12: Are they comfortable sharing their business issues with you?

13: SMEs have a 'paranoia' of outsiders, so how we can build trust with them?

14: What is your view about building informal networking with this group of stakeholders?

15: What does 'a trusting business relationship' mean to you?

16: What can we do to narrow the gap between these two sectors and develop more collaboration/partnership?

17: How do you see the future of the relationships between our institution and SMEs?

18: Would you like to add anything else to the discussion?