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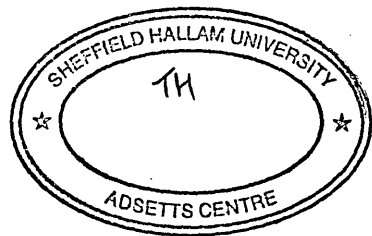
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**An investigation into brokered
inter-organisational relationships
within the supply chain.**

Chris Wroe B.A.(Hons), M.Sc.(Distinction)

A thesis submitted in partial fulfilment of the requirements of
Sheffield Hallam University
for the degree of Doctor of Philosophy

March 2001



ABSTRACT

The concern of this thesis is to provide a comprehensive understanding of “the broking process” - the process by which a broker facilitates inter-organisational relationships. It is the product of the author’s research into a programme to facilitate business networking that was in operation at several Business Links - the four research sites being at Bristol, St.Helens, Sunderland and Sheffield - and complementary personal action research on two network broking initiatives.

The thesis begins by suggesting that the brokered network entity represents a form of post-modern organisation ideally suited to the globally competitive business realities of the Postmodern era due to its inherent flexibility of structure and purpose. It notes that within this “*new competitive landscape*”¹ collaborative inter-firm relationships are considered to provide a way of securing a “*collaborative advantage*” (Huxham 1996) that enables greater opportunities for process and product innovations - facilitating an organisation’s capability to learn and its responsiveness to changing circumstances. As the management of inter-firm relationships is argued to be critical to the organisational competitiveness of the supply chain this research is seen as having relevance to all organisations. A review of the literature on networks highlights the significance of others’ research findings to this study as well as directing attention to the social aspects of relationship and the important issue of ‘trust’ in the facilitation process - the ‘glue’ that enables progress in the development of relationships.

Having established a context for the research the thesis then proceeds to describe the research approach adopted, the research process, the case studies produced and the initial sensemaking of the research ‘findings’. A hermeneutic perspective recognising participants’ sensemaking of activities as ‘interpreted’ and only ‘meaningful’ within the context of a system was adopted throughout the research process. Each of the case studies resulting from the research highlights a separate issue of concern to brokers within their broking practice and provides insights into their conceptions of the broking process - an empathetic understanding grounded in experience was gained by the author as a consequence of personal action research in two broking initiatives. Consideration of these issues results in the identification of the four themes of governance, identity, learning and time-dependency that provide ‘themed lenses’ for a reflective review of the research findings and the development of a conceptual framework that enables a comprehensive understanding of the broking process. Each of the themes is explored in the following chapters.

The effective governance of the broking process is argued to depend upon the broker’s ability in managing the mobilisation of the network’s resources and in ‘managing the meaning’ attributed to network development by its membership - the former facilitating effective operation, the latter facilitating members’ commitment. Effectiveness in the development of the network’s identity and the memberships’ identification with the network is argued to depend upon the broker’s ability to determine appropriate stakeholder definitions that meet the needs of the network and to provide ‘a vision’ of network purpose and possible development that’s attractive to its members. The effectiveness of the learning that occurs within the broking process is argued to depend upon the broker’s ability to facilitate members in the development of a collaborative mindset and in accepting the necessity of ‘learning through doing’ as a practical response to inherent dynamism within the brokered network form as well as that within its markets. Time-dependency dictates the effectiveness of the network’s activities (ie. members’ activities) and is argued to depend upon the broker’s ability to create and sustain momentum as well as their willingness to satisfice.

Each of these ‘lenses’ results in new insights into the broking process and working definitions of each theme. In the concluding chapter these insights and definitions are brought together to form a comprehensive working definition of the broking process and to establish the foundations for a theoretical framework that enables a comprehensive understanding of the broking process.

¹ a phrase coined by Bettis & Hitt (1995) to signify the dawn of Postmodern business realities.

Acknowledgements

There are many people I would like to thank for being significant to the production of this work. Firstly, my parents who have provided wonderful support throughout this very lengthy process; secondly, my Supervisor Dr. Graham Worsdale for his continued encouragement; thirdly, Robin Lowe for helping me to form the necessary contacts and *all* of those individuals who discussed their experiences of broking practice with me - network brokers, participants, network managers, managers of the two training organisations and representatives of the D.T.I - without whom there would have been nothing to write !

Thanks are also due to John Kawalek and Gary Imrie, my partners in the I.M.G. network, and to Dr. John Darwin and Professor Chris Huxham who, rather heroically, agreed to sit in judgement on this thesis ! I would also like to thank the E.P.S.R.C. for their financial assistance during the first three years of this thesis - an award that enabled me to take advantage of this opportunity to do my PhD on a topic that I found most interesting and worthy of study.

Dedication

I am dedicating this thesis to my parents - quite simply, the best a son could have. My father, for the many hours spent reading through the painfully *'long winded'* draft version of this thesis (before it became the much *'leaner'* finished version presented here) and my mother for always ensuring I kept *'this PhD thing'* in proportion, remembering that *'goodness'* not *'intellect'* is the true measure of a man (or woman).

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Introduction

“We can interpret many of the features of late-twentieth-century industrial society in terms of such a shift in paradigms. For example, there is growing agreement that the mass production and mass consumption models which dominated the first half of this century are giving way to more fragmented patterns of demand and more flexible modes of production. Such models are incompatible with older forms of organization, especially those stressing division of labour and rigid bureaucratic organizational forms. Instead we are seeing the emergence of alternative, more flexible arrangements based on networking and decentralization.”

Bessant (1991, pp.8-9)

This thesis is founded upon the premise that the organisation of inter-firm operation reflects what constitutes ‘good business sense’ with regard to the socio-economic conditions that are prevalent within the business environment and finds a justification of its rationality within these paradigmatic constructs. It suggests that an understanding and rationalisation of behaviours necessitates that these behaviours are interpreted as ‘products’ whose significance and value is determined in reference to this paradigm. The mass production and mass consumption models that were once so dominant have been replaced by models of organisation promising the greater flexibility that modern circumstances demand - not least of which being that of the networked organisation. The argument presented in this thesis is that the criteria determining competitive effectiveness for the post-modern organisation relate to issues of governance, identity, learning and time-dependency within, and through, management of its inter-organisational relationships - their effectiveness determines an organisation’s competitiveness and strengthens its supply chain.

The research was initially focused upon determining the significance of the brokered network form to manufacturing¹ as is indicated by the references to literature concerned with the supply chain, strategic alliances and outsourcing. However, within the “*new competitive landscape*” (Bettis & Hitt 1995) of the Postmodern era it is suggested that relationship management and the opportunities for more flexible forms of organisational operation are common concerns to all organisations. Consequently this research is argued to be of relevance to all organisations not least the small and medium sized enterprises (S.M.E.s) that are seeking business growth through collaborative networking and larger organisations that are purposefully reconfiguring themselves into numbers of semi-autonomous smaller ‘units of activity’ that can do business together. The

¹ the requirements of the A.C.M.E. award from the E.P.S.R.C. stipulated that the research must be of benefit to manufacturing.

brokered network is a form of organisation providing collaborative expertise through facilitation that can provide beneficial insights to the many operational networks of small 'units of activity'.

Emphasis has been placed upon 'sketching'² the contextual background within which the research and its findings are located and are to be understood. It is as inevitably a product of its time as are the perspectives of those involved that provide so rich an insight into the 'actor-rationality' underpinning observed and reported attitudes and behaviours. In order to understand the sensemaking of actors it is necessary to view *their* world and to understand the concerns of post-modern organisation it is necessary to appreciate them as comprising the prevailing 'business reality'. The research approach adopted reflects this sensitivity to interpretive sensemaking within a paradigm and its boundedness therein.

Chapter 1 presents a description of the brokered network entity and suggests it can be seen as a most promising form of post-modern organisation well-suited to the demands of the Postmodern era. Chapter 2 directs attention to the increasing relevance attached to collaboration as a means of gaining competitive advantage and the implications this has for inter-organisational relationships. Chapter 3 provides a literature review of the seminal research into networks, networking and broking suggesting how this research can contribute to knowledge. The purpose of these first three chapters is to locate this research in its contextual setting (its 'embeddedness' within its socio-economic period), and in its development of the significance of relationship effectiveness to organisational competitiveness. They provide an awareness as to the significance of the entity and for the criticality of the argument that is presented by this thesis :-

A comprehensive understanding of the broking process can be facilitated by the use of the complementary and interdependent themed perspectives of governance, identity, learning and time-dependency - criteria that are relevant to the post-modern organisation in providing the flexibility and learning capability necessary for sustained competitive advantage.

This argument is 'a product' of the research. It has been formed and reformed as a consequence of the development of greater knowledge and insight into the broking process - theory has guided the collection, selection and interpretation of research material (data) and data has given rise to new understanding that has necessitated new or amended theory (Glaser & Strauss 1967). Chapter 4 describes the research approach adopted and provides justification of its legitimacy,

² sketching infers an awareness that the portrayal is only a perspective providing an inevitable and necessarily restricted viewpoint focused upon some issues to the exclusion of others - we can only see what we are looking at and we only look at what we do to resolve predetermined queries.

Chapter 5 presents details of the case studies, Chapter 6 presents details of the research process and Chapter 7 presents an initial sensemaking of the research material gathered.

The research has been conducted into four regional implementations of a programme of business networking in operation through the Business Links at Bristol, Sunderland, Sheffield and St.Helens during the years 1995-1999. It has also included interviews with those concerned in the operation of the national programme (specifically the D.T.I. and the training organisations) who had a significant part to play in producing the overall system context within which broking activities and their interpretation were understood. The author's involvement in two broking initiatives provides an empathetic and complementary perspective to the insights revealed within the case studies.

These four chapters comprise a necessary substantiation for the argument on the basis of the research evidence and its interpretation into meaning - in this instance leading to the four themes that provide the foundations for a comprehensive understanding of the broking process. Working definitions for each theme are developed in the following four chapters (8-11) which focus upon the primary concerns embodied within each theme and provide rich material for discussion and reflection concerning the broking process and its effectiveness. These are brought together in the Conclusion to form a comprehensive working definition of the broking process that is grounded in participant experiences. This provides the foundations for a framework through which the development of the broking process can be understood and its effectiveness assessed.

Chapter 1: The Brokered Network - a post-modern organisation

“A promising new organisational form is emerging, one that appears to fit the fast-approaching conditions of the twenty-first century... a temporary organisation, brought together by an entrepreneur with the aid of brokers and maintained by a network of contractual ties.”

Miles & Snow (1992)

In this chapter, the brokered network is proposed to be a post-modern organisation well-suited to the dynamism and turbulence pertaining to the global business environment of postmodernity. It begins by describing the background to the brokered network concept and its implementation in the U.K. Section 1.2, presents a perspective on postmodernism highlighting the characteristics associated with postmodern organisation suggesting these are inherent to the brokered network entity. The final section 1.3, describes the key drivers of change within this “*new competitive landscape*” (Bettis & Hitt 1995) and explores their impact upon supply chain relationships.

1.1 The Brokered Network

During the 1980's, the Danish Technological Institute looked to develop business network trading structures that did not require the presence of a large focal company to act as a 'hub' through which the many independent small firms activities could be effectively co-ordinated. This had become critical due to the scarcity of large firms within several industrial sectors and in certain geographical regions. The resulting “Danish Model” (figure 1.1 overleaf) sought to replace the need for a large focal firm with the introduction of “a network broker” - a specialist providing an effective mechanism for the co-ordination and collaboration needed between the firms involved.

This initiative was heavily supported by the Danish Government with powerful inducements being given to encourage SME¹ participation. Initial reports suggested that the experiment had surpassed expectation² and the Danish Technological Institute actively promoted their scheme for encouraging collaboration amongst SMEs. Several governments, including the U.K., expressed interest in the Danish experiment and decided to implement the Danish model (or more precisely variants of the model) within their small firm sectors to encourage inter-firm collaboration and regeneration of local industries. A two year pilot of the network brokering scheme was initiated in the South West and Wales in 1994.

¹ SME is the standard abbreviation for “Small and Medium sized Enterprises”

² subsequent independent reports have cast serious doubts over the veracity of these overly optimistic assessments (eg. Gelsing 1995, Gelsing & Nielsen 1994, Nielsen 1993).

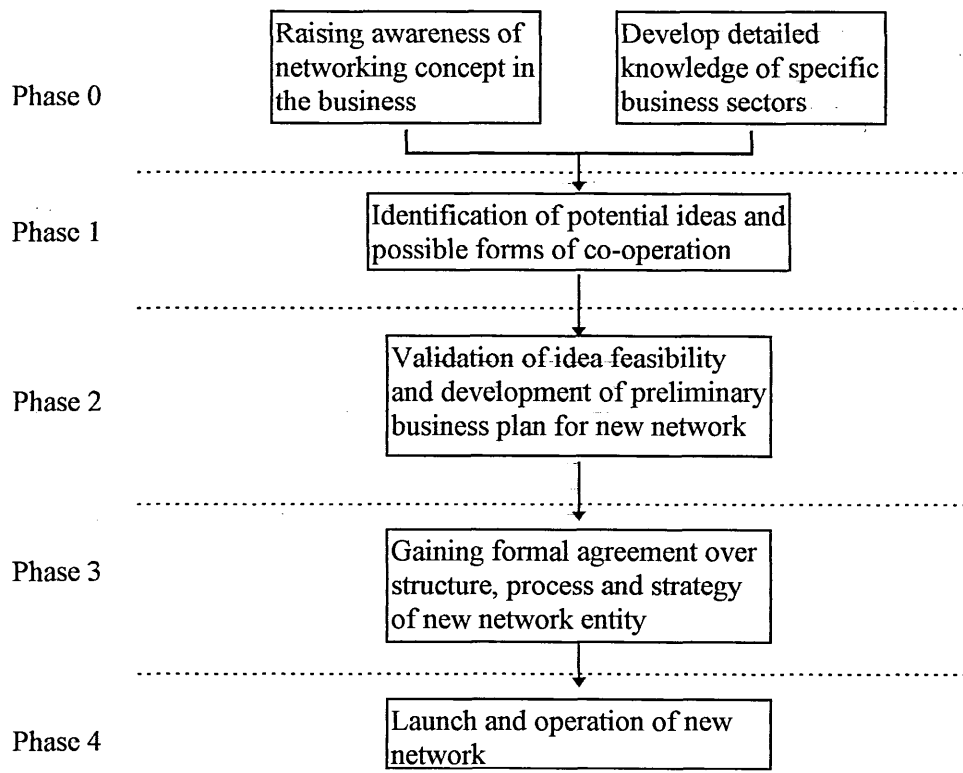


Figure 1.1: The Danish model for creating SME networks (Chaston 1995b)

“This scheme will bring a double boost to small firms - it will unlock their collective strength and bring them professional help from Business Links. Network brokering is now recognised as one of the best ways small firms can compete with large companies. It enables firms to enjoy economies of scale and to retain their innovative and flexible approach. Both are needed to compete successfully with the business ‘Goliaths’ at home and abroad.”

Richard Page, Small Business Minister

Within the South West region this resulted in the creation of 29 successful networks involving 186 firms - several of these networks have already led to the creation of successful joint venture companies such as a complete wedding service, a defence contractors network and an electronics testing facility. Following on from the successful completion of the pilot, approval was given for funding of up to £1.7 m. to operate the scheme in the South West over the next three years with the aim of establishing 170 networks involving 850 businesses.

However, the marked difference in the level of financial assistance and technological expertise provided by the governments to participating firms and the *optional* nature of the programme’s adoption by Business Links³ (with its operation determined with regard to *local* circumstances⁴)

³ ‘Business Link’ represents the network of organisations providing business support (eg. D.T.I., T.E.C.s, Chambers of Commerce, Enterprise Agencies, Trade Associations, Universities, etc.,...).

⁴ regional needs and capabilities direct attention to certain industrial sectors of activity.

allied to significantly lower level of Government promotion or support has resulted in only a few Business Links adopting the programme, despite some Ministerial enthusiasm over its potential.

“I have seen remarkable energy, commitment and common purpose in the networks already running in the South West. Firms who were previously rivals are now working together to open up bigger, better opportunities. Business Link network brokers are at the centre of this transformation. They identify potential networks and help firms overcome their initial suspicions of each other. While the South West is at the forefront in developing network brokering in the country, many other Business Links are looking to build on the results of this exciting project.”

Richard Page, Small Business Minister

The business networking initiative’s effectiveness depends upon the willing acceptance of an inter-connectedness existing between its constituent members (as illustrated in Figure 1.2) - the extent to which they see it as a team effort and can understand the fundamental importance of their role within this team effort. Although the primary players are the brokers and participating SMEs, the potential influence and impact of others upon the success of the programme should not be overlooked (ie. the pool of potential firms, the administration of the programme and the feedback of experiential learnings into broker training etc.,...). Chittenden & Robertson (1994) point to pre-existing competitive tensions between constituent organisations causing difficulties in Business Links formation and operation whereas Stanworth & Gray (1991) report marked differences between regions in the effectiveness of the Business Link services provided. Having knowledge of these findings the author was prepared for the apparent lack of awareness of those involved in implementing the programme of the importance of adopting a systems perspective.

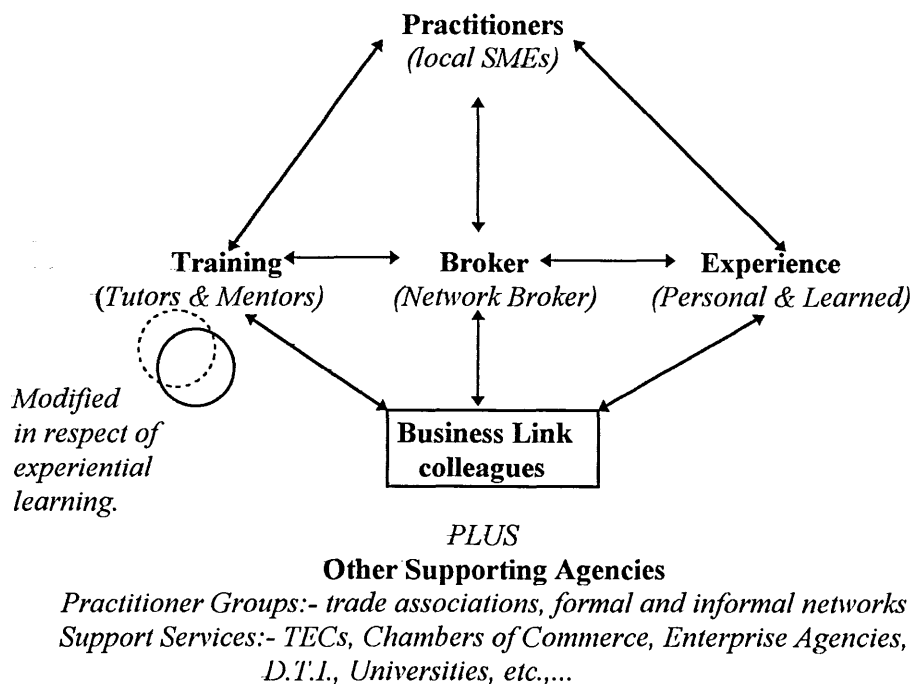


Figure 1.2: The broking support system

Although networking is not a new phenomenon to SMEs (Joyce et al. 1995), the brokered SME network, facilitated and supported through the regional Business Link is a new concept to firms that needs to win favour with the business community in respect of its potential usefulness as a means by which to create extra business opportunities. A convincing argument demands both *clarity* over what a broker can contribute to a network of firms and *local evidence* of the benefits to SMEs of engaging in such a venture. However, the latter can only become available after local SMEs have experienced involvement and this requires their overcoming their natural reluctance to be 'guinea pigs' for the scheme. Creating a convincing argument therefore was significantly easier for those brokers recruited in the second and third trench of broker recruitment primarily because of the accomplishments of the pioneering brokers that had gone before them leaving local exemplars of brokered networks.

However, once the initial reluctance is overcome, the brokered network is particularly attractive to small firms as an alternative to growth and as an adventure into new markets and partnerships - it enables the firm to learn and develop new capabilities without the need for large investments in new capital resources or significant risk. For small firms it opens up possibilities that would otherwise be out of reach due to a lack of size, capabilities and/or contacts. It also appeals to their typically opportunistic approach to business strategy (Bilton 1999) - decision making being far more idiosyncratic than rational (Kawalek et al. 1996) perhaps due to a lack of ambition over planned growth (Hay & Kamshad 1994), fear as to its consequences (Bell et al. 1996) or the lack of separation of the firm's perspective from that of its owner.

It represents a most promising form of organisation for post-modern business as its inherent quality (and potential weakness) is its fluidity of structure and strategy - it is an entity whose *raison d'être* is a result of its present memberships creation and membership is related to the needs of the network which can be expected to change. It also often comprises a significant part of the overall supply chain within which it is operating - most of the parties are 'at the table'.

1.2 A Perspective on Postmodernity

"To some we are amidst a transfer from an industrial to a post-industrial society; to a good many it indicates the transition from a modern to a postmodern world; to Scott Lash and John Urry (1987) it represents a move from organised to disorganised capitalism; while to Francis Fukuyama (1992) it reveals nothing less than the 'end of history', the triumph of the market economy over a failed collectivist experiment."

Webster (1995, p.136)

It is common for terms such as postmodernity, post-industrialisation, post-structuralism, post-Fordism, neo-Fordism, the Information Age, globalization and glocalization to be regularly incorporated into discussions on the changing nature of the business environment. Regardless of the diversity of the terms used (and the specificity of their definitions) there is common ground over the premise that many of the features of the traditional paradigm of modernity no longer fit comfortably with the prevailing social and economic conditions within the global economy. According to Sarup (1996, p.95), the postmodern perspective requires from us “*an acceptance of ephemerality, fragmentation, discontinuity*” as constituting the normal state of affairs as opposed to the modernist perspective that views them as temporary aberrations from normality.

Postmodernity suggests that change is a constant and therefore organisational effectiveness can be assessed as being an ability to ‘ride its waves’. Advances in communications technologies and the opportunities afforded by virtual products in virtual markets (ie. internet) have expanded the consciousness of firms and consumers as to their opportunities to re-conceptualise products (eg. information-based products) and to re-organise production (eg. strategic re-positioning in the supply chain). There is a sense of freedom to create ‘a new reality’ that is *also* a requirement.

“Postmodernism is the principal challenge to the secular scientific tradition that grew out of the 18th-century enlightenment, 19th-century industrialism, and 20th-century technology.”
Scott (1990, p.28)

Postmodernity, is understood and interpreted in reference to its previous period Modernity, its antithesis, perceived to have been prominent in the period from the Enlightenment upto the mid-1970’s. A fundamental characteristic within postmodernity is an acceptance of pluralism as opposed to the dualism of modernity, preferring to speak in terms of ‘texts’ (ie. no unitary truth) arguing for a multiplicity of ‘valued’ perspectives. As such it places interest on the ‘lens’ of our cognitions as well as upon the object under view :-

“The world passes through the lens of our cognition: whatever is necessary and hence foundation-worthy in it, owes this status to the lens and not to itself: so philosophy must scrutinize the lens; our cognitive powers.”
Gellner (1974, p.29)

All that can be achieved is the creation of an interpretation of reality that can be assessed against others by means of its “*practical adequacy*” (Sayer 1984) in explaining actors’ behaviours and providing a tool by which social actors can make sense and find meaning in their activities - as Derrida says :- “*there is nothing outside of the text.*”. Knowledge and truth are provisional and part of a social construction (Berger & Luckmann 1966) that is deemed legitimate by the social actors actively engaged in its production. Therefore, the situational ‘reality’ is only one possible reading of the ‘text’ from those available. However, the absence of a possibility for unitary truth is a disturbing concept that disallows belief in “*an orderly, structured world free of mysteries or*

surprises” (Bauman 1995, p.141) and provokes “*a search for personal and collective identity*” (Sarup, p.101) that is increasingly found within “*the community; an entity much softer and looser than the nation-state ever was or deemed to be, an entity with fluid frontiers, a petering out and waning periphery around anything but a unified core, and a but vaguely defined membership.*” (Bauman 1995, p.151). These looser, more fluid communities with their vaguely defined memberships are becoming more of a reality due to “*the abolition of critical distance*” - the most significant consequence of the advances in telecommunications (Jameson 1984) that is creating ‘the global village’ that has nullified identification with the nation state.

Postmodernity is concerned with these issues of fragmentation, abolition of critical distance, the search for identity and the plurality of alternative ‘texts’ of reality that are so instrumental to our understanding of the global business environment. The organisational reality is one in which the focus is upon developing an ever greater flexibility of operation and organisation to compete effectively within the “*new competitive landscape*” (Bettis & Hitt 1995) and where the key to doing so is connected to the effective management of relationships with customers, suppliers and significant others. To the extent to which the supply chain can be seen to represent a social community there is growing emphasis upon strengthening the links between its members as a means to achieving a sustainable competitive advantage. According to Hastings (1993, p.7) :-

“The New Organization ‘thinks’ interdependence and multidisciplinary approaches. Many of its tasks are achieved by assembling coalitions and project teams to pursue common goals. Both individuals and the organization itself realize that in order to compete they have to cooperate.”

The dynamism and turbulence in the organisation of business operations since the mid-70’s has seriously undermined the sense of security and continuity afforded within the previous period of socio-technical and socio-economic development. Growing expectations of ‘global consumers’ for excellence and efficiency in both products and services has necessitated firms to focus upon their “*core competencies*” (Hamel & Prahalad 1989) outsourcing other activities to businesses that can provide specialist expertise in these non-core areas of their businesses. Flexibility to respond to the expectation of “*anytime, anything, anywhere*” (Slocum et al. 1994) in the global market and the flexibility that enables a “*responsiveness to uncertainties in the environment*”⁵ according to Kogut, Ohmae and others, mandates firms to enter into alliances in order to have a global presence and to attain a competitive edge over rivals.

Advances in communications technologies have extended consideration of effectiveness beyond the boundaries of the firm (Fulk & DeSanctis 1995) and the increased specialisation of firms

⁵ Gerwin as cited in Bessant (1991).

upon their core businesses has necessitated a related growth in the number of their inter-firm relationships (ie. outsourcing agreements, alliances, joint ventures, networking collaborations). Competitive strategy has been pushed, particularly in the light of the Japanese invasion into world manufacturing, to consider the strategic implications of supply chain relationships and their effectiveness in providing competitiveness - not merely in relation to cost savings but also in relation to process and product innovations.

"We do not make something because the demand, the market, is there. With our technology we can create demand, we can create markets. Supply creates its own demand." Soichiro Honda (taken from Lamming, 1993, p.74)

Technological advancements have provided the means to create new industries and markets around virtual products (eg. computer simulations of real worlds and environments to enable prospective buyers to sample how a new kitchen would look and feel with respect to shelf heights, cupboard space etc.,...) and market transactions through the virtual medium of the internet. They have also the potential to revolutionise industries in ways that are difficult to truly comprehend at the time of the technological breakthrough - the recent merger, at the start of this new millenium between EMI, Time-Warner and AOL heralds a dramatic reshaping of the music industry by enabling direct downloading of music via the internet. Potentially, this merger has radical consequences that fundamentally redefine the competitive environment for the industry.

There is a blurring of industry boundaries (e.g. computers, television, telephone, mail, video) and dramatic changes occurring within many service sectors ranging from healthcare (eg. NHS Direct), policing (eg. use of probationary tagging), education (eg. virtual courses, support and sources for information), retailing (eg. home shopping via internet and cable), banking and insurance services (eg. use of call centres) as well as in the manufacturing industries (eg. mass customisation utilising smart card operation). Even though these changes may be strategically motivated they are made possible through the dramatic advances achieved in communications technologies.

Products are, in general, becoming more information based and markets in information are in the ascendancy - the Industrial revolution that dominated the period of modernity is being replaced by an equally significant revolution in information as we experience *"the change from an industrial manufacturing order to a post-industrial and informational order"* Featherstone & Lash (1995, p.2). It was in the 70's that Bell (1974) suggested that material production was becoming less important compared with the production of knowledge and from the 80's onwards it has been suggested that the industrial revolution has given way to the information revolution (Jencks 1986; von Krogh & Roos 1996). Knowledge is seen as providing a powerful source of competitive advantage (Frohman 1997) and 'ideas' are looked upon as being *"the new*

currency” (Peters 1989) in the Postmodern era as they are a most valued and scarce resource that enables opportunities to be recognised and realised (ie. the catalysts to creating reality).

“Our plan is to lead the public with new products rather than ask them what kind of products they want. The public does not know what is possible, but we do. So, instead of doing a lot of market research, we refine our thinking on a product and its use and try to create a market for it by educating and communicating with the public.” Akio Morita (in Lamming, 1993, p.74).

Products are becoming ‘smarter’ through the incorporation of micro-chip technology (eg. customised car production) in response to the growing demand for image and individualism as essential components in determining the worth of the product to the consumer. In many respects there has been a movement from the production of products to *the production of meaning* that has been enabled by the advances in technology.

Doing business in the post-modern world

The complexities of an increasingly global and fragmented business environment - Jameson’s (1984) “*abolition of critical distance*” - call into question the appropriateness of organisational forms in providing the operational flexibility and learning capability required to compete in Ohmae’s (1994) “*borderless global economy*”. Ownership of resources can be perceived as an unnecessary burden in good times and an organisational mill-stone when times are bad for it is the *mobilisation of resources* and its co-ordination that underpins effective organisation. To many writers (eg. Bartlett & Ghoshal 2000; Faulkner 1995a; Kanter 1995; Ohmae 1994) the presence of globalisation mandates co-operation in the form of networks, strategic alliances and partnerships - therefore, co-operation replaces control in strategic importance when within global markets so many factors are beyond firm determination and control. The implications of this for strategic planning would seem to make it both more critical yet potentially more futile given the possibilities of global impacts resulting from local decisions⁶ and vice-versa.

The classical approach of Porter (1980, 1998) would seem to deny the inherent indeterminacy of market forces that characterise the global economy where identification of competitors is made increasingly more difficult and yet it does enable a discussion of ‘where the firm would like to be?’ (ie. strategic positioning). However, Mintzberg’s (1993) process driven approach provides an arguably more realistic description of the actual implementation of strategy - the art of ‘crafting strategy’ being a similar process in his words to a sculptor “*moulding a lump of clay*”, its form being largely determined by the skill of the potter but not immune from unforeseen

⁶ to some extent there is a parallel here to Gleick’s (1987) chaos theory’s “*sensitive dependence on initial conditions*” and the impact of a butterfly’s wings on the weather system etc.,..

influences in its wider environment. Consequently, the rationality of pursuing long-term strategies may be more a product of viewing business realities from within the modern paradigm (which affords a greater belief in the degree of control and attainment of stability that is possible for a firm to secure by its own actions) than a business reality within post-industrial economies in a global marketplace.

A postmodern perspective calls for a new form of strategy based upon *relationships with others* as a response to conditions of dynamic instability in markets - in essence it is focused less upon the 'organisation' as *an entity* than upon 'organisation' as an *activity* (Weick 1987). This allows for a redefinition of the supply chain to include the customers as active players (eg. IKEA's decision to transfer the tasks of assembly and delivery to their customers in exchange for lower product pricing (Normann & Ramirez 1993) and the increasingly common practice of seeking customer opinions as to how to improve upon products and services). Recognition of the necessity for an awareness of changes occurring in the marketplace and a willingness to respond positively are key attributes of the post-modern organisation (ie. a 'learning organisation').

Given the dynamism and turbulence of the global market its most logical response is to expand the firm's network of contacts both in number and intensity in the expectation that this will provide more 'outlookers' and better information on developments - collaboration provides willing informants and information. However, Boynton & Victor's (1991) concept of "*dynamic stability*" gives notice of the need for firms to effectively manage the balancing of resources between traditional business (stability) and opportunities for new business (dynamism) - the 'loose coupling' of the purpose-driven network entity provides the means to do both.

1.3 Drivers of change in supply chain relationships

If the competitive landscape is undergoing a change process that represents a significant shift from what has gone before it is important to identify the main drivers of change and to identify what they mean for the development of inter-firm relationships within the supply chain.

(a) Globalisation and global competitiveness

"In a complex, uncertain world filled with dangerous opponents, it is best not to go it alone...Globalisation mandates alliances, making them absolutely essential to strategy"
Ohmae (1994)

"in order to compete in global markets, it is necessary to have a presence in all major markets".
Kogut (1988)

Globalisation refers to the growing number of companies (e.g. Canon, Pepsi, Coca-Cola, Xerox, Electrolux, Honda, Motorola, Samsung) that are not merely manufacturing and selling outside of their country of origin (Marquadt & Reynolds 1994) but are also adopting 'a global strategy' - considering all organisational markets and operations through an integrated framework (Kanter 1994b) producing a "whole world view", engaged in the "process of moving from independently managed businesses serving local markets to networks of businesses serving ... chosen markets" (Shi & Gregory 1994).

The main reasons suggested for the increase in globalisation relate to :-

- (i) *strategic intent* (through which the company's ambitions exceed its own capabilities and thereby necessitate inventive use of other businesses' capabilities such as through licensing),
- (ii) *global brands* (through which the company name becomes known and by which global products can be tailored to national markets),
- (iii) *economies of scale and scope* (through which economic benefits of size, rationalisation of activities and flexibility of operation can be achieved),
- (iv) *management of the supply chain* (through which greater influence can be exerted in attempts to improve efficiencies and/or add value),
- (v) *comparative advantage* (through which comparative advantages of performing activities within different economic regions can be used to company benefit (Jarillo 1993)),
- (vi) *the growth of free trade among nations* (agreements such as GATT, EU, NAFTA, APEC etc.,...have liberalised the flow of trade between countries resulting in many new business opportunities) and
- (vii) *facilitating global telecommunications* (which have opened up new approaches to the organisation and operation of activities and of information resulting in tremendous changes in competition (Fulk & DeSanctis 1995)).

Globalisation has raised standards of performance expected (particularly within manufacturing) and is argued to have necessitated inter-firm co-operation to meet the dual requirements for global coverage and excellence that exceed the capabilities of any single organisation. Piore and Sabel (1984) argue inter-firm collaboration - what they refer to as "*flexible specialisation*" - is a "*natural form of operation temporarily displaced*" by mass production but re-emerging now as a feature of the post-mass production era.

"a strategy of permanent innovation ... based on flexible - multi-use - equipment; skilled workers; and the creation, through politics of an industrial community that restricts the forms of competition to those favouring innovation. For these reasons, the spread of flexible specialisation amounts to a revival of craft forms of production that were emarginated at the first industrial divide"

Piore & Sabel (1984, p.17).

Bessant (1991) refers to the present socio-technical paradigm as ‘the fifth wave’ (in reference to the Kondratiev waves of socio-economic and socio-technological development), others speak of ‘post-Fordism’ and ‘postmodernism’ to express the dramatic shift in consumer expectations and organisational possibilities. Expectations relating no longer merely to product quality and price but to factors such as product variety and design, frequency of product innovation and quality of service (before, during and after sales). Organisational possibilities relating to greater flexibility in organisational structure, enabled by new technologies, and the changing relationships within and between organisations to improve effectiveness in organisational competitiveness throughout the supply chain. Globalisation mandates firms seek effectiveness within inter-firm relationships.

(b) Communications Technologies

“Strategic inter-organizational alliances and networking (through technology) are becoming the keys in managing organizations in the 1990s.”
Zeffane (1994, p.28).

Advances in communications technologies have enabled firms to concentrate upon their core competencies and capabilities (Hamel & Prahalad 1989) and develop appropriate inter-firm relationships (eg. alliances, joint ventures, outsourcing) for non-core activities. These advances have revolutionised organisational choice. They have also provided opportunities for small firms to gain in significance and achieve global recognition for their specialist expertise in their core business activity, providing them with a passport into world class supply chains operating in global markets. Indeed, in terms of organisational size, the general trend over the last decade has been for large organisations to reform themselves into a number of semi-autonomous operational units of activity in order to emulate the closeness to market and innovativeness that is historically ascribed to the smaller firm.

“Telecommunications is the driving force that is simultaneously creating the huge global economy and making its parts smaller and more powerful.”
Naisbitt (1994, p.53).

Implementation of systems of lean production and lean supply, Just-in-Time (J.I.T.), cellular manufacture, concurrent engineering, multi-functional teams, inter-firm collaborations, E.D.I. (Electronic Data Interchange) and networking are all means by which firms can redefine what they do within the supply chain activities and also how it is done or organised. Opportunities for strategic repositioning, as well as for greater effectiveness and efficiency in operational activities are provided courtesy of advances in communications technologies :- *“as a consequence of network technology - today's systems can offer the possibility of flexible integration, in which*

systems can be simultaneously tightly coupled and highly decentralized and autonomous.”

Bessant (1991, p.54)

“Of course, such integration does not stop at the boundaries of the firm. Integration via electronic means can also extend backwards along the supply chain (with, for example, shared design processes or electronic components ordering linked to inventory management computers), or forwards into the distribution chain, using what is termed ‘electronic data interchange’ (EDI) to speed the flow of products to outlets while also minimizing the inventory held in the chain.”

Bessant (*ibid*, p.56).

However, it is beyond technology *per se* to provide an optimal solution to inter-firm operations and recognition must be given to its probable impact upon the nature and operation of inter-firm relationships - traditional ‘arms length’, minimal contact transactions are no longer plausible if the parties involved seek closer electronic integration of their firms’ operations.

Manufacturing Supply Chains

“In manufacturing terms, the IMVP data identified best practice in assembly ... as a Japanese achievement, up to now (Womack et al., 1990, p.85) but not a Japanese prerogative. As we shall see, Western assemblers are learning to adopt lean practices in order to compete.”

Lamming (1993, p.35)

The lessons from Asian Tiger economies of the benefits achievable through more collaborative relationships have now been absorbed by most Western manufacturers even if, for many, this represents a significant challenge. Manufacturer-supplier relationships in Japan are considerably different from those in the West as they are grounded in an appreciation of ‘shared destiny’ and are seen as long-term commitments based around the investment being made in the relationship. This differs significantly from the arms length, minimal contact, short-term contract won by a dependent small firm supplier in a round of ‘cut throat’ competitive tendering with other equally desperate competitors that typified manufacturer-supplier relationships in the West and normally resulted in relationships of dependence, that were closely monitored and adversarial in nature.

“In Japan the levels and direction of profits move together, whilst they are dissimilar and diverging in the US and Europe. This suggests a high degree of cooperation between component manufacturers and their suppliers in Japan. Improvements in performance are pursued together and gains and reductions in profitability seem to be shared. The philosophy of unmei kyodotai (‘shared destiny’) is reflected in the concrete sharing of operating and financial gains.

In contrast, in Europe and the US vehicle producers are consistently more profitable than component suppliers. This may reflect the relative bargaining strength of the OEMs [assemblers] relative to a fragmented supplier base and purchasing strategies aimed to a large extent at obtaining low prices.”

Boston Consulting Group (1991, pp.22-3).

Arms length contractual relationships demand high levels of monitoring and receive low levels of goodwill given their fixed term, fixed cost, contractually specified terms for the agreement - they are higher in “*transaction costs*” (Williamson 1975) and lower in ‘relationship investment’ when compared to the obligational contract relationship that is longer-term and founded upon a trust and value in the relationship beyond specific transactions (Sako 1992).

“The key value in networking, and the one that is most problematic for Western managers, is trust... High levels of trust reduce transaction costs... Trust reduces uncertainty about the future and the necessity for continually making provisions for the possibility of opportunistic behavior among participants.”

Limerick & Cunnington (1993)

This evolving and inevitable interest in ‘relationship’ can be seen to reflect a new appreciation of postmodern ‘business sense’ within turbulent global markets. This is suggested in the work of Bessant, Lamming, Carlisle & Parker, Hakansson, Ford and others who find agreement over the sound business sense underpinning collaborative partnership arrangements - in respect of their economic, technical and logistical benefits. It is *a reality* of postmodern organisational practice.

“Authors and practitioners from many different disciplines and functions are highlighting an increasing dependence on relationships with suppliers (see for example, Sabel et al., 1987; Christopher, 1992; Slack, 1991; Schonberger, 1986). Closer, longer-term relationships are evident in some industries, reported notably in the Japanese automotive industry (Lamming, 1993; Womack et al., 1990), the Japanese textile industry (Dore, 1983), craft-based Italian industries (Lorenzoni and Ornati, 1988) and various Swedish manufacturing industries (Hakansson, 1987).”

Harland (1996, p.S64).

The significance of the small firm within manufacturing

“In a recent study Acs and Audretsch showed that a distinct and consistent shift away from large firms and towards small enterprises has occurred within the manufacturing sector of every developed Western country. While the magnitude of the shift varies considerably among nations, the direction does not.”

Acs et al. (1999, p.10)

Storey (1994) and others (eg. Carlsson et al. 1994; Dosi 1988; Carlsson 1992) have highlighted the increasing significance since the mid-60s of the small firm within manufacturing which in 1990 constituted 31.8 per cent of all manufacturing enterprises in the U.K. Globalisation has exacerbated this trend as the virtues long associated with small firms (eg. closeness to the customer, flexibility in operation and greater capability for innovation) have increasing value in a fast changing market environment (O.E.C.D. 1997). Many large organisations have sought to re-design themselves into networks of semi-autonomous small units of activity given freedom trade with external suppliers where they prove more competitive. These networks of small firms

can substitute for, and even outperform, more vertically integrated forms of organisation in respect of their operational effectiveness (Gomes-Casseres 1996).

“The principle of the global paradox - the bigger the world economy, the more powerful its smallest players. Huge companies like IBM, Philips, and GM must break up to become confederations of small, autonomous, entrepreneurial companies if they are to survive.”
Naisbitt (1994, p.13).

Davidsson et al. (1996) and Thurik (1995) highlight the relationship that exists between the dynamism in the SME sector and the economic well-being of the region - the small firm plays a significant role in job creation and has been portrayed as a possible ‘engine’ for the regeneration of local industries (Curran & Blackburn 1994). Consequently it occupies an integral place within the development of Government programmes that are aimed at stimulating the growth of the local economy.

Potential benefits from collaboration depend upon effective co-ordination of activities between the parties involved, this is why the role of the facilitator has significance in situations where a) there are more than two parties in the collaboration, b) the parties lack experience in forming collaborations or c) there is a serious imbalance in the power of the parties involved or d) there is a lack of trust. As Lamming (1993, p.239) points out :-

“Partnership is seen by many suppliers, as just another way of appeasing the customer - perhaps with slightly less effort to win by guile. The essence of partnership is sound - it is co-operation - but the prevailing climate of ownership works against this ever developing into true collaboration.”

The demonstrable experience and neutrality of the facilitator can give confidence that the most equitable and efficient relationship will be found as a result of his/her intervention and to the less powerful of the parties involved such reassurance is valued. It is the membership of the network that provide the network’s resources and it is the broker’s task to utilise his/her skills to ensure that they are put to best use by members in the best interests of the network entity :-

“His comparative advantage resides not in his knowledge of the use to which the good [network resource] will be put, but his knowledge of who is the best person to put it to that use.”
Acs et al. (1999, p.57)

Chapter 2: Collaborative Advantage and the Supply Chain

“Collaborative advantage will be achieved when something unusually creative is produced - perhaps an objective is met - that no organization could have produced on its own and when each organization, through the collaboration, is able to achieve its own objectives better than it could alone. In some cases, it should also be possible to achieve some higher-level... objectives for society as a whole rather than just for the participating organizations.”

Huxham (1993, p.603).

In this chapter attention is directed towards the increasing relevance attached to collaboration as a means of attaining competitive advantage and the implications this has for inter-organisational relationships. Section 2.1 considers competitive advantage and organisational strategy within the globally competitive landscape suggesting that competitiveness now mandates collaborative relationships with others. Section 2.2 explores the process dynamics within the development of inter-firm relationships, not least trust, that are key to unlocking *collaborative advantage*.

2.1 *Competitive advantage and organisational strategy*

“Greatly increased intensity of competition in markets for manufactured goods and the increased emphasis on high quality, versatility and innovativeness of products have brought about changes in firms’ organisational structure and strategy: there is a wide-spread realisation that firms cannot achieve these goals in isolation but only through the development of close and integrated relationships with suppliers.”

Lane & Bachmann (1995, p.1)

The search for competitive advantage is a quest that is central to organisational strategy - profit is the goal of all organisations to remain viable as business concerns and therefore an advantage over competitors is necessary to secure a customer’s business. The key to achieving competitive advantage within the dynamic and often turbulent global marketplace is *organisational flexibility* - the ability to reform, review and renew products and processes with regard to appropriateness to the market. This, in turn, points to the importance of a market awareness that could be global, a highly effective capability for “*organisational learning*” (Senge 1990,1999) and a capability to respond swiftly to opportunities and threats before competitors. As Lane & Bachmann (1995) suggest this lies beyond the capabilities of a single organisation and as Ohmae (1989,1994) and Kogut (1988) argue, globalisation can be said to mandate alliances.

Having explored to the full the potential for individual firms to reach optimal effectiveness in their business operations (eg. flatter organisational structures, leanness, downsizing/rightsizing,

business process re-engineering, etc.,...) the focus has moved towards the scope for improvement at the margin of inter-firm operations. This has been most noticeable within manufacturing with measures to improve upon competitiveness being urgently required to compete with Far Eastern manufacturers particularly in the automotive industry (Lamming 1993). Despite the contention that the Eastern philosophy of Confucianism promotes greater propensity towards collaboration (Fukuyama, 1997) than the Cartesian-Newtonian logic of the Western economies - the former presenting concepts such as 'win-win' and 'non-zero sum' that sound illogical within the latter's conception of competition as involving winners and losers - nonetheless, it has necessitated firms to concentrate upon the effectiveness of their supply chain and to find operational improvements in inter-firm linkages. Carlisle & Parker suggest it is a lesson others already know :-

"The Japanese long ago recognized that the real adversary of both parties in this transaction [buyer-seller negotiations] is not even present at that moment (ie. the competition). They realized that these two parties would do better to work intimately together to make their product more attractive to the customer who, after all, will make the actual choice to support both, or neither, of them."

Carlisle & Parker (1989, pp.5-6)

Competition takes place at the level of the supply chain (Normann & Ramirez 1993) and it is the effectiveness of the supply chain that determines its competitiveness - consequently, the business a firm gains is as dependent upon the effectiveness of its partners in the chain as well as its own. Although the term 'supply chain management' has been used to signify the four different levels of analyses presented below, it is used in this thesis primarily in connection with the last of these - the management of a network of businesses - though within manufacturing literature it is more commonly used to refer to the dyadic relationships between manufacturers and suppliers.

- a) the internal supply chain integrating the business functions within a single firm (eg. Oliver & Webber 1982; Houlihan 1984; Stevens 1989; Jones & Riley 1985),
- b) the management of dyadic relationships with suppliers (eg. Ford 1998; Dyer & Ouchi 1993; Bessant 1991; Lamming 1993; Macbeth & Ferguson 1994; Carlisle & Parker 1989),
- c) the management of a chain of businesses including the supplier, the supplier's suppliers, the customer, the customer's customers and so on,... (eg. Hayes & Wheelwright 1984; Christopher 1998)
- d) or the management of a network of interconnected businesses involved in the products and services required by end customers (eg. Hakansson & Snehota 1995; Lorenzoni & Baden-Fuller 1995; Dyer 1996).

"What makes McKesson so powerful - and what makes it a VAP [value-adding partnership] - is the understanding that each player in the value-added chain

has a stake in the others' success. McKesson managers see the entire VAP - not just one part of it - as one competitive unit. It was this awareness that allowed McKesson's managers to look for opportunities beyond their own corporate boundaries." Johnston & Lawrence (1988, p.95)

Harland's (1996, p.S64) model (figure 2.1 below) relates the three perspectives common to research into the supply chain to the continuum of control and collaboration. It is interesting to relate these perspectives to developments in strategic thought that it is suggested are reflective of an understanding of the competitive environment within which they are seeking advantage. It becomes more interesting to relate these perspectives to the movement from modernity to postmodernity in respect of belief in the power to direct events and control destinies.

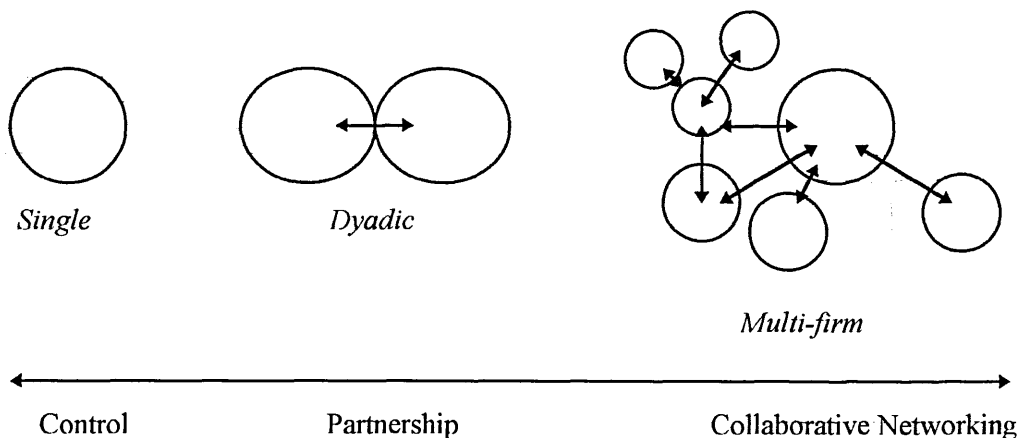


Figure 2.1: Perspectives on inter-firm relationships

The single firm perspective is premised upon the notion of an organisation's control over its own competitive success and has greatest sympathy with the **classical** approach to strategy (eg. Porter 1980,1998; Ansoff 1965,1991) based on 'rational planning' and a belief in its utility. The dyadic perspective (ie. partnership) is premised upon the notion that an organisation's control over its competitiveness is dependent upon its partners in respect of the working out of their relationships with them. As such it has greatest sympathy with the **systemic** (ie. deliberately planned activities) and **processual** (ie. emergent activities) perspectives on strategy (eg. Mintzberg 1987; Ferlie & Pettigrew 1996; Pettigrew et al. 1992) that are based on a pragmatic need to accommodate and work within the imperfections of the market and upon an expectation of unpredictable developments. The multi-firm (ie. network) perspective is premised upon the notion that no firm is in charge of its competitive strategy either through its own actions or even in concord with those of its partners and therefore has greatest sympathy with **evolutionary** perspectives on strategy (eg. Stacey 1993,2000; Hannan & Freeman 1988; Williamson 1991) that are based upon a Darwinian 'survival of the fittest', mandating appropriateness to evolving circumstances. Strategic thought is premised upon the presumed *locus of control*.

However, this is not meant to imply that strategic planning is in any way a futile activity but that it provides a planned scenario based upon a logical extrapolation of available information that an organisation will probably find to be at some deviance from the situation it expected to find. For Weick (1995) strategic plans are like maps in that they provide a course to follow and outcomes to work towards in a reassuring environment of common sense rationality. Bauman suggests it is a totally normal reaction to attempt to impose order upon the disorder connected with a globally competitive landscape :-

“One may say that because of their ‘fundamental constitution’ human beings have inborn (hereditary) vested interests in an orderly, structured world free of mysteries or surprises. They also have similar vested interests in being more clearly defined themselves, and having their inner possibilities pre-selected for them, turned into a source of orientation rather than being a cause of confusion and distress.”
 Bauman (1995, p.141)

The ability to plan places the planner in his/her comfort zone - it provides a sense of security, a sense of taking control, of being in control and is the alternative really an alternative ? Also, as Bauman alludes to, it is a means of defining oneself and one’s place within the stream of things. Reve’s recreation of Porter’s “5 forces model” (figure 2.2 below) replaces the competition box by the concept of a strategic core and redefines the business context to be the enactment of the interorganisational relationships which serve to *define* the organisation.

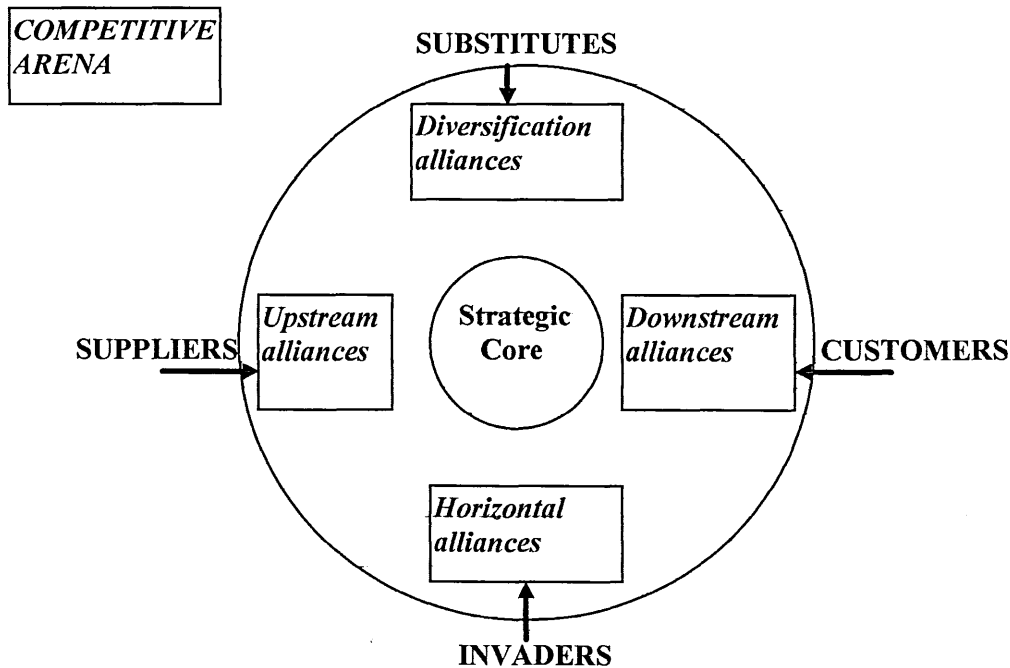


Figure 2.2: Strategic Contract Positioning Model (Reve 1992, p.112)

“Strategy consists of critical skills and relationships held together by appropriate incentives. Skills and relationships need to be created, maintained and developed, and efficient boundaries have to be established to economize on transaction costs.”

Macbeth & Ferguson (1994, p.112)

Although it would be nonsensical to suggest that there is no rationality behind formal planning it would be equally remiss to ignore the relative rise in respect for more ‘ad-hoc’ approaches to strategy based around pragmatic concerns and the seizing of emergent opportunities. Specifically they can be argued to better reflect the dynamism of the business environment - Mintzberg’s view of “*the art of crafting strategy*” mirrors the reality facing many small firms for which planning is either anathema (Bilton 1999) or seen as an activity with no tangible business benefit (Kawalek et al.1996). It is more probable that a small firm will content itself with a relatively full order book of jobs for existing clients rather than choose to engage in a new activity or a review of its conception of itself or its future prospects.

Bleeke & Ernst (1995) highlight the potential dangers inherent in alliance formation due to the fact that partners can often turn into predators and may enter into partnership with this in mind - McKinsey (1991) found that the most successful collaborators that had entered into international alliances expected them to last less than ten years and had a firm intention of buying out their partner at the end of that period. Collaborations are fraught with dangers, indecision, ambiguity and have an inbuilt dynamic for change over the duration of their lifetime necessitating firms to recognise that the “*strategic rationales prevailing when a co-operative venture was formed may shift over time*” (Contractor & Lorange 1988).

Although the brokered network provides a safer environment within which a firm can experience inter-firm collaboration, there can be no guarantee that all the potential benefits available from collaborative advantage (ie. reduction in costs, product and process innovations and additional sources of market information) will be realised, as this is dependent upon the goodwill resulting out of the relationship, the intentions of the parties involved and the circumstances surrounding the efforts taken.

2.2 Collaborative inter-firm relationships

“Business alliances are living systems, evolving progressively in their possibilities... Beyond the immediate reasons they have for entering into a relationship, the connection offers the parties an option on the future, opening new doors and unforeseen opportunities... They cannot be ‘controlled’ by formal systems but require a dense web of interpersonal connections and internal infrastructures that enhance learning.”

Rosabeth Moss Kanter (1994a, p.97).

Contractor & Lorange (1988) produced a list of the rationales that arose out of their research for inter-firm collaboration (table 2.1 overleaf), that illustrates the scope and power of their potential use as a strategic tool.

<p>(1) Risk reduction Product portfolio diversification Dispersion and/or reduction of fixed costs Lower total capital investment Faster entry and payback</p> <p>(2) Economies of scale and/or rationalization Lower average cost from larger volume Lower cost by using comparative advantage of each partner</p> <p>(3) Complementary technologies and patents Technological synergy Exchange of patents and territories</p> <p>(4) Co-opting or blocking competition Defensive joint ventures to reduce competition Offensive joint ventures to increase costs and/or lower market share for a third company</p> <p>(5) Overcoming government-mandated investment or trade barriers Receiving permit to operate as a 'local' entity because of a local partner Satisfying local content requirements</p> <p>(6) Initial international expansion Benefit from local partner's knowhow</p> <p>(7) Vertical quasi-integration Access to materials, technology, labour and capital Regulatory permits Access to distribution channels Benefits from brand recognition Establishing links with major buyers Drawing on existing fixed marketing establishment</p>
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Table 2.1: Strategic contributions of collaborations

Specialisation necessitates interdependence whether this be in terms of outsourcing activities or forming alliances (see for example, Sabel et al.(1987), Christopher (1998), Slack (1991) and Schonberger (1986)). Macbeth & Ferguson (1994) advocate “*partnership sourcing*” by which they mean “*a long-term relationship based on clear, mutually-agreed objectives to strive for world-class capability and competitiveness.*”, Vandermerwe (1994) argues for benefits arising through “*channel partnerships*” and Piore & Sabel (1984) suggest “*flexible specialisation*” is inevitably the competitive strategy for the postmodern era. Amongst the forms of organisational collaborations allowance must be given to outsourcing and to networking, the form and nature of which are capable of great variety in implementation.

Outsourcing is generally regarded to be a strategic option with more transactional than relational issues at its core. According to Porter (1980) “*tapered backward integration*” is a recommended strategy for manufacturers to follow in respect of their supplier relationships :-

“gradually cherry picking the operations of suppliers, to increase control of added value at their expense - potentially leaving them with the most difficult/least rewarding parts of the process” quoted in Lamming (1993, p.93).

However, when considering collaborative relationships it is important to recognise that the use of the term ‘outsourcing’ covers a broad continuum of inter-firm arrangements. Willcocks & Choi (1995) suggest that there are a range of criteria against which an outsourcing arrangement can be located (see table 2.2 below) - outsourcing arrangements can be seen to vary along each of these continuums. This is important in that it points towards the reality of relationship considerations within outsourcing and affords the possibility for an outsourcing relationship to be perceived as being potentially similar to other forms of collaboration (eg. a strategic alliance or partnership).

Focus	Control through contract	←→	Results through trust and partnership
Time-scale	Short-term	←→	Long-term
Criticality of relationship	Low	←→	High
“Mind-set”	Contract out	←→	Strategic alliance

Table 2.2: Outsourcing relationships - Willcocks & Choi (1995)

In a similar manner, the term ‘networking’ is used to describe a wide variety of collaborative working arrangements within and between organisations (see table 2.3) - from the integration of technologies to exchanges of ‘soft’ information that could be useful to the organisation.

<i>Strategic Logic</i>	<i>Core networking process</i>	<i>Purpose</i>
Internally driven	Networking within the organization	Boundary busting
Externally driven	Networking between organizations	Successful partnerships
Technology driven	Hard networks	Connecting computers
People driven	Soft networking	Connecting people

Table 2.3: Organizational networking taken from Hastings (1993, p.15).

Collaborative relationships necessarily restrict the number of firms involved in the supply chain for effective operation in that it is not possible to be as effective with a large supplier base.

“as Lamming and others argue, improving the supply chain depends on developing a new set of relationships which are based more on co-operation and mutual development. This includes reducing the supplier base and concentrating on building up excellence in those who remain - often to the extent of providing assistance to improve systems and procedures.”

Bessant (1991, p.227)

The need for reductions in the supplier base is well illustrated by Lamming (1993, p.172) with an example from the automotive industry in Japan, America and Europe - his Table 6.7 shows supplier bases of 340, 310 and 310 respectively for Toyota, Nissan and Honda in contrast to supplier bases of 2500, 1800, 2000 respectively for GM, Ford and Chrysler with European car assemblers ranging from Saab's 485 to D Benz's 1650. Illustrative examples of the scale of reductions in European and American supplier bases, in the light of the Japanese experiences, are provided by Schonberger (1986, p.156) :- Xerox Reprographics Division: suppliers reduced from 5,000 to 300; GM, Canada: 99 percent of components sole-sourced; IBM Typewriter Division: suppliers reduced from 640 to a target of 32.

Cropper (1996, p.82) characterises inter-firm collaboration as being *“an intense form of mutual attachment, operating at the levels of interest, intent, affect and behaviour: actors are bound together by the mutually supportive pursuit of individual and collective benefit.”*. Schonberger (1986, pp.157-161) tells of Polaroid's method of supplier cost containment (Zero Based Pricing) which involves Polaroid's employees providing advice to suppliers on how to contain their costs so that these are not put forward as reasons for price rises.

“Within partnership, however, the roles of customer and supplier remain senior and junior - the lead comes from the customer, who nevertheless wishes to 'empower' the supplier for the benefit of both parties... It may be a necessary stage in the development of the relationship but it remains an unequal alliance and consequently misses some of the richness foreseen in lean supply.”

Lamming (1993, p.208).

To Lamming the imbalance of power existing within supply chain relationships prevents true collaborations from occurring and Carlisle & Parker (1989, p.2) admit that even now *“only a very few firms are adopting strategies designed to develop a truly interdependent relationship with their key suppliers.”* They suggest that the general imbalance of power results in suppliers feeling *“humiliated by the attitude of the buyer, and manipulated by the cold pragmatism of the firm, which very often means that in good times the supplier is pressured by delivery demands*

and in bad times by price". This results at best in a supplier who is compliant but unconscious of the buying firm's real needs and at worst in a supplier who is hostile to them (*ibid*, pp.88-89).

"Within the routinization of the relationship, IMP specify the institutionalization of expectations and contact patterns (taken-for-granted assumptions), and adaptations which each partner must make to propagate the relationship. Ford (1980) notes that the level of adaptations grows with the life of the relationship, with changes to practice becoming institutionalized and resulting in cost savings (mutual benefit for both parties)." Lamming (1993, p.142).

Inter-firm relationships are varied and complex, involving social and economic factors and are interactively determined in their composition. The "interaction approach" (IMP) is based upon the observation that *both* buyers and sellers are active in transactions, that the transaction takes place within (and is defined by) a context and may be regarded by those involved as either "an exchange episode" or as part of "a relationship". The IMP model (see figure 2.3 below) identifies the four types of variable that can describe and influence the interaction :- its elements and process, its participants, the environment in which the interaction takes place and the atmosphere affecting and affected by the interaction...

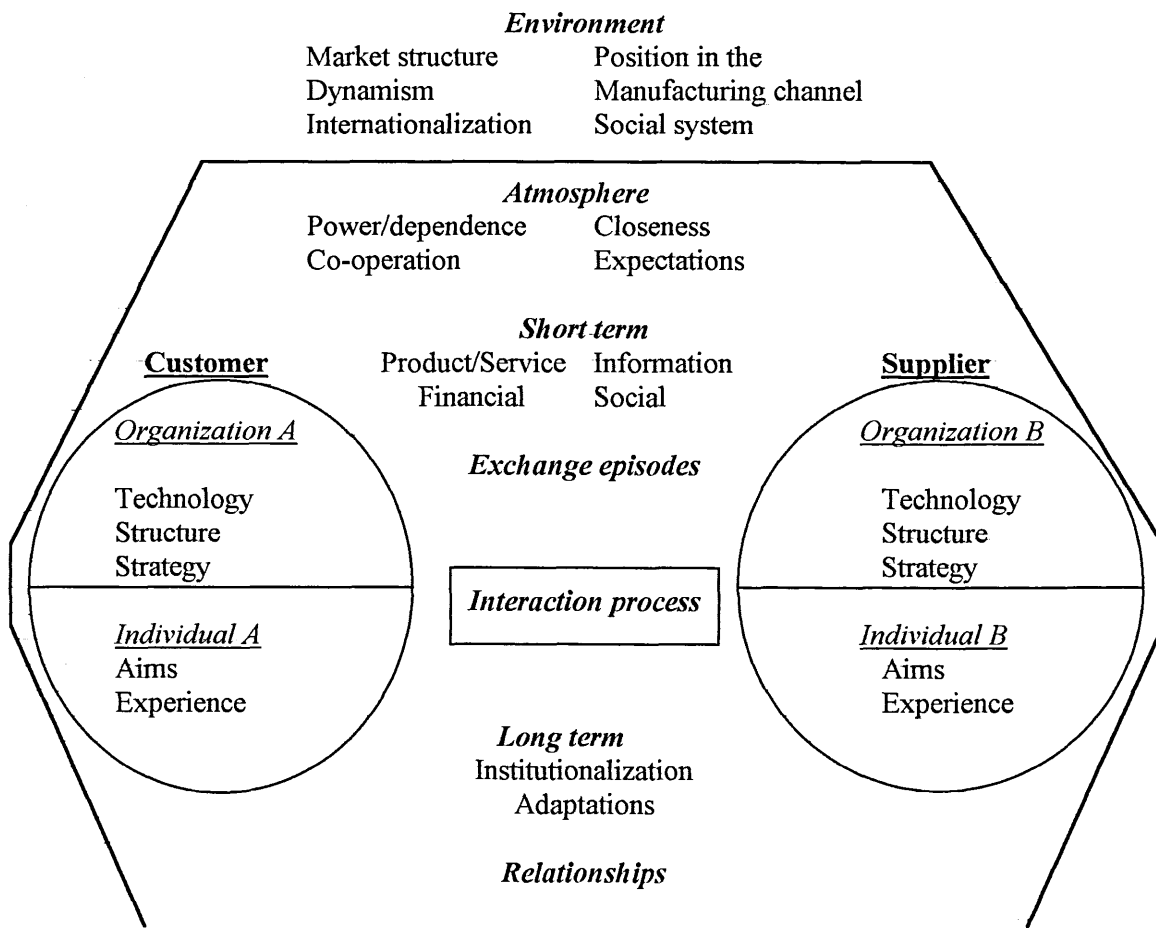


Figure 2.3: Hakansson's (1982) model of relationship

The IMP stress the importance of considering both the short-term *episodes* (ie. exchanges of products/services, information, finance and social) and the longer-term *relationship*. They suggest that the latter become “*routinized*” (Ford 1978) along expected behaviour patterns that are taken for granted. Hakansson et al. (1976) see social exchange as the means for “*reducing uncertainty*” and credit them with an “*interlocking effect*” between firms building trust between them. Although buyer dependence upon a supplier may be involuntary the level of commitment shown is necessarily a positive factor within the ongoing development of relationship (Hardwick & Ford, 1986). Carlisle & Parker (1989), Hakansson & Snehota (1995) and Ford (1998) lay emphasis upon the relationship in terms of its social aspects as well as its business justification - many business arrangements collapse due to social and cultural incompatibility or an inability to trust the other parties’ intentions.

The degree of mismatch between expectations and performance forms a useful measure of the operational strength of a supplier’s relationships with customers and has been incorporated into analysis by Harland (1996) (see figure 2.4 below), and identified by many others (e.g. Ring & Van de Venn 1994) as being a significant reality in the progress of inter-organisational relations.

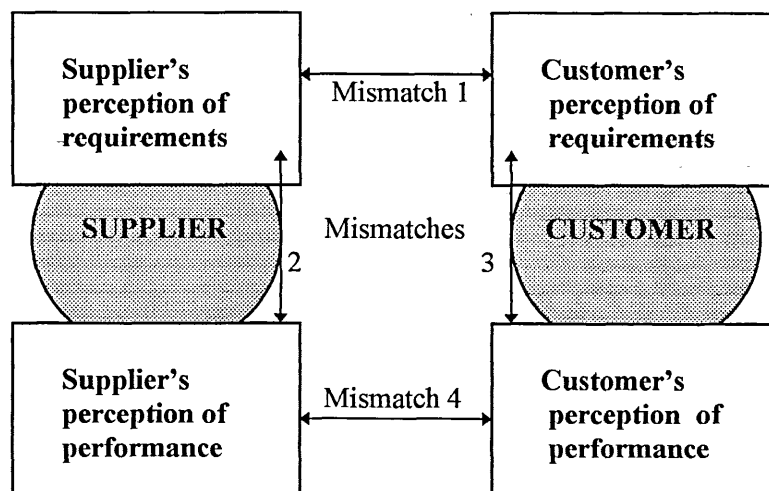


Figure 2.4: Harland's (1996) 'Mismatch tool'

In this respect inter-firm relationships must be seen to have a significant inter-personal relationship supporting their continued development - the process dynamics of which are both as common and as complex in their formation and development as in any other social relationship. Consequently it is reasonable to suggest that for competitive strategy to be effective firms need to recognise the increasingly important role played by the *perceptions* of performance (social as well as economic) and compliance to ‘the spirit’ as well as the letter of the contract. In terms of competitive strategy firms inevitably are increasingly being drawn into deeper consideration of the management of their relationships and judgements as to the strategic intentions of contractual partners. In this sense, strategy formation is a social activity that relies upon preservation of trust

in relationships and critical reflection upon experience. It is a process involving learning about each other and accommodating each other's strengths, weaknesses and differences (often viewed as a positive aspect yielding potential for creating synergistic developments to emerge) as both good and bad circumstances occur during the lifetime of the relationship (Doz 1988, p.324). It is a process subject to ongoing negotiations, commitments and activities with parties engaged in an ongoing evaluation to determine both the equity and the effectiveness of the relationship to them (Ring & Van de Ven 1994) - as is clearly expressed in their model (figure 2.5 below).

“In addition, even though the temporal occurrence of these stages may be almost simultaneous in simple transactions, the duration of each stage varies according to the uncertainty of issues involved, the reliance on trust among the parties to a co-operative IOR, and the role relationships of the parties.”

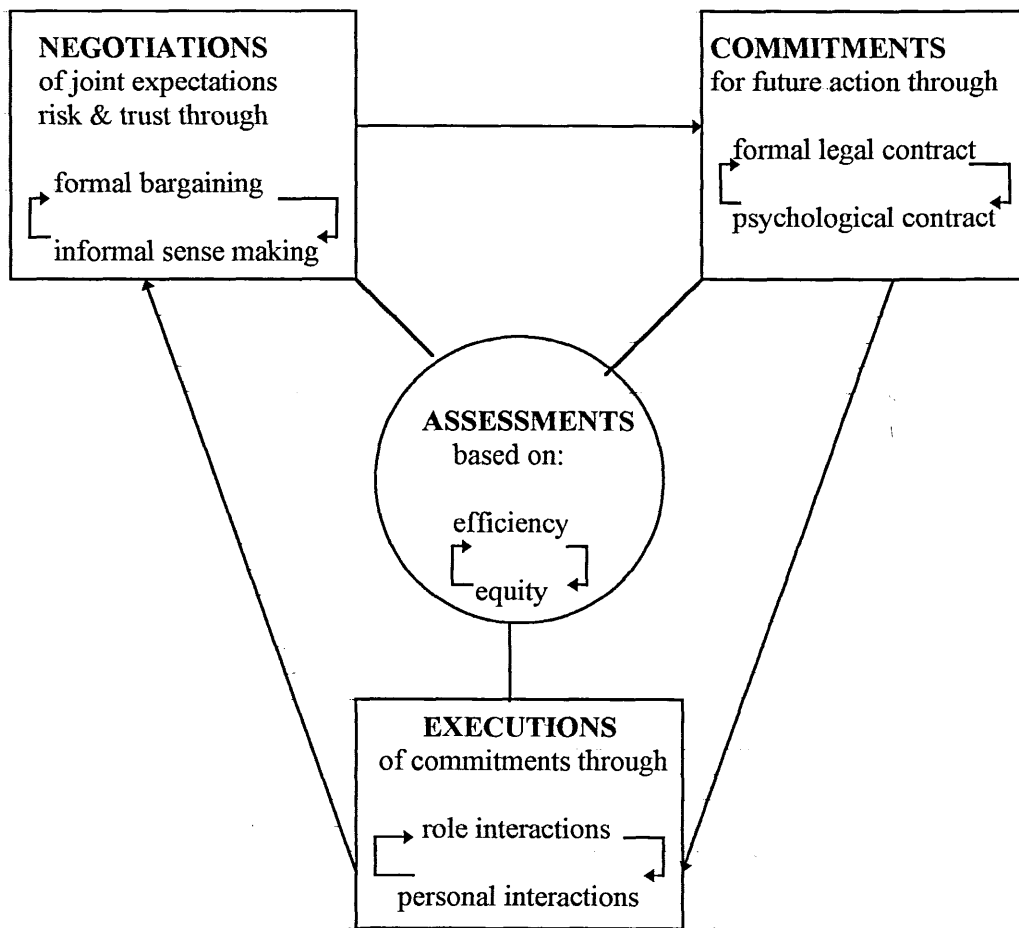


Figure 2.5: Process framework for collaborative inter-organisational relationship

Ring & Van de Ven point to the “*dialogue*” that exists between formal explicit agreements and informal implicit expectations and understandings as the relationship progresses - moving from relationships based on role fulfilment to relationships based on personal expectations. Success

for the relationship being as dependent upon the inter-personal trust in others' competence and goodwill as in the capabilities of the firms they own, manage or represent¹.

“Through collaborative efforts, the stakeholders gain appreciation of their interdependence, pool their insights into the problem, increase variety in their repertoire of responses to the problem (Trist, 1983) and achieve increased reciprocity, efficiency and stability among themselves (Oliver, 1991). In most cases, creative solutions are needed that exceed the limited perspectives of each individual stakeholder.” Gray (1996, p.58).

Huxham (1993, p.603) coined the term “*collaborative advantage*” to denote the creation of synergies that can be expected to arise between collaborating organisations resulting in effects beyond what could be achieved by any single organisation. She also refers to the dangers of “*collaborative inertia*” (Huxham & Vangen 1994; Huxham 1996) that can develop unless real advantages for the organisations involved can be demonstrated to have resulted as a consequence of the collaboration. Both themes are significant - the synergistic *potential* of collaboration and the need for *demonstrable* benefit to the parties involved - in providing participants with the motivation to become involved and in sustaining their commitment through tangible rewards. However, their real significance is appreciated when they are located within the developmental process of the relationship - the passage of time throughout which the nature and extent of the collaboration will be under continuous assessment.

As Selznick (1957) observes, an organisation has ‘value’ beyond its instrumental value, in terms of what it is, what it represents, as a source of personal gratification and as a vehicle for group integrity and cohesion. Collaborative inter-organisational relationships provide firms with an opportunity to appreciate the lessons on competitive strategy provided by Eastern colleagues that “*collaboration is competition in a different form*” (Hamel et al. 1989). “*you don’t ‘do’ business in Japan. Business is not an ‘activity’; it is a ‘commitment’.*” (Drucker 1995).

In respect of the supply chain networking provides new options of organisation of operational activities. Whereas manufacturing supply chains have traditionally been largely dominated by a powerful manufacturer determining the nature of supplier relationships in an external control of operation through a mixture of quasi vertical integration and sub-contracting of activities it is possible for suppliers to gain greater control and influence through collaborative networking of the manufacturer-supplier interface. Supplier networks can command a better arrangement with manufacturers than can individual suppliers providing the networks are not dominated by

¹ Trust is explored in greater detail in Section 3.2 “Social aspects of networks and networking” of the next chapter. It is sufficient in this section to establish that a connection exists between the effectiveness of the inter-personal and inter-firm relationship - to a large part they are indivisible during its progress.

partisan objectives. This is not merely a consequence of their engaging in concerted action but also a consequence of the global marketplace in which a network of companies can compete for global business beyond the scope of a single firm.

“By using a network structure, a firm can operate on ongoing business both efficiently and innovatively, focusing on those things it does well and contracting with other firms for the remaining resources. Alternatively, it can enter new businesses with minimal financial exposure and at an optimal size, given its unique competencies.”

Miles & Snow (1986, p.7)

Chapter 3: Networks, networking and broking

“Existing research is often based on poorly developed conceptualisations of ‘networks’ and ‘networking’ and attention needs to be given to this issue in further research. The coverage and range of research needs extending to provide a fuller picture of the varieties of SME networks based on, for example, sector, locality, point in the production chain or ethnicity. Work is also needed on how different kinds of SME networks link with each other.”

Morgan (1995)

In this chapter, the brokered network is seen within its proper context - the body of research into networks and networking. Section 3.1 presents a literature review illustrating the breadth of interest in the subject area across a variety of schools before concisely defining the focus of this research study. Section 3.2 considers the social aspects of networks and networking suggesting that these are significant in providing a rationale for continued participation during periods of ‘less than satisfactory’ business activity. Section 3.3 presents an overview of the research conducted into brokered networks within the U.K. and overseas suggesting that emphasis has been upon effectiveness in programme delivery to the neglect of insights into the meaning of process.

3.1 Networks and networking: definitions and perspectives

“Whereas academics typically talk about ‘networks’ or ‘network organisations’, it is much more common for managers to talk about ‘networking’. In contrast to academics who are interested in understanding the noun and adjective, are the managers who are interested in using the verb. Academics want to identify characteristics, properties and the consequences of networks. Managers want to create networks for themselves and their organisations in order to improve the effectiveness of both.”

Kanter & Eccles (1992)

This ‘dialogue’ between a desire for structure and a desire for a ‘loose’ form of organisation (ie. its formation and operation being determined solely according to its purpose) mirrors the preoccupation of post-modern business with flexibility of operation and that of academics to provide structured analyses of business organisation. For academics ‘the network’ provides an interesting entity to study, for practitioners ‘networking’ promises opportunities for business. The network broker has to bridge this gap to persuade practitioners to participate in opportunities for collaborative networking whilst convincing academics (and others evaluating broking practice) that progress is being made towards the establishment of networks. Within the research

differing interpretations were applied by brokers and their clients, managers of brokers, trainers and researchers to 'legitimate' their attitudes and behaviours towards broking practice.

The concepts of networks and networking have been widely used within a number of schools of study, the only unifying themes being 'a connectedness of entities' and 'purposeful organisation' (eg. a neural network and a network of canals). However, whereas the concept of network is usually related to structure and organisation, networking - although an essential precursor to the formation of a network - can be seen as being largely antithetical to any predefined purpose or stability of structure and is generally seen as a concept of process. Nohria highlights the capability for restructuring of the network form as being a consequence of process and the process involved is that of networking :-

"networks are as much process as they are structure, being continually shaped and reshaped by the actions of actors who are in turn constrained by the structural position in which they find themselves."
Nohria (1992)

This issue of process versus product was of fundamental importance within the sensemaking of actors within the research resulting in conflicting versions of the problem with broking practice. According to network brokers 'the problem' was an unreasonable emphasis upon the network (ie the product) as opposed to networking (ie. the process from which the product emerged). For the 'custodians' of the business networking programme 'the problem' was brokers' emphasis upon the creation of a networking culture amongst local SMEs as opposed to the creation of networks. Consequently, although assessments of broker effectiveness were accepted as part of programme accountability, for brokers their preoccupation with producing crude figures (ie. the number of networks created, additional business generated, the numbers of firms involved and the number of jobs created) failed to adequately reflect the 'real' benefits from their practice, leading them and their managers to regard them as *"no more than paper exercises providing justification in respect of public accountability"* (comment of a network broker from Dorset).

The definitions applied throughout this thesis correspond to Morgan's use of the terms in his report for the Department of Trade and Industry :-

*"A 'network' is defined as: a configuration of actors (owner-managers, firms, support agencies and other bodies) through which small firms are connected to the wider economy and community.
The related term 'networking' is taken to refer to: the relations and activities in which participants in the network engage and which both brings the network into existence and sustains its continuation through time."*
Morgan (1995, p.7)

Networks are enabling as a consequence of their ability to redefine and reconstitute themselves but can also be constraining as a consequence of their movement towards definition of structure and constitution. A network's ability to redefine and reconstitute itself (ie. definition of purpose determining its constituent membership), can also redefine the environment in which it operates - a strategic repositioning within the supply chain inevitably affects the competitive environment of relevance to the fulfilment of the entity's purposes (eg. Normann & Ramirez 1993; Porac et al. 1989). Stacey (1993, p.13) suggests organisations should be seen as simply "a vast web of feedback loops between people...capable of chaotic, as well as stable and explosively unstable behaviour". Therefore phases of "bounded instability" (Stacey 1993) merely signify that the organisation is engaged in the process of matching its strategic capabilities to its environment - continually responding to "the challenge of complexity" (Stacey 2000).

"The development of new strategic direction requires the chaos of contention and conflict, and the self-organizing processes of political interaction and, complex learning."
Stacey (1993, p.15).

Grandori & Soda (1995) present a comprehensive review of the literature on inter-firm networks within the social sciences. Their review combines the vast array of research now existing across many fields of study - broadly defined as having a social, economic or organisational context (and the many hybrid studies that overlap between them) - to determine common characteristics of network mechanisms and forms. An important pursuit given the fact that widespread use of the term 'network' has resulted in a serious loss of precision (Nohria & Eccles 1992). Tichy & Fombrun (1979, 1981) and Fombrun (1982) suggest 'network' is an abstract notion referring to a set of nodes and the relationships that connect them (ie. social network analysis). A perspective adopted by Hakansson and the IMP in analysing business relationships (figure 3.1 below).

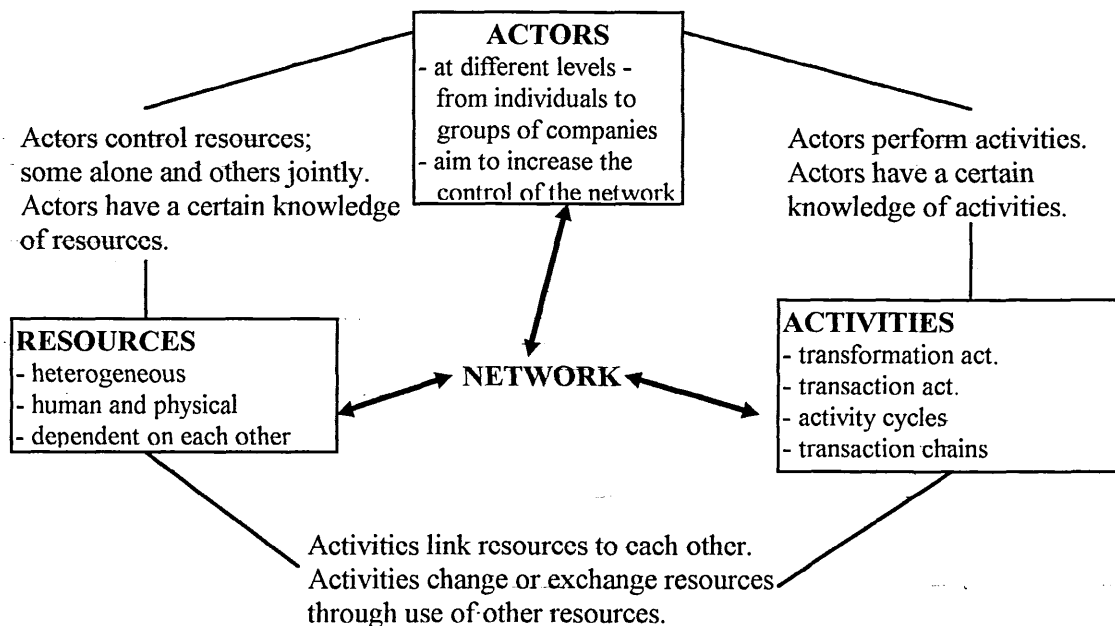


Figure 3.1: Hakansson's Network Model.

Social network analysis (eg. Scott 2000) is concerned with the strength of 'ties' between those involved and the frequency of interactions - it can also be used to determine the 'advice', 'trust' and 'communications' networks that exist within organisations to assess their significance to the effective performance of organisational activities (Krackhardt & Hanson 1993).

"We are interested here in networks as modes of organizing economic activities through inter-firm coordination and cooperation. In this sense, networks lie at the very core of organization theory. They are modes of coordination among specialized organizational units; and striking the right balance between differentiation and integration is usually considered a central problem in the structuring of organization."

Grandori & Soda (1995, p.184)

The inter-firm network is defined by some (eg. Williamson 1991; Thorelli 1986) as being an 'intermediate' or 'hybrid' form of organisation whereas to others (eg. Ashkenas et al. 1995; Hirschhorn & Gilmore 1992; Thompson et al. 1991; Powell 1990; Miles & Snow 1986) it is a 'third-type' form of organisation with characteristics and properties fundamentally different from those of the vertically-integrated organisation or the free market.

"These inter-firm organizational structures and processes are different from the integration of interdependent firms with one larger firm on one side, and tacit or price coordination through instant exchange and competition on the other".

Thompson et al. (1991)

However there is common agreement among most authors concerned with business management and organisation research (eg. Ostroff 1999; Ghoshal & Bartlett 1998; Clegg et al. 1999, Doz & Hamel 1998; Child & Faulkner 1998; Ebers 1997; Dussauge & Garrette 1999) that the increase in the number of inter-firm dependencies is 'normalising' inter-firm networks and networking as a means of doing business.

Industrial economic approaches to the study of networks focus attention upon the economies of scale, scope, specialisation and experience (eg. Teece 2000, 1980; Teece et al. 1990; Keeble et al. 1998; Turati 1990) with relation to concerns over industry organisation - the benefits and costs associated with vertical, horizontal and "*quasi integration*" (Blois 1972). Historical and evolutionary approaches (eg. Chandler 1990; Carlsson 1989; Carlsson et al. 1994; Gomes-Casseres 1996) have focused upon the role of technology, the related costs and learning problems in the formation of inter-firm networks (ie. the impact of technological innovations and technology transfer). However, it is from the field of Organisational economics that the explanation for the *relative* advantage pertaining to network organisation over other arrangements derives (ie. Williamson's (1975) theory concerning the reduction of "*transaction costs*"). It focuses attention upon the importance of asset specificity, context uncertainty, the frequency of transactions, the measurability of performance and the difficulties in detecting and

controlling it (eg. Barney & Ouchi 1984; Ouchi 1979) and risk aversion as likely predictors of network formation as a consequence of market failure.

However it is the interdisciplinary organisational perspective arising between economic and sociological approaches that has married a descriptive concern as to *what actually happens* to the prescriptive concern as to *what is effective* (eg. Ring & Van de Ven's (1994) research into the process dynamics of interorganisational relationships, Van de Ven et al.'s (1979) research into coordination patterns within interorganisational networks and Gray's (1985) research on how to choose an effective power distribution). The importance of this perspective in relation to the research can not be overemphasised as it's primary concern is to derive understanding from an inductive analysis of the impact of certain variables on network formation and effectiveness - the degree of differentiation between firms, the intensity of inter-firm interdependence, the number of firms to be co-ordinated, the complexity of interdependent activities and the degree of operational flexibility of the firms involved.

Differentiation has been noted to be a cause for network failure (Miles & Snow 1992) and the 'psychological distance' (eg. Peppard & Ward 1998) between participants in terms of their aims, objectives and perspectives on the collaboration is a key contributory factor in the breakdown in trust deemed necessary to underpin relationships. However, differentiation, in the sense of diversity, is also a predictor of network formation as it highlights the potential opportunities afforded by the complementarity of resources (eg. Teece 1986,2000; Mitchell & Singh 1996; Camagni 1991) - the network is an entity that fosters innovation. The intensity of inter-firm interdependence (eg. Van de Ven et al. 1979; Oliver 1990), arising out of the level of asset specificity, uncertainty or the amount of resource exchanged, is a good predictor of the network's mechanisms for governance. In addition, the number of firms to be coordinated is a predictor of network formalisation (Van de Ven et al. 1979) and of the relative presence and consistency of its core membership or "*central staff*" (Phillips 1960). The complexity of the interdependent activities, in addition to being a predictor of organisational arrangements, is also positively related to the complexity of the inter-firm organisational arrangements (Turati 1990; Osborn & Baughn 1990). Finally, there are many studies indicating that flexibility is a major property of networks even if some network forms seem more conducive to self-change than others (Pfeffer & Salancik 1978).

Negotiation analysis has proved useful in providing insight into "*the fine structure of an inter-firm coordination agreement, the specific utilities of the partner firms...as well as the type of negotiation process that is likely to emerge*" (Grandori & Soda 1995, p.188). It has provided a predictive ability to the type of organisational arrangement that will emerge from a consideration of the particular properties of partner firms and an assessment of the underlying game structure

(Jarillo 1988; Axelrod 1990). Where partners' interests are in opposition (eg. buyer-seller) the co-ordination involved for this type of interdependence requires complex contracts and explicit safeguards and involves 'distributive negotiation'; however, where partners' interests are served in co-operation (ie. through a pooling or complementarity of resources) they are involved in 'integrative negotiations' (eg. Contractor 1984,1985; Grandori 1991,1999). In an ideal situation, should firms' resources be perfectly complementary and the game totally cooperative, even a very high specificity of resources should not lead to problems of opportunism or to a need for coordinating structures (Hill 1990). However reported experience (Dussauge & Garrette 1998; Bleeke & Ernst 1995; McKinsey & Co. 1991; Miles & Snow 1984) demonstrates that firms forming alliances have justifiable grounds for fears that they might become the unwilling victims of a takeover by their partner. Dussauge & Garrette suggest that the longest living alliances are to be found amongst those firms jointly manufacturing a component or subassembly but acknowledge that in alliances duration and survival are not necessarily reliable indicators of success - they could also indicate difficulties in dissolution.

Resource dependence studies (eg. Conner & Prahalad 1996; Barney 1991; Aldrich 1979; Benson 1975; Jacobs 1974) seek to identify the core explanatory variables determining alternative forms of inter-firm networks (eg. joint ventures, interlocking directorates, associations and cartels, social and personal networks). The additional dimension provided by this perspective is in its focusing attention upon the strategic manipulation of transactions and games to change the relationship of interdependence to one's own advantage (eg. Brandenburger & Nalebuff 1995; Pfeffer & Sutton 2000; Aldrich 1999). Resource dependence has been shown to vary quantitatively with the "*breadth relationships*" (Alter & Hage 1993) - the number of interdependent activities, their importance to each of the firms and their complexity. It has also led to the conclusion (Pfeffer & Salancik 1978) that different co-ordination mechanisms may be required between networks involving '*horizontal*' interdependence (ie. the 'resource pooling' mostly regulated by associational agreements (eg. trade associations and cartels) from those involving '*vertical*' interdependence (ie. the 'resource transferring' mostly regulated by agreements based on relational and obligational contracting (eg. buyer-seller relationships)).

The neo-institutional approach includes the concept of 'legitimation' as a key resource to be added to other material resources in explaining the determination of the network's form and functioning. According to Grandori & Soda (p.190) :- "*Networking, social linkages and in general, the avoidance of isolation - in all the forms it can assume, from personal friendship to a formal relationship (Di Maggio 1986) - is expected to be an important predictor of firm survival within this perspective (Baum and Oliver 1991). Firms legitimate reciprocally by belonging to particular networks.*" These 'networks' include those social institutions such as the

legal system, banking system, political system and the structure of the labour market (eg. Inaba 2000; Cooke & Morgan 1998; Chisholm 1997; Keeble 1998; Whitley 1990, 1991; Grabher 1993; Dore 1983; Aoki 1990) that provide the context within which inter-firm relationships are 'institutionally embedded'. Granovetter (1985,1992) has further extended the concept of embeddedness to include 'social' and 'cultural' embeddedness on the grounds that all economic relations between firms take place within a web of pre-existing social relationships. Such relationships significantly affect the 'atmosphere' in inter-firm relationships - an important variable in enabling network progress (Ring 1993) - not least in determining the degree of commonality (and tolerance towards differences) in values and perspectives.

"the institutionalized social norms and the values internalized by economic actors are likely to have a bearing on the emergence of inter-firm networks (Boisot 1986; Hamilton, Zeile and Kim 1990)."

Grandori & Soda (p.191)

Radical and Marxian studies present the final perspective upon networks that has its roots within the economic and sociological traditions. The preoccupation of these studies is to determine those aspects of networking strategies and behaviours that can not be justified on the grounds of economic efficiency or effectiveness and consequently point towards there being "*pure power mechanisms for reproducing elites and class dominance*" (Whitt 1980). Most empirical studies from this perspective have been based upon clubs, non-business institutions and informal power networks (Moore 1979; Perucci & Potter 1989) as could be expected given their potential for disruption to the *status quo*.

Other perspectives have come from fields as diverse as social psychology, strategy and general management, industrial marketing, economic policy and law, population and organisational ecology. The significance of their contributions are summarised briefly as follows :-

- *Social Psychology* - the development of Social Network Analysis to determine patterns of relationships and to assess their significance in terms of the numbers and types of contacts involved. As well as providing concepts of trust (Kramer & Tyler 1996), centrality (Lomi 1991), structural equivalence (Burt 1978; Lomi & Grandi 1993; Gerlach 1992) and clique analysis (Benassi 1993) that enable interpretation as to the standings of individual firms within networks.
- *Strategy and Management* - the study of inter-firm networks as strategic alliances (eg. Child & Faulkner 1998; Ebers 1997; Dussauge & Garrette 1999; Doz & Hamel 1998; Lorange & Roos 1993; Jarillo 1993; Porter & Fuller 1986; Ohmae 1994; Contractor & Lorange 1988; Kanter 1994a,1995; Normann & Ramirez 1993) as a form of business policy - usually from the perspective of 'the firm' trying to enhance its position. In focusing upon the specificity or unsubstitutability of a firm's distinctive competencies as being the key variable that is driving

the collaboration forward, managerial approaches have been close to resource dependence views. Acceptance of inter-firm dependencies is a 'cornerstone' on which the importance of effective relationship management (eg. Sheth & Parvatiyar 2000; Hakansson & Snehota 1995) is founded.

- *Industrial Marketing, Purchasing & Supply* - studying the buyer-seller relationship that is common to the manufacturing supply chain. The focus being principally upon the '*social exchange*' aspect of the relationship and the dynamics of the network as opposed to its structural form (eg. Carlisle & Parker 1991; Hakansson & Snehota 1995,2000; Hakansson 1987; Ford 1997,1998; Lamming 1993; Bessant 1991; Macbeth & Ferguson 1994). These studies in focusing attention upon the criticality of effectively managing collaborations have highlighted the fact that the essence of a relationship (ie. trust) can be problematic because of previous adversarial transaction-based relationships (Lamming 1993, pp. 238-239). Dore (1987) and Sako (1992) highlight the potential benefits from true collaboration whilst recognising their dependence upon a level of trust in the relationship that develops out of shared experiences.
- *Economic Policy and Economic Law* - studies of inter-firm organisation from the viewpoint of national and international competitiveness and fairness. Most of these have focused upon the '*negative externalities*' (ie. anti-competitive tendencies) that inter-firm networks may generate. It is only recently that there has been a demand to establish norms by which the relative advantages of competition and co-operation could be balanced instead of merely defending competition (Jorde & Teece 1989). The field of regional economics (eg. Curran & Blackburn 1994) emphasises the benefits to the local community arising out of local firms networking.
- *Population Ecology* - Darwin's "*survival of the fittest*" is applied to 'the network form of organisation' and 'networking' as an active process for a firm to engage in. Apart from the criteria of economic effectiveness and efficiency, 'legitimation' is posited as an additional factor determining the chances of survival of this post-modern organisational form. Hastings (1993) has defined the organisational culture of networking as being the essence of "*the new organisation*". Jarillo (1993) suggests the development of the strategic network is moving towards the 'borderless organisation' first prophesied by Davidow & Malone (1992) - an idea since progressed by other writers (eg. Ashkenas et al. 1995; Hirschhorn & Gilmore 1992; Osterle 1995; Osterle et al. 2000). Others (eg. Clegg 1990; Heydebrand 1989; Parker 1992; Hassard & Parker 1994; Hirschhorn 1997) contrast the features characterising the modern and the post-modern organisation. All of these authors in their different ways can be seen as implying the supremacy and inevitability of the network (post-modern) organisation.

- *Organisational Ecology* - concerned with establishing the survival rates of networked firms when compared to those of non-networked firms (Barley, Freeman & Hybels 1991; Lomi & Grandi 1993) - the indications suggest that networking prolongs the life of the firm.

This research study draws its influences and significance from a number of schools of study. Its focus is upon understanding participants perspectives and sensemaking of the broking process within the context of a socio-economic environment characterised by global competitiveness, in which collaborative activity constitutes good business sense though organisational histories and culture promote a reluctance to participate. The process by which participants become convinced of their need or desire for involvement, facilitated by the broker, is a change management process requiring effective governance, consideration of identity, creation of new learning and an awareness of the time-dependency of opportunities for which actions must be taken.

However, the research into the phenomenon of brokered inter-organisational relationships in the supply chain has drawn from literature on the supply chain (notably manufacturer-supplier relationships), competitive strategy, collaborative relationships (eg. alliances, partnerships, joint ventures, networking) and its process dynamics (eg. trust) and that presenting Postmodern concerns (eg. identity) in addition to the sparse research that currently exists into the brokered network. As such it presents a research study rooted in supply chain history that contributes a comprehensive and useful analysis of the issues critical to an effective broking of inter-firm relationships, complementing a social-psychological perspective to the existing economic and technological awareness that currently exists within the supply chain literature.

3.2 Social Aspects of Networks and Networking

“No transaction is purely economic there is a missing 20 per cent of human behaviour about which neo-classical economists can give only a poor account.”

Fukuyama (1997).

Nohria's (1992) four key areas of inquiry, in respect of the operational dynamics of the network entity, reflect the importance of integrating both social and economic perspectives in the analysis of the network phenomenon. These are the issues determining the effectiveness of its operation.

- *power and influence* - is the nature of power and influence different in a network ?
- *organising efforts* - how is a network built and how do firms/participants change ?
- *strategic alliances* - how do the web of relationships determine behaviours ?
- *the new competition and the network form* - what rules sustain and regulate the network ?

Business success is dependent upon effectiveness in the inter-firm (inter-personal) relationships and these, in turn, are likely to be affected by the success of the business venture. The perceived social benefits of relationships can be expected to contribute to the decision of participants to remain in the network during periods when the business benefits are less than hoped for. It is in the sharing of experiences that trust is established and the interactions become more related to 'personal' rather than 'role' relationships (Ring & Van de Ven 1994). However this does *not* reduce the operating pressure but instead has the opposite effect - "*the better the relationship, the harder each partner must try to improve it*" (Lamming 1993, p.149) - leading to a search for further process and product improvements and new market opportunities.

"The greater the extent to which the manager has worked with the potential ally and created trust, the easier the exchange process will be. Each knows the other's desired currencies and pressures and each will have developed a mutually productive style for interacting. Less time is spent on figuring out the intentions of the ally, and there is less suspicion about when the payback will occur. Two things matter: success in achieving task goals and success in proving the relationship so that the next interaction will be even more effective."

Barham (1991)

Co-operation necessarily requires some movement amongst the parties involved to a vulnerable position vis a vis their partners and consequently there is a constant need for monitoring of the operation of the relationship as it unfolds. Powell (1990, p.305) argues that trust provides "*a remarkably efficient lubricant to economic exchange that reduces complex realities far more quickly and economically than prediction, authority, or bargaining.*" in that it is easier, more natural and far more effective to monitor relationship compliance with peers than with superiors. Trust is fundamental to successful relationships and there is an increasing body of evidence to demonstrate the benefits arising out of greater reciprocity and co-operation (Axelrod 1990; Crawford 1992). Jarillo & Stevenson (1991) conclude "*the evidence in favour of cooperation is, by now, too strong to ignore.*" and to Burt & Knez (1996, p.68) "*Trust is essential to the loose coupling that makes network organizations more adaptive to changing environments.*"

But what is meant by trust? It is imperative to develop an understanding of its meaning in order to learn how trust can be developed within a relationship - what are the criteria that determine or exert an influence on trust creation and sustenance?

"Trust is both the specific expectation that another's actions will be beneficial rather than detrimental and the generalized ability to take for granted, to take under trust, a vast array of features of the social order. A level of trust is a fundamental element of the social fabric and a factor in all market transactions."

Creed & Miles (1996, pp.17-18).

Granovetter's (1985) concept of "*embeddedness*" suggests that social action arises out of, and is interpreted with reference to, the socio-cultural setting and that the supporting infrastructure (ie.

societal institutions, norms and values) is instrumental in determining the action. Consequently, the embedded cultural propensity towards co-operative relationships within business (Fukuyama 1997) and the presence of societal institutions giving confidence that abuses of trust will be effectively discouraged from taking place and effectively dealt with in favour of the innocent party when they do occur creates a conducive atmosphere for trust development in relationships (Lane & Bachmann 1995).

Collaboration is more natural within an Eastern than a Western culture, more natural within a 'close knit' society where interdependence is normal (eg. Emilia-Romagna and Denmark) than a society where independence and self-reliance are fundamental elements of its history and culture. Attitudes towards collaboration have been affected by the negative connotations attached to the term (eg. to be a collaborator in wartime meant working for the enemy) and amongst owners of small firms to collaborate implies either a lack of nerve or ability to go it alone - resulting in a reluctance to appreciate opportunities for business that call for a collaborative response. It is therefore accurate to say that the majority of collaborative opportunities are more overlooked than rejected (Kawalek et al. 1996).

"In fact, it has been argued that personal networks, in which a firm is involved through its members, are crucial for maintaining a reasonably large and varied pool of trustworthy potential partners among which to search for acceptable partners for more tightly-coupled action-oriented networks (Granovetter 1985; Aldrich and Glinov 1990)."

Grandori & Soda (1995, p.199)

Previous experience of involvement in collaborations and the presence of personal networks (ie. as a result of inter-firm dealings or trade association meetings etc.,...) provide opportunities through which further collaborations can be seen to be beneficial (eg. Schrader 1991; Easton & Araujo 1993) and open up for redefinition the firm's boundaries through generating a greater awareness of others' capabilities as well as establishing the minimum level of trust necessary. It is easier to trust people similar to ourselves (Mollering 1997) or people we know (Faulkner 1995a) as trust is a learned behaviour that is 'rooted' in personal and shared experiences.

"Companies that have been able to set up powerful cooperative arrangements go out of their way to foster trust. They not only take a long-term, joint-maximization view of the relationships, but make sure that they are seen to do so. In many cases, as in Benetton, personal contacts help immensely. In others, it must be based on a history of trust-inducing behaviour. Trust is hard to create and can be broken in a second. But not being able to elicit trust is extremely expensive: few companies can compete against the whole world."

Jarillo & Stevenson (1991)

Great significance is also attached to how existing business contacts will interpret collaborative activities and their opinions about the potential partners in the venture - this 'third party' input

serves to ‘amplify’ the perspective held, providing greater certainty over the ‘correctness’ of the decision taken.

“Third-party gossip thus serves to reinforce existing relations, making ego and alter more certain of their trust (or distrust) in one another....Trust is significantly amplified by third parties. Third parties have a positive effect on trust within strong relations and a negative effect on trust within weak relations.”
Burt & Knez (1996).

On the basis of these considerations, figure 3.2 below has been devised to illustrate influences upon the development of trust in relationships based on individual personality and experience.

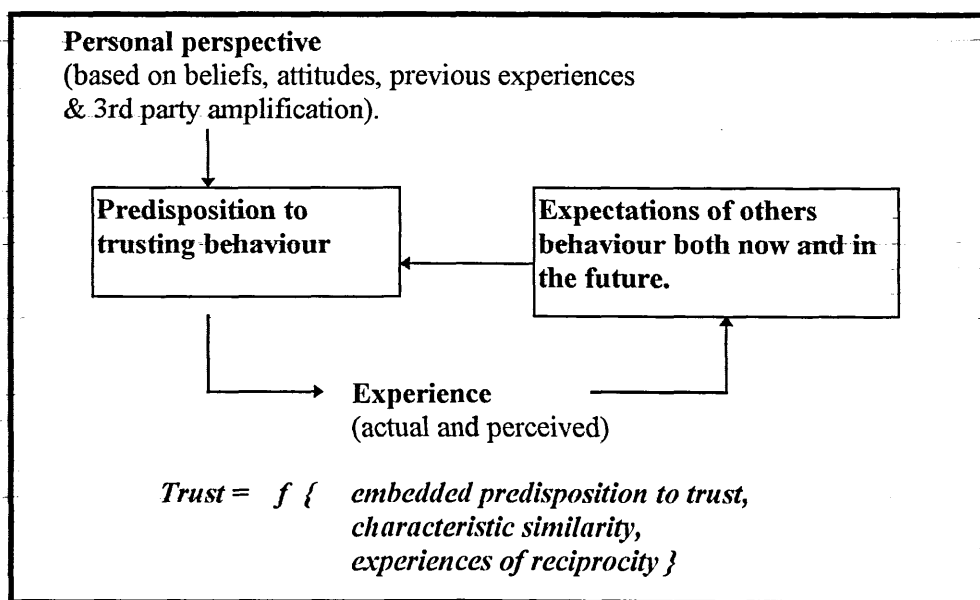


Figure 3.2: The simple dynamic of trust

The role of the facilitator in trust production

“The collaborative process is complex, and their need for process expertise is great. However, they do not want process experts who will impose their own views or make decisions for them... they want assistance in constructing and implementing a process that is fair to all participants, that will ensure high quality communication throughout the group, and that will result, if possible, in creating a solution of their own making to which they agree of their own accord. Providing assistance in managing such a process is the role of the facilitator.”
Schuman as cited in Huxham (1996, p.127)

According to Lewicki & Bunker (1996)¹ there are three types of trust within the development of a relationship - one based upon the ability to monitor (calculus-based), one based upon the ability to predict the others behaviour (knowledge-based) and one based upon an identification with the others’ interests (identification-based). Given a firm’s vulnerability within collaborative ventures (eg. Bleeke & Ernst 1995; McKinsey 1991) it is ‘safer’ but less ‘effective’ to maintain a

¹ Lane (1998) has subsequently adopted the same categorisations.

closely monitored calculus-based level of trust. In order to attain greatest benefits from collaboration there needs to be movement towards an inter-firm relationship based upon knowledge-based or identification-based trust. The presence of a neutral, trusted, third party (ie. a broker) facilitates such movement as does the shared experiences gained over time and the development of group norms and a common culture.

“Trust production can occur when an individual is open to social influence from another individual or when a third party with whom both individuals are open to social influence intervenes to mediate.”
Zucker (1986).

Given that their “*bounded rationality*” (Simon 1957) is bound to increase relative to the degree of ambiguity and rapid change within a situation it is important that recognition be given to the fact that it is on the basis of participants’ *perceptions* of others’ behaviours that current actions are interpreted and meaningful. It is on the basis of their *expectations* of others’ behaviours that trust is given (Brenkert 1998). Consequently, managing the perceptions of the parties involved is fundamental to the role of the broker for, as Ring & Van de Ven (1994) point out the parties are engaged upon a continual evaluation of the relationship. It is due to their belief in the broker’s neutrality that s/he is expected to promote the achievement of meta-goals (Vangen, Huxham & Eden 1994; Huxham with Macdonald 1992) providing mutual benefits for the group as a whole.

“An actual member could not organise this network, because he would have been seen as having a vested interest. The broker has great charisma, he is not dictatorial but keeps the network under control. The fact that he is independent is important and he has solved certain personality clashes.”
G.H.K. (1997, p.20)

The concept of “*swift trust*” (Meyerson et al. 1996) has some resonance with the brokered network - a group brought together to address a particular problem under the facilitation of a contractor within a time-restricted environment - in that trust production between parties is dependent upon the credibility of the contractor “*in terms of his or her reputation for creating and composing successful temporary groups -[this] serves as a useful substitute for interpersonal history.*” The contractor’s invitation being held to be a sufficient guarantor of an invitee’s right to be ‘at the table’ - a trust based in the legitimacy of the contractor’s judgement.

3.3 Brokered Networks and Broking Initiatives

“Action has often been targetted not so much at individual firms but at networks of firms and institutions, aiming to increase organizational effectiveness by improving scale and scope economies, flexibility, the social and environmental milieu, and information spread.”

Morgan (1995, p.36)

As the brokered network as an organisational form is in its infancy in this country² most of the research findings relating to network broking practice are taken from experiences overseas. In most part these relate to evaluations of national programmes to facilitate business networking. As such their purpose has been upon assessing the effectiveness of programmes in stimulating growth in inter-firm collaborations and in the creation of business opportunities - oriented to a consideration of product 'deliverables' with scant attention paid to the dynamics of process. Although there is a wealth of research into inter-organisational processes (eg. Huxham, Eden, Gray, Ring and Van de Ven) this tends to be based upon the development of public/private partnerships or community groupings and could therefore be challenged as to its applicability to the 'private sector/for profit' brokered network scenario. It is in order to begin to address this deficiency that this research has been carried out to add a 'process-oriented' perspective to the 'private sector/for profit' network organisation.

There are some significant points to be drawn from the research carried out into the effectiveness of programmes that are useful to the present study :-

- (i) firstly, *'the supporting infrastructure'* to the programme and its participants,
- (ii) secondly, *'the clarity of focus'* over its aims and measures of accomplishment,
- (iii) thirdly, *'the local (and national) propensity for collaboration'* and the extent to which collaborative activity is deemed as desirable or indeed necessary.
- (iv) and finally, *'the definition of the broker role'* that defines what are 'desirable' personality traits and experience for a broker.

Although they do not advance our understanding of the broking process they do provide the contextual framework within which an interpretation of participant rationalities is possible and comparisons can be drawn between programme implementations, operations and evaluations.

The Italian region of Emilia-Romagna must be the most cited example of naturally occurring local networks (in knitwear, ceramic tiles, engineering and metal products, footwear and food processing), even if doubts exist over the claims made as to its successes (Amin 1989; Amin & Robins 1990) and there is a worrying lack of hard evidence (Bellini et al. 1990; Cooke & Morgan 1991b). It forms the centrepiece of Piore & Sabel's (1984) conjectures on the possibilities for a "*Second Industrial Divide*" (a return to craft-based forms of production) and the prospects for the regeneration of local industries through small firm networks. It is important to note however, that the culture and the supporting infrastructure for networking initiatives in Emilia-Romagna is unique to the region. The strong networking culture, the willingness of firms to co-operate, the co-operation that exists between the private and public sectors, the presence of

² 'pilot projects' introduced in 1994 in England and Wales.

sectorally-focused centres and regional centres (resulting in a collective organisation of services and effective promotion of industry) as well as the presence of regional government suggesting that it's 'lessons' are not easily transferable, particularly to the UK (Curran & Blackburn 1994).

However, the business networking programme promoted by the Danish Technological Institute (on behalf of the Danish Government) was based around developments in Emilia-Romagna. It incorporates sectorally specialised departments along with departments focused on the shared technological and human resource concerns that can reach across sectoral divides. It is heavily centralised and has been heavily subsidised since its introduction, leading many to question its chances of success when subsidies are eventually withdrawn, and to cast doubt (Pyke 1994) on what can seem overly optimistic claims over the programme's effectiveness (eg. Gelsing & Knop (1991) cited in Pyke 1994). The Institute has recently been considering ways of better serving small enterprises by encouraging firms to act collectively by sharing the costs of buying D.T.I. (Danish Technological Institute) services (Pyke 1994). One important finding from the Danish research is the recognition that the role of the network brokers and the presence of subsidies is primarily to underwrite the risks associated with co-operation and to encourage a sustained co-operation amongst firms who would otherwise see themselves as competing - negotiation among firms can be seen as being competitive even if the firms are complementary. SME forums have been formed (*'Experience Exchange Groups'*) to encourage the dissemination of best practice and increase awareness of the benefits available through involvement.

Both Spain and Germany are countries of regions (like Italy) with strongly developed cultures and sometimes separate languages. Certain regions are more focused than others in developing programmes to encourage inter-firm networking - in Germany, the most proactive region being Baden-Wurttemberg and in Spain being Valencia.

Baden-Wurttemberg is noted for its emphasis on a network approach to business and a highly developed support system to cater to the needs of SMEs (Cooke & Morgan 1990; Bennett et al. 1993). By being strongly decentralised it can be sensitive to local needs and remain flexible in its operation, involving specialists in an 'industry-driven' approach. Support is offered to groups of firms not to individual firms and the subsidies are negligible - it promotes networks through 'sign-posting' and builds on existing networks between enterprises. Unlike Britain it has strong links established between industry and education - it can boast 129 'technology transfer centres' most of which are located at, though independent from, institutions of higher education. It does, however, share with Britain the same ethos for a self-supporting strategy for SME networks.

Valencia, through IMPIVA (Institute for the Promotion of Small and Medium-sized Firms), provides a distinctive approach to business support in strong contrast to other areas of Spain

such as the Basque country. Its high levels of self-identity and community structures help build good support networks and the region is better resourced than Emilia-Romagna illustrating the high degree of commitment shown by the Government (Pyke 1994). By March 1992, IMPIVA was associated with 60 networks most formed as a consequence of the programme. Along with Baden-Wurtemberg, Valencia has adopted an integrated network approach to its provision of supporting institutions ranging from an inner network focused on sectoral concerns to outer networks focused upon regional (shared concerns across sectors) - co-ordinated elements in a decentralised structure.

“Part of IMPIVA’s strategy involves the putting in place of an SME support system dedicated to the needs of a small firm economy.” Morgan (1995, p.49)

Other countries that have initiated programmes to encourage inter-firm networking include the Basque region of Spain, Japan, Sweden, Iceland, Norway, Portugal, Canada, U.S.A., Australia and New Zealand. Each displaying a particularistic approach to encouraging the growth of inter-firm networks building upon national, regional and firm characteristics.

However, it was the Danish model upon which the UK programme has been centred and around which the early euphoria of ‘officially sanctioned’ reports and press releases (eg. Trojberg 1993; Martinussen & Jantzen 1994; Edgar 1993) has since been critically assessed by independent researchers (eg. Gelsing, 1995; Gelsing & Nielsen, 1994; Nielsen 1993) calling into question the veracity of the findings produced. Reports concerning the progress of the UK’s adapted version of the Danish model have been performed by Chaston (1995a, 1995b, 1995c) and GHK (1997) with independent reports on regional implementations by others (eg. Pedersen 1995; Parker-Armitage 1996; Wroe 1998).

Chaston’s research (1995a, 1995b, 1995c) has been focused upon determining the validity of ‘the Danish model’ as a means of generating business networks - the criticism of many brokers being that his research does not consider their perspectives as to what broking practice in the UK is actually like. It considers the logic of the stage model and concludes its rationality and legitimacy. The G.H.K. research (1997) has taken a more conciliatory approach to the brokers regarding their involvement in the research. It has focused upon the practice of broking as well as its consequent results (ie. brokered networks and networking initiatives) without appearing to prejudge brokers’ efforts against the dictates of a model of ‘best practice’. The report produced reflects *a mixture of attitudes* as to the purpose of broking practice that can be argued to be more reflective of broker personalities than anything else and *generalities* as to the perceived benefits complementing those more obvious practical business benefits that could be adequately

measured. Unlike Chaston's research it provides support for individual pragmatic responses to broking situations - it acknowledges and respects the need for different approaches.

Pedersen (1995) accompanied brokers, attending meetings and being involved in discussions with participating clients. Her work makes clear the social aspects involved in broking practice that depend upon the broker's level of interpersonal skills if he/she is to bring together all the necessary 'components' for the brokered network. Parker-Armitage (1996) noted that a broker's 'vulnerability' (eg. acknowledging lack of product expertise) provided opportunity for empathy and trust in the broker's honesty and humility amongst the membership as well as legitimating a fuller involvement by participants to compensate for his/her deficiencies or lack of knowledge. Wroe (1998) found that 'the possibility of new learning' was paramount in the decision of firms to be involved in broking initiatives outweighing considerations that there was little probability of immediate business benefit - a 'motivational driver' that brokers instinctively appreciated and used to its full extent. What is common to each of these studies is the realisation that without the broker the inter-firm networks could never have come into fruition.

"The reality of this network is that it has been the creation of the broker from start to finish. He was the door opener. We might have thought of networking but who was going to organise the plan, develop the idea and gain the goodwill of the members as well; I certainly did not have the time."

G.H.K. (1997, p.20)

The broker is often perceived as being the missing piece to a jigsaw of business opportunity by those individuals who have participated as a member of a brokered network or within a broking initiative. Consequently, their 'added value' is much easier to define in retrospect than to predict in advance or even to appreciate at the time - they are defining 'a journey' involving endogenous and exogenous changes, many unforeseen at its commencement, towards a new business reality.

Chapter 4: The Research Approach

“Any given design is necessarily an interplay of resources, possibilities, creativity, and personal judgements by the people involved.”
Patton (1990, p.13).

In this chapter, the research approach is described and justified with respect to the researcher's ontological and epistemological beliefs and a pragmatic responsiveness to an evolving research situation. Section 4.1 describes the process by which the research question was defined relating its importance to the debate on postmodern organisation. Section 4.2 describes why the research strategy adopted was chosen and how it had to develop in response to circumstances. Section 4.3 describes the use of models, and their development, as 'tools for sensemaking' within the research process.

4.1 Defining the research question

“The anxiety would be lessened, tensions allayed, the total situation made more comfortable, were the stunning profusion of possibilities somewhat reduced; were the world a bit more regular, its occurrences more repetitive, its parts better marked and separated; in other words - were the events of the world more predictable, and the utility or uselessness of things more immediately evident.”
Bauman (1995, p.141).

The research question emerged as a consequence of, and as a justification for, exploring the emergence of a number of related phenomena - Globalisation, Japanisation, the advances in communications technologies (especially the phenomenon of the internet) and challenges in organisational thinking. The major changes being :-

- (i) an emphasis on 'down sizing' and 'flatter organisational structures',
- (ii) a rise in the number of mergers, alliances and joint ventures paralleled by a similar increase in the rate of vertical disintegration through outsourcing,
- (iii) a focus upon specialisation and networking (with a re-conceptualisation of organisational size and power - small being seen as economically effective),
- (iv) a concentration on collaboration as a means of competing more effectively
- (v) and a key 'buzzword' at the end of the C20th - 'flexibility'.

A contributory theme was the dawning 'Information Age' and the increasing value attached to creativity in product design, manufacture and promotion within the global marketplace allied to the creation of a virtual marketplace and virtual products/services via the medium of the internet.

The relationships between these themes became clearer as the research progressed and could be expressed in terms of two related developments :- an increase in choice over business operation and organisation (ie. new forms of organisation coming into being (Fulk & DeSanctis 1995; Osterle et al. 2000)) and an increased expectation over customer satisfaction (ie. a customer's right to expect world class service regardless of the limitations of the firm with which they are dealing (Slocum et al. 1994)). It denoted that 'the rules of the game' had now changed (Stacey 2000) - operational flexibility was a necessary supplement to economic efficiency to give confidence in a firm's ability to remain competitive within a dynamic and often turbulent global marketplace. Furthermore it suggested firms were under relentless pressure to display an instinct, willingness and capability for learning which was heralded to be the *only* source of sustainable competitive advantage and as such had become *the* critical attribute for firms. And it was clear that this pressure had resulted in the widespread disintegration of the supply chains (and related growth in outsourcing agreements) as well as the rapid increase in the numbers of collaborative alliances, joint ventures, partnerships and networking - inter-firm interdependence had increased.

So the research question has been located in the focus upon relationship management (eg. Sheth & Parvatiyar 2000) as a means of achieving and retaining competitive advantage through greater effectiveness and efficiency of organisational operation and the creation of opportunities for organisational learning (Senge 1999) to provide process and product innovations as well as an increased awareness of new markets. The network organisation is significant as a form of organisation that is dependent upon effective relationship management and is increasingly being seen as an archetypical postmodern organisation - as most large organisations seek to become confederations of small operating units and small firms find advantage through working together (O'Toole & Bennis 1992) the network form is a common concern to all organisations. The research question is concerned with the dynamics of the processes whereby inter-firm relationships can be facilitated. An increasing need for facilitation is a consequence of both the reduced size of operational units of activity and the larger number of inter-dependencies (a consequence of increasing specialisation) as well as the general lack of managerial experience of collaborative relationships within SMEs and small units of activity of the larger companies.

The research question challenges the possibility of being able to provide an understanding of the process dynamics in the facilitation of inter-firm networking relationships within a framework that is predicated upon order, stability, predictability and unitary truth (ie. modernity). Instead it is argued that 'the broking process' (facilitation) must be interpreted within the socio-economic context characterised by the dynamism and turbulence of the global marketplace. It can only be satisfactorily explored within a framework focused upon evolutionary interpretation, predicated upon multiple realities, the temporary nature of knowledge and socially constructed 'facts' (ie. postmodernity).

Evidently the research question has evolved as a consequence of the research process and this is argued to be an inevitable consequence of an open-minded research design (Lincoln & Guba 1985, p.225), aimed at discovering and integrating practitioner concerns into the research study. Furthermore it is suggested that 'the research question' can only be fully defined when its resolution, or the method most suitable to determine its resolution, has been found. What begins as an exploration of a research area with a working title, some plausible hypotheses and an appropriate methodology though providing the necessary motivational starting point gradually becomes tempered by the developing empathetic understanding of the research arena and the actors involved (ie. Schon's (1991) "*reflection in action*"). This is argued to result in a growing realisation of what *is* 'the real question' and an active desire to produce something that provides for both practitioners and academics 'a meaningful contribution'. A researcher's preoccupation with the dangers of asking a question that has already been asked, that may be inappropriate or of little value, beyond resolution or part of someone else's agenda has to be recognised within the determination of the research question. It would be disingenuous to pretend otherwise.

"Guba (1978) has depicted the practice of naturalistic inquiry as a wave on which the investigator moves from varying degrees of a 'discovery mode' to the varying emphasis of a 'verification mode' in attempting to understand the real world."
Patton (1990, p.59).

4.2 Designing a research strategy

"Design flexibility stems from the open-ended nature of qualitative inquiry as well as pragmatic considerations. Being open and pragmatic requires a high tolerance for ambiguity and uncertainty as well as trust in the ultimate value of what inductive analysis will yield."
Patton (1990, p.62).

The research approach adopted was a product of researcher preference and a pragmatic response to the constraints within the research situation - in retrospect, it can be argued that it was not merely 'suitable' but the 'only' approach that could realise participants' support for the research and reveal good interpretive insights into the broking process.

Access to participants depended upon broker approval and access to brokers depended upon their manager's approval (figure 4.1 overleaf). Network managers were generally uneasy about new researchers - expecting them to interrupt or challenge brokers' progress - and needed to be reassured about their intentions for the research and their personal integrity before allowing them access to brokers. In large part a credibility with those administering the programme, the D.T.I. and the training organisation, was what was necessary. It was a network of contacts that was wary of newcomers, so access was built on trust and trust was built on personal recommendation or personal experience gained over time - developing relationships was 'a research investment'.

The research process necessitated an awareness and respect for a plurality of perspectives and interpretations as to the questions of significance that needed to be addressed within the research - for 'custodians' of the programme (eg. D.T.I., BLs/TECs and official researchers) it was issues related to programme effectiveness; for network brokers it was issues related to supporting the effectiveness of their broking practice and for network managers it was issues related to public accountability for programme management (ie. benefits relative to costs); finally, for network participants it was network performance and this was held to have no connection with research. However, despite acknowledging others' viewpoints, the focus of the research (ie. the research question) was not negotiable even if other issues of significance were raised as the subjects of conference papers, the subject of a presentation at a broker forum or formed a chapter for a book (see appendix 2).

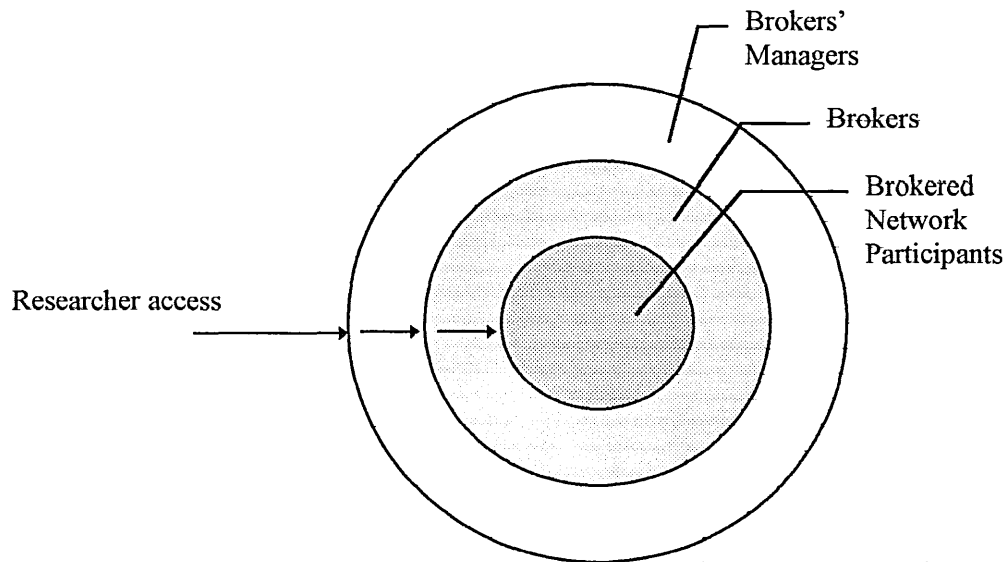


Figure 4. 1: Pragmatics of access

"[methodologies link]... the researchers to the situation being studied in terms of rules, procedures, and general protocol that operationalise the network of assumptions embodied in the researcher's paradigm¹ and favoured epistemological stance."

Morgan (1983, p.21)

As the research question was directed at the process dynamics of the broking process it called for an involvement with participants either as an observer or as an actor in order to understand what was happening. However, this did not determine the choice of an 'appropriate' methodology or the use of related methods. This was largely predetermined as a consequence of the researcher's personal ontological and epistemological beliefs (ie. the nature of being and of knowing) that directed a hermeneutic perspective should be taken, that actions should be 'interpreted' as being 'meaningful' within their context and that, it was this 'socially constructed' meaning that would provide 'a practically adequate' understanding of the broking process. The subsequent 'choice'

¹ a paradigm is best conceived of as a particular way of understanding the world

of an appropriate methodology and methods was consequently limited to that subset of options conforming to the researcher's intuitive paradigm. As Gellner eloquently expresses it :-

"The world passes through the lens of our cognition: whatever is necessary and hence foundation-worthy in it, owes this status to the lens and not to itself: so philosophy must scrutinize the lens, our cognitive powers."

Gellner (1974, p.29).

It is 'through the lens' that the paradigmatic values and preoccupations of the researcher as to what is significant and worthy of study can be seen. Consequently, it is reasonable to reflect upon why the research argument has significance at this time and to seek justification of its importance by reference to trends and developments within the business arena. The research findings and their importance are 'located' within the wider discussion of postmodern criteria of competitiveness (eg. Stacey 2000; Senge 1999; Champy & Nohria 1996). In this way, the choice of research topic is a product of its perceived importance at this time from the perspective of the researcher - although it is anticipated the reader will concur as to its importance this can not be taken for granted.

Morgan (1983) warns researchers to become aware of the potential 'blind spots' within their particular perspective and to seek confirmatory support (verification) of inferences drawn from other sources for their findings. It is imperative that the researcher's preferences are explicitly stated within the research so as to allow the reader to judge whether the choice of a research methodology is appropriate to the research situation. By adopting a hermeneutic perspective this necessitates attention be placed upon 'framing' the research data within its contextual setting as it is within this setting that the data obtains its meaning. Consequently, background information is provided prior to presenting the case studies. However, the most that can be achieved is a "practically adequate" (Sayer 1984) understanding of reality given our entrapment (Checkland & Scholes 1999; Morgan 1997) within a conceptual schema. There is no absolute truth only versions that have more or less 'practical adequacy' in providing an explanation.

"... the world can only be understood in terms of the available conceptual resources, but the latter do not determine the structure of the world itself. And despite our entrapment within our conceptual schemes, it is still possible to differentiate between more and less practically adequate beliefs about the material world. Observation is neither theory-neutral nor theory determined but theory laden. Truth is neither absolute nor purely conventional and relative, but a matter of practical adequacy."

Sayer (1984, p.78)

Therefore, the research can not aim for absolute truth (this is not plausible from the researcher's paradigmatic perspective), but can aim to present an interpretation of 'findings' that provides a more "practically adequate" (Sayer 1984) explanation of the broking process than any other that exists. Chaos theory (Gleick 1987) demonstrates an acceptance that within the physical

sciences there are some arenas beyond the normal predictive capabilities of science. According to Patton (1990) although Chaos theory is highly quantitative its underlying assumptions closely mirror an interpretivist philosophy and when used as a metaphor “fits a great deal of fieldwork in real-world settings, but the implications can be so threatening to our need for order that we ignore the rearranging walls and describe the maze with a single, static diagram.” (p.83).

Chaos Precepts and assumptions (Gleick, 1987)	Implications for Qualitative Inquiry on Human Systems
<p>“Nonlinearity means that the act of playing the game has a way of changing the rules” (p.24)</p>	<p>The entry of the researcher into a setting may do more than create problems of validity and reactivity. The researcher’s entry may make it a different setting altogether and forever.</p>
<p>“A butterfly in Peking flapping its wings may affect the weather in New York - next month or next year. ‘The Butterfly Effect’ has a technical name: sensitive dependence on initial conditions”. (p.23).</p>	<p>Small, minute events can make critical differences. Qualitative importance is not dependent on quantitative magnitude. For want of a nail..., the war is lost.</p>
<p>A deterministic system can produce much more than just periodic behaviour. There can be “wild disorder” among “islands of structure” “A complex system can give rise to turbulence and coherence at the same time,” each of which is important (p.56).</p>	<p>Much qualitative analysis attempts to bring order from chaos, to identify patterns in the noise of human complexity. Chaos theory suggests we need to learn to observe, describe, and value disorder and turbulence without forcing patterns onto genuine meaningful chaos.</p>
<p>“Simple systems can do complicated things.” (p.167).</p>	<p>What presumptions do we bring to fieldwork and analysis about <u>simplicity</u> and <u>complexity</u> ? These are not neutral terms.</p>
<p>“A healthy body is a chaotic one; when you reach an equilibrium in biology you are dead.” (p.298)</p>	<p>How do we observe and describe dynamic, constantly changing phenomena without imposing a static structure by the very boundaries we impose in seeking to define and understand ?</p>
<p>“On the collective scale and on the personal scale, the ideas of chaos advance in different ways and for different reasons.” (p.316).</p>	<p>Chaos theory’s meanings and implications for qualitative inquiry in human settings remain to be developed.</p>

Table 4.1 Chaos Theory and its implications for human enquiry (Patton 1990, p.83).

Its rise to prominence can be argued to relate to a willingness, on the part of scientists, to accept that certain phenomena lay beyond control (eg. weather systems, volcanoes, waterfalls, etc.,...) and are incredibly difficult to predict. In the same way as academics and practitioners within the world of business increasingly acknowledge that indeterminacy of consequences has increased as a result of increasing globalisation of industries - “we live in a world in which no one is in control” (Bryson & Crosby 1992). It is in connecting local activity to global consequences that it raises important implications for real world activity and the methods in which it is researched.

“[Hermeneutists]...are much clearer about the fact that they are constructing the ‘reality’ on the basis of their interpretations of data with the help of the participants who provided the data in the study... If other researchers had different backgrounds, used different methods, or had different purposes, they would likely develop different types of reactions, focus on different aspects of the setting, and develop somewhat different scenarios.”

Eichelberger (1989, p.9).

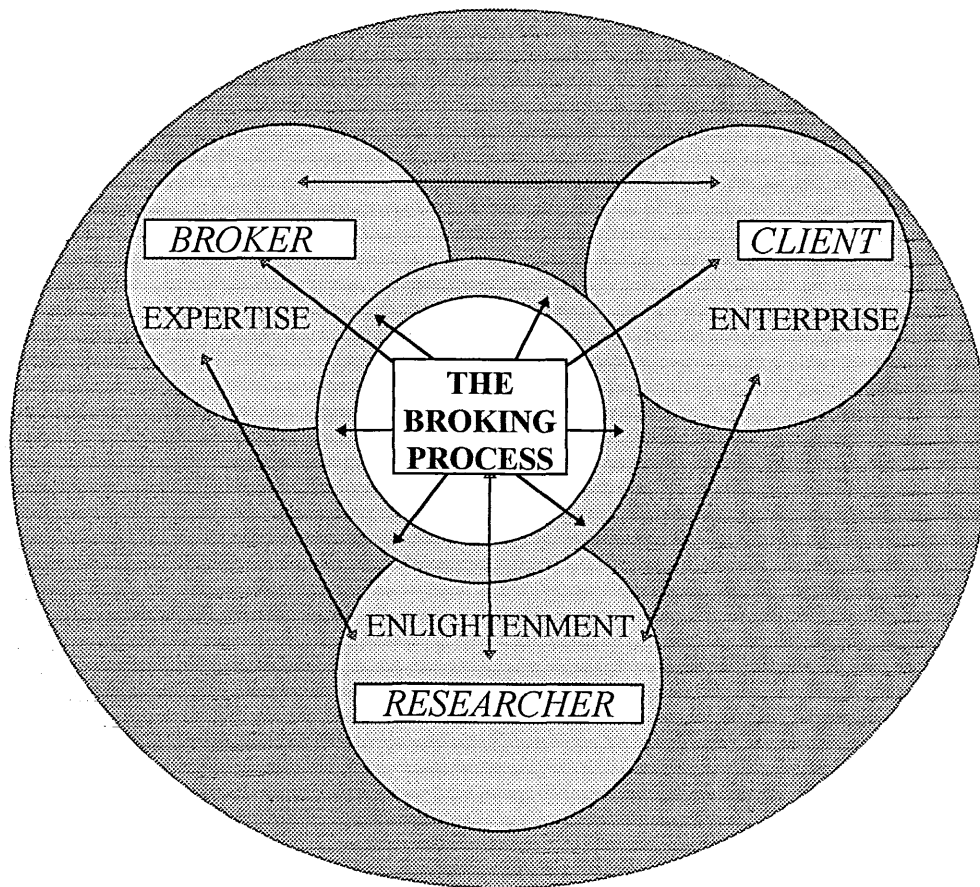


Figure 4.2: A Hermeneutic Appreciation of the Research Process

As shown in figure 4.2 above, there are three distinct types of social actor within this research study expected to make a contribution within the ‘dialogue’ that is the research process. Their location within different spheres indicates a ‘cognitive’ distance (eg. Peppard & Ward 1998) existing between them in their comprehension of each other’s worldview and that this needs to

be recognised as resulting in inevitable differences in their subjective, situationally determined viewpoints (Checkland & Scholes 1999). The aim of hermeneutic enquiry is to move towards a 'sensible meaning', it never reaches an absolute end-point. It advances an interpretation of a research situation acknowledging the social determination of knowledge and its social historicity.

"The interpretation of meaning is characterized by a hermeneutical circle, or spiral. The understanding of a text takes place through a process where the meaning of the separate parts is determined by the global meaning of text. In principle, such a hermeneutical explanation of the text is an infinite process while it ends in practice when a sensible meaning, a coherent understanding, free of inner contradictions, has been reached."

Kvale (1987, p.62).

Knowledge and its social historicity

'Knowledge' is argued to be a social construction (Berger & Luckmann 1966) and therefore any claims for its validity or practical adequacy in providing explanation are 'located within' and 'of relevance to' those existing within a social situation at a particular period in history.

"Establishing a particular interpretation means grounding it in other interpretations...there is no guarantee of correctness, truth or universality. The interpretation which the historians accept now is their interpretation, to be understood through the social and historical circumstances of their times...Our knowledge of human life can only be gained through a hermeneutical interpretive procedure based upon the possibility of 'imaginatively recreating' the experiences of others..."

Anderson et al., (1986, p.67-9)

The Earth *was* the centre of the universe and *was* flat until we 'knew' differently. Knowledge is 'legitimated' within social systems on the basis of its 'common sense' and its incontrovertibility with the evidence. It determines norms and 'sense making', defining 'acceptable' interpretive schema that can claim societal validity. In this sense, a child is not merely born into a society but also into its history. This does not deny interaction between society and its social actors nor the potential for individual and societal changes to occur but suggests that limitations on the consequences of such interactions have been largely pre-determined by the existing paradigmatic boundaries of society - "*thinking in patterns of thought provided for us by the societies in which we live.*" Evans-Pritchard (1934). Habermas (1972) argues that interactions are "*flawed*" because of a lack of "*communicative competence*" in the dialogue - the "*tools available*" (e.g. words and concepts) being "*products of a class struggle*" serve to reinforce the existing power relationships by determining the boundaries as to what can be seen as possible and legitimate.

Therefore, hermeneutic approaches to research are involved in understanding the paradigmatic frameworks of actors through which they make sense of their situation and ascribe meaning to ongoing events. The 'reality' explored is an 'actor reality' rooted within a 'social construction'.

“Different ontologies, epistemologies and models of human nature are likely to incline social scientists towards different methodologies.”

Burrell & Morgan (1979, p.2).

Burrell & Morgan’s framework (figure 4.3 below), classifies social research methodologies according to the presumption of subjectivity or objectivity they claim for their research and the degree to which they presume order or conflict as the basis upon which activity takes place. The hermeneutic perspective can be placed within the school of interpretive sociology being inherently subjective and assuming that social order is the fundamental rationale for activity.

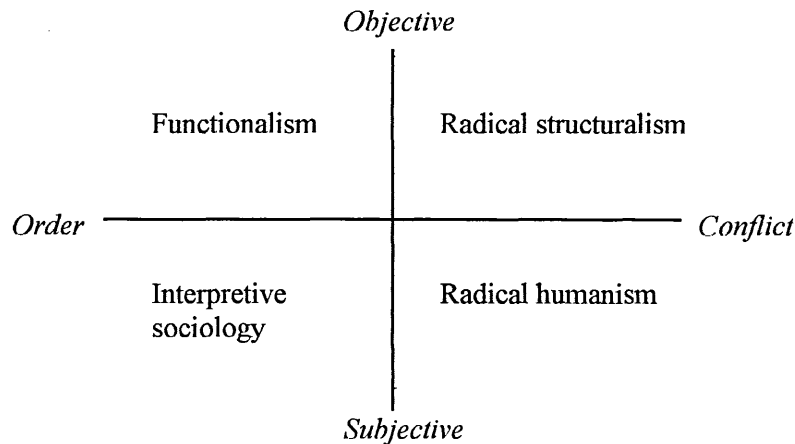


Figure 4.3: The sociology of regulation.

“We regard our four paradigms as being defined by very basic meta-theoretical assumptions which underwrite the frame of reference, mode of theorising and modus operandi of the social theorists who operate within them. It is a term [paradigm] which is intended to emphasise the commonality of perspective which binds the work of a group of theorists together in such a way that they can be usefully regarded as approaching social theory within the bounds of the same problematic.”

Burrell & Morgan (ibid, p.23).

However, the model can be problematic because of its argued exclusivity of location within a quadrant (eg. if Habermas belongs within the ‘conflict’ Marxist school of analysis (Radical Humanism) his arguments on “*Communicative Competence*” and “*Ideal Speech*” suggest a deterministic, ‘structural’ position (Radical Structuralist)). Should this incongruity be a cause of concern over research legitimacy or is it acceptable as a supplementary, complementary research perspective to his normal position as a radical humanist ?

In the process of conducting research, particularly in qualitative inquiry, there is often need for flexibility in the research approach to ensure openness with respect to emergent issues deserving of exploration and for coping with contingencies arising during the research process which could otherwise invalidate or seriously damage the research study (Schon 1991). From this perspective

it is suggested that research design flexibility represents a realistic and pragmatic response to an evolving research situation (Patton 1990, p.62; Lincoln & Guba 1985, p.225).

“no single method ever adequately solves the problem of rival causal factors... Because each method reveals different aspects of empirical reality, multiple methods of observations must be employed. This is termed triangulation. I now offer as a final methodological rule the principle that multiple methods should be used in every investigation.” Denzin (1978, p.28).

It would seem reasonable to prescribe the use of mixed methodologies when it is expected this will produce a more comprehensive understanding of the research situation - for instance, to be open to the influence of structure upon action *as well as* the influence of individual agency. A willingness to find possibly contradictory evidence from a different perspective could be seen as *adding* to the claim for research legitimacy. Within this study the author became involved in the facilitation of two brokered academic networks to gain an empathetic understanding of the broking process by which he could discover confirmatory and/or contradictory evidence to that gleaned from the research interviews with network brokers. However, triangulation was necessary to provide the confirmatory support to research findings from a number of repeated observations and a variety of perspectives.

“A number of data collection methods were triangulated to provide in-depth case material, such as secondary data in the form of administrative records, group discussions, life history, interviews which focused on individual-organizational experiences and non-participant observation of meetings.” Gill (1995, p.73)

Although the primary method of data collection was the in-depth interview (complemented by personal action research), an “*Evaluation Report for Sheffield Business Link*” (appendix 1), a questionnaire sent to 100 participants of brokered networks (appendix 2b) and a research project looking into SME information needs (appendix 3) plus a telephone survey of Business Links to determine awareness of the brokered network concept, discussions via the internet with brokers in Australia and presentation of papers on broking issues at conference and at network forums (appendices 2a and 2b) supplemented the main body of data collected in interviews.

Within this hermeneutic research study, significance was given to the sensemaking (Weick 1995) of interviewees and its “*embeddedness*” (Granovetter 1985) within their “*socially constructed*” (Berger & Luckmann 1966) reality that could best be appreciated from a systems perspective (Checkland 1981; Checkland & Scholes 1999) due to the interdetermination of models (theory) and experience (practice) (Glaser & Strauss 1967) within the broking process and the process of research. Sensemaking, a systems perspective and grounded theory have informed the development of the research process so it is important to briefly describe on the following pages their significance to the process.

Sensemaking, a systems perspective and grounded theory

“Research and practice needs to begin with a mindset to look for sensemaking, a willingness to use one’s own life as data, and a search for those outcroppings and ideas that fascinate”.
(Weick 1995, p.191)

‘Sensemaking’ is a search for meaning that can legitimately include personal experiences (Ellis & Flaherty 1992) as data, indeed it is regarded as a sensible activity. Consequently, the research process centred on the use of longitudinal in-depth interviews that is subsequently complemented by personal action research has added legitimacy from this perspective :-

“The most admirable thinkers within the scholarly community you have chosen to join do not split their work from their lives. They seem to take both too seriously to allow such dissociation, and they want to use each for the enrichment of the other”
(Mills 1959, p.195)

Sensemaking is an ongoing activity facing the inevitability of change in the search for meaning. However it regards diversions from the determined path as “‘errors’ [that] are the occasion for surprise, reframing and altered understanding”. (Weick 1995 p.192) - in other words, they are conceived of as opportunities for learning. Fundamental to this research’s legitimacy however, is an active reflection on the development of the process, changes introduced to it and disclosure of the underlying rationale (Schon 1991).

Although awareness of the seven key properties of sensemaking (table 4.2 below) informed the research process from its start, sensemaking was of particular significance when reviewing the research interview material to discover meaningful and useful insights into the broking process. The ‘sensemaking process’ is dependent upon creating a *meaningful* interpretation of events and is therefore capable of being ‘rewritten’ by re-viewing events (past, current and future scenarios) through a different lens. Reconstructed histories of the developments of networks had to be interpreted with regard both to elapsed time and the selectivity of ‘extracted cues’ out of which brokers, participants and others made sense of their past and ongoing experiences...

1.	Grounded in identity construction
2.	Retrospective
3.	Enactive of sensible environments
4.	Social
5.	Ongoing
6.	Focused on and by extracted cues
7.	Driven by plausibility rather than accuracy

Table 4.2: Seven Properties of Sensemaking

Weick uses the formulation of strategy as the context through which he can illustrate the seven properties of sensemaking in action :-

“Strategic plans are a lot like maps. They animate and orient people. Once people begin to act (enactment), they generate tangible outcomes (cues) in some context (social), and this helps them discover (retrospect) what is occurring (ongoing), what needs to be explained (plausibility), and what should be done next (identity enhancement)”. Weick (1995).

As research is undoubtedly a social activity it is consistent to suggest that a systems perspective is necessary to preserve the ‘richness’ and ‘situationally dependent meaning’ of data (Checkland & Scholes 1999) that would be lost or fundamentally damaged if activities were disseminated into their constituent parts. It is the system that impacts upon the definition, operation and evaluation of the broking practice and therefore has significance to the broking process in its attributing of legitimacy to practice - the system is instrumental in determining and influencing the sensemaking of its participants. Behaviours and perceptions of those involved are determined by and determining of the situational context in which they occur (Giddens 1984,1991). It is within that situation and in relation to other ‘parts’ of that system that actors and actions are sensible and meaningful to those involved. And the systems approach emphasises emergent characteristics resulting from the interaction of its parts.

“the essential properties of a system are lost when it is taken apart; for example, a disassembled automobile does not transport and a disassembled person does not live.” Gharajedaghi & Ackoff (1985, p.23).

Whereas systems thinking was traditionally associated with mechanistic descriptions of system operation, Checkland’s (1981) *“Soft Systems Methodology”* (S.S.M.) introduced an individual sensemaking perspective into the systemic equation. In essence, ‘the system’ re-emerges as an arena of interpretation in which the ‘real’ system (its actual operation) is overlaid by participant sense making of reality. Consequently, as system participants hold the key to aspects of the ‘system reality’ it is only through gaining an empathetic understanding of participant perspectives that an accepted description of the system can be negotiated and ‘the problem area’ identified. The time and effort that went into the development of empathy within the research process was rewarded by a reciprocated respect and understanding of purpose.

Key to successful application of S.S.M. is the recognition that actors’ impressions of the system (that ultimately determine behaviours) can be brought to the surface when an analyst engages in their concerns (empathy) and encourages an openness in dialogue as to the ‘reality’ of the system and hence ‘the problem’ to address. Although S.S.M. uses the concept of *“rich pictures”*, Morgan’s (1997) use of metaphors is consistent with the principle of discovery and revelation through the adoption of new conceptual frameworks for thinking to create new knowledge about a ‘known’ environment. Within this research study, academic frameworks and models have been used as ‘tools’ within the interviews to stimulate discussion and present a new perspective for those involved to consider - different perspectives provide new insights provoking new theory.

“Data collection and data analysis often overlapped, in that field notes were used to add tentative hunches to what seemed to be emerging from the data. Such ideas also formed the basis of discussion between members of the research group.”
Gill (1995, p.74)

Research experiences formed and reformed the models of practice. In doing so they provided a clear demonstration of the relevance of theory to practice and directed the issues of significance to explore. This was an interdependent relationship that fuelled itself (Glaser & Strauss 1967). At the start of the research process, the researcher was armed with theory gleaned from textbooks and research papers and looked upon the interviewee as ‘an expert’ writing large their knowledge upon the blank page. But as he gathered more experiences from a breadth of participant perspectives gradually there was an opportunity and responsibility to begin to theorise from the data collected and then to assess these emergent ideas against the onset of further data. Within the research process, theory guides the selection, interpretation and significance of data but data demands revisions to theory when it doesn’t ‘fit’ as well as it should, failing to provide a satisfactory explanation for events.

“Generating a theory from data means that most hypotheses and concepts not only come from the data, but are systematically worked out in relation to the data during the course of the research. Generating a theory involves a process of research.”
Glaser & Strauss (1967, pp.5-6).

4.3 Developing models as research tools

The use of frameworks and models drawn from the academic literature (or developed by the author to reflect reported experiences) was a common practice within the interview situation. They provided an opportunity for interviewees to reflect upon events from new and different perspectives resulting in the development of new insights into past experiences. Consequently this enabled new learning to take place by encouraging a focused analysis of activity and its interpreted meaning for those involved through the application of a new “*lens*” (Gellner 1974). The use of models as ‘tools for sensemaking’ was in the same spirit as Morgan’s use of metaphor (1993,1997) and Checkland’s (1981; Checkland & Scholes 1999) use of “*rich pictures*” to enable participant sensemaking and to move towards a more comprehensive understanding of the situation.

Challenging interviewees to review their experiences with respect to a model or framework concentrated their recollections in respect of its structure forcing them to contest or commend its validity with regard to their ‘knowledge’ gained through experience. The models developed by the author to represent broking practice and the system supporting business networking were

open to challenge and subsequent revision from those whose views they sought to incorporate and other subsequent interviewees. This was a clear indication to interviewees that the research theory that emerged would be grounded in the experiences of research participants and could therefore be expected to be 'sensible' and sensitive to their personal perspectives. The models and frameworks used within the research process are presented in the next chapter.

Chapter 5: The Research Process

“A good novel tells us the truth about its hero;
but a bad novel tells us the truth about its author.”
G.K. Chesterton.

The ‘heroes’ of this thesis are the network brokers and it is their ‘truth’ I am concerned to ‘tell’ in my presentation of their perspectives upon the broking process. This is not to denigrate the part of others who perform a significant role within the effectiveness of the broking process (ie. network participants, network managers, training managers, D.T.I. officials, Business Link Chief Executives and other staff, academic and business researchers and the local business community) but to focus the spotlight upon those with the primary responsibility to transform the latent potential of business networking into the creation of successfully brokered network entities and initiatives. This thesis presents a “*practically adequate*” (Sayer 1984) account of the broking process that is grounded in the experiences of network brokers and participants - the significant role of others is in determining the context within which these broking efforts are taking place.

This chapter presents a chronology of the events and activities that determined the development of the research process to enable the reader to understand the high level of interdependence that has been evident throughout the research process between the collection of data, the use (and development) of models and the formulation of theory (Glaser & Strauss 1967) - from the initial selection of ‘relevant’ research material to the final “*sensemaking*” (Weick 1995) of research ‘findings’. However in reviewing the order of events it is clear that some relate to seeking an understanding of the system as a whole (ie. the Business Networking Programme definition, implementation, operation and assessment) and the rest relate to seeking an understanding of the broking process from the perspectives of participants in broking activities (figure 5.1 pg. 65). Consequently, though they are interlinked (ie. broking practice occurs, and is sensible, within the context of criteria defined and legitimated by the system), for the sake of clarity events relating to the system will be presented separately from those relating to broking practice - the research process is retold firstly from a systems perspective (section 5.1) and then from a participant perspective (section 5.2).

However the initial period of the research process (October 94 to July 95) was mainly concerned with clarifying the research focus and finding sites at which the research programme could be conducted. Consequently, this important formative stage must be presented first as it determined the conceptual boundaries for the research programme.

Clarifying the research focus and research sites (October 94 to July 95)

In October 1994 I was invited to do a PhD within the Change Management Research Centre at Sheffield Hallam University, the only stipulation being that the research had relevance to manufacturing - a 3 year EPSRC award through ACME had been gained for this research opportunity. Consequently my interest in researching inter-firm relationships naturally resulted in an initial focusing upon relationships in the manufacturing supply chain and the major part of the background reading for the research was centred around the development of strategic alliances, joint ventures, networks and networking for greater effectiveness in the management of inter-firm relationships. At this stage of the research several organisations had expressed enthusiasm for the aims of the research and inferred a willingness to participate. However, after the PhD proposal had been registered by the Research Degrees Committee in May 1995 this 'support' failed to materialise and there was need for alternative research sites to be found and for a possible refinement of the aims of the research.

As a result of my reading and several discussions with academic staff at the university (Kevin Wilson, Robin Lowe, Dr. John Darwin and Dr. Ken Smith) it was apparent that the research question, though yet crudely formed, was related to the *process dynamics of relationship* and an attempt to provide a practical framework by which it could be assessed. Consequently, *any* inter-firm relationships would provide useful research material and therefore the research sites need not be restricted to manufacturing organisations - though the findings needed to have relevance to manufacturing to satisfy the conditions of the award. Given that the research aim was to develop a better understanding of the process dynamics of relationship it clearly had relevance to all organisations as an improved understanding of inter-firm relationships would present more opportunities for improved effectiveness and greater competitiveness within their supply chains.

Robin Lowe proved invaluable to the research providing initial contacts with those involved in the development of small firm collaborations and networks. The first of these was Ian Cruddas, manager of the Sheffield Enterprise Agency, who was very keen to share his knowledge on the attitudes of small firms towards collaboration. Another contact from Robin was Brian Ayres, co-ordinator of the Rotherham Manufacturers Group (RMG), who spoke of his role as an organiser of forums at which inter-firm dealings could emerge. However, the most important contacts Robin provided were those involved in the Business Networking Programme (eg. John Edgar at Business Net Ltd., Clive Wray at Business Link West and the Chief Executive at Business Link St.Helens) that, over time, provided me with the four research sites for the case studies - Bristol (July 95 to July 96), St.Helens and Sunderland (August 96 to February 97) and Sheffield (December 96 to January 98). In respect of his assistance to the research Robin was added to the PhD registration as an Advisor in 1996.

From its earliest days this research project proved to be dependent upon the 'goodwill' of a relatively small number of people for its development - it was their willingness to introduce me into their much wider networks of contacts that enabled the research to finally achieve its goals. Consequently, great consideration needed to be given to the building of relationships, for the sake of the research, with those willing to participate to ensure an interested and continued involvement in its development. It was important to demonstrate an acknowledgement that they probably had other more pressing commitments (ie. location, timing and duration of interviews were governed by their schedules) and to persuade them that their knowledge and experiences were critical to the 'practical usefulness' of the research. In this way it was possible to ensure that 'the door was left open' for the clarification and further discussion of their perspectives. Practical research based upon practical experience was the only sort of research interviewees saw as possibly providing practical benefits and therefore worthy of their continued involvement.

Before presenting a chronological analysis of the-research process it may be useful to the reader to gain an insight into the general approach I adopted with regard to arranging and conducting interviews. The process was as follows :-

- (i) a brief discussion by phone to describe in clear and simple terms the research aims and the significant contribution that the potential interviewee could make.
- (ii) arranging a date, time and location for the interview and its probable duration that did not inconvenience the interviewee with respect to other commitments.
- (iii) sending on a focused one page agenda of the key issues to be discussed (as had been outlined in the phone conversation) a couple of days prior to the meeting.
- (iv) arriving (and leaving) on time for the interview and being sensitive to changes in the interviewee's openness and enthusiasm for the research that might call for a different approach to be adopted within the interview situation.
- (v) using a dictaphone to allow a more naturally flowing conversation - when this was not possible scribbled notes were taken during and immediately following the interview so as to forget neither its substance nor its context.
- (vi) presenting models as 'tools for reflection' as a means of encouraging new insights into the broking process and the system supporting broking practice.
- (vii) encouraging interviewees to regard themselves as 'co-creators' in the research helping to build theory on the basis of their knowledge and experiences.
- (viii) following up the interview with a letter to thank the interviewee and to clarify that my understanding of their perspective was deemed accurate by them.
- (ix) focusing upon the relationship that was developing by remembering to include research contacts amongst those to whom I sent cards at Christmas.

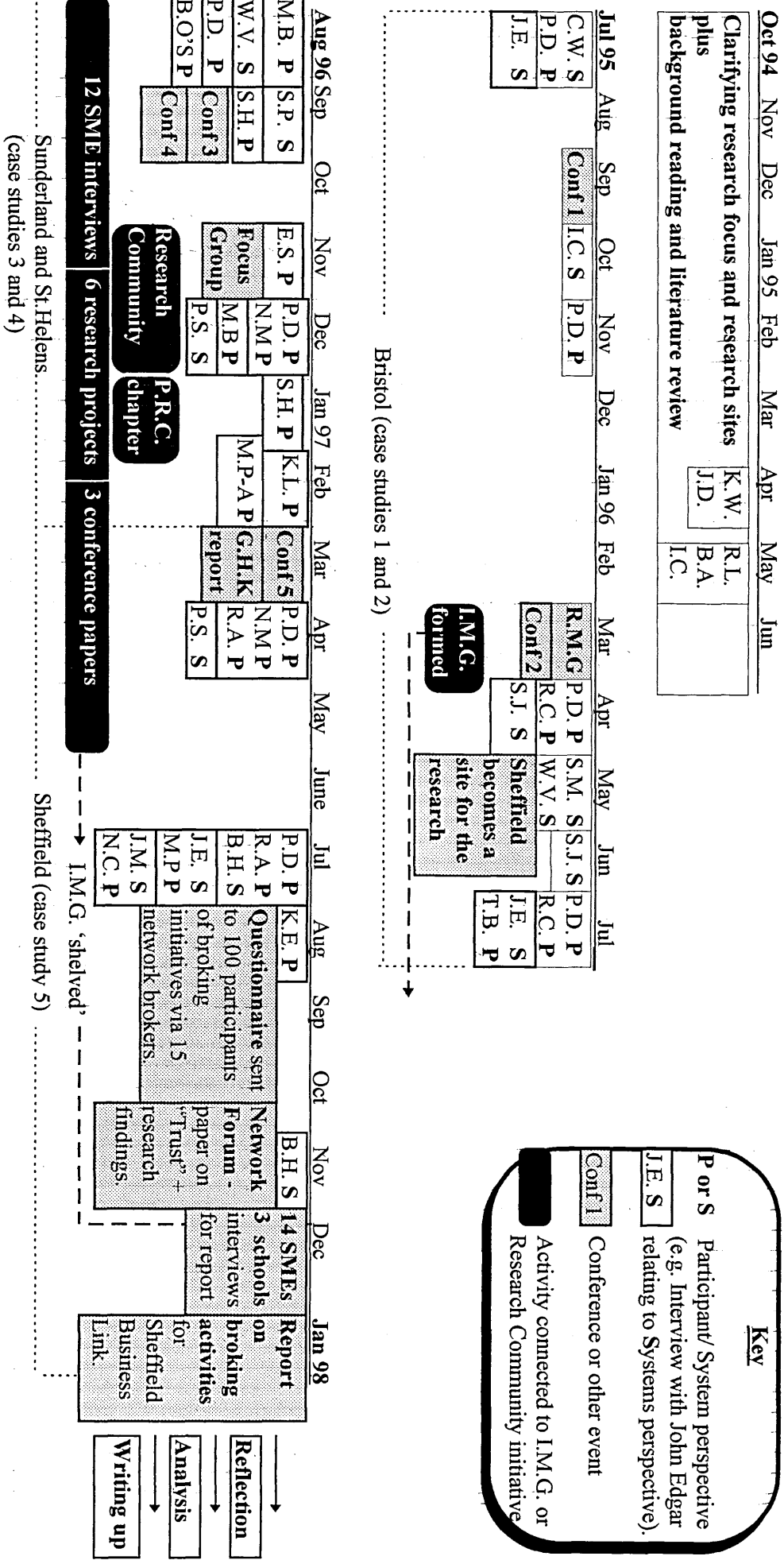


Figure 5.1 A chronological presentation of the research process

5.1 A systems perspective on broking practice

“Business organizations often operate in a context in which their behaviour is conditioned by a limited number of counterparts, each of which is unique and engaged in pursuing its own goals.”

Hakansson & Snehota (1989) cited in Ford (1990, p.531).

Broking practice takes place within a context that is perceived by those involved as being either supportive, apathetic or even damaging to its progress. In this section the primary contributors to this context present their perspectives on the business networking system and on broking practice through the discussions held during the course of this research process. Each player *“engaged in pursuing its own goals”* provides a valuable new perspective upon the development of business networking through the employment of the brokered network concept. It is within the definition (and control over the definition) of the concept and its interpretation that ‘the system reality’ is created that serves to determine the presumed legitimacy and effectiveness of broking practice.

Discussions with those instrumental to determining this ‘system reality’ began in July 95 and continued up to July 97. Initially, it was a matter of ‘consulting with the experts’ (ie. the Delphi approach) for which ‘a blank page’ was presented for them ‘to write upon’ - my knowledge of the subject did not warrant my challenging their wisdom at this stage in the process. However, as the research process continued I gained an overview of the system and insights into perspectives of brokered network participants that buoyed my own convictions and led to a revision of this received wisdom and a legitimacy for contesting its validity.

My first interview was in July 95 with Clive Wray, manager of the brokers in Bristol, and lasted for about an hour. Up to this point my knowledge of the brokered network concept and broking practice had been gained from reading several papers from John Edgar on the Danish experience of business networking and Ian Chaston’s articles on the implementation of the Danish model in the U.K. (Chaston 1995a-c). Clive acknowledged that the logical phased approach of the Danish model did not reflect the practice of his brokers but accepted this as an inevitable consequence of being one of the ‘pilot’ sites for this new initiative. The primary task facing the brokers was arousing firms’ interest in the scheme and this called greatly upon their personal initiative and an intuitive approach to the local situation. He perceived his task to be one of translating brokers’ activities into officially recognisable measures (eg. the numbers of firms involved in networking activities, numbers of networks created, jobs created, profits arising out of network business). By providing ‘an interpretive shield’ the brokers’ efforts would be given the recognition they deserved for their benefit to local business. More significantly, he did not attempt to manage the brokers’ activities - brokers managed the practice while managers managed its interpretation.

This impression was reinforced as the research progressed into other regional implementations of the programme. It highlighted the serious issue that the measures of effective broking practice considered 'appropriate' by those administering the programme were perceived to be inadequate measures, at a local level, of the benefits arising out of brokers' practice - as is demonstrated by the case studies in the next chapter.

It was also in July 95 that I first interviewed John Edgar, the Chief Executive at Business Net Ltd. (the training organisation) to gain his views on business networking, the Danish model and broking practice. Further interviews, lasting two to three hours, occurred annually interspersed with phone conversations and an occasional exchange of letters. My visits to John also provided chance meetings with Teresa Banks (a network broker from New Zealand), Marianne Pederson (a Master's student from Denmark researching British networking), Ian Chaston (the academic researcher attached to the programme implementation) and Nigel Charman (a network broker from Dorset). I made clear from the outset that my research was centred upon understanding the broking process (ie. not assessing the Business Networking Programme's effectiveness) and that as the selection, training and assessment of brokers obviously determined what was 'appropriate' broking practice it could be expected to impact upon the broking process or its interpretation.

John was interested in the research and determined that it could result in useful information on the brokers' perspectives on broking practice and the problems they were encountering with the Danish model. He also believed that the research could mollify the perceived alienation of brokers who felt their perspectives were being ignored. Consequently John was very willing to provide me with some contact details of people he felt I should talk with. However, he did not hide his frustration (and confusion) that some brokers and their managers had disregarded the 'proven method' of the Danish model in favour of more idiosyncratic approaches to broking practice. The lack of feedback from brokers regarding their experiences was an obvious concern as it distanced the training provision from the development of brokered networks to an extent to which its practical relevance was open to question.

In October I spoke for the first time with Ian Chaston, the academic responsible for assessing the implementation of the Danish model in the U.K. Although he suggested I "*come back in a few years time*" (ie. it was too soon to begin researching so recently launched an initiative), he did provide the names of others (Eleanor Shaw and Kevin Curran) whose research related to this area. It was evident from our conversation that my preoccupation with process dynamics was not a research topic of interest to Ian whose sole concern was with the product (ie. the programme implementation). His research 'investment' in this area was highly significant to the development of the programme and the expectations of participants with regard to researcher involvement.

Ian's research provided academic support for adherence to the logically defined linear phases of the Danish model on the grounds that it provided a most logical approach to business networking - the opinions of U.K. brokers whose experiences suggested otherwise were disregarded¹ and the absence of any such viewpoints negated the validity of his research in the eyes of many brokers. Therefore my research represented the antithesis of Ian's research given its dependence upon participants' perspectives and its absence of any *a priori* preference for the officially sanctioned viewpoint. As a consequence it was imperative to make this distinction clear with new contacts as it created a more conducive atmosphere for a free exchange of perspectives on broking issues.

In March I attended a "working lunch" for the Rotherham Manufacturing Group (R.M.G.) which lasted for two and a half hours - I was there to observe and declined the opportunity to speak at the event. However, I spoke with many of the participants to assess their attitudes towards inter-firm collaborations and their awareness of the brokered network initiative in operation at several Business Links. It was evident that very convincing arguments would be needed to persuade SME owners to become participants in opportunities that required collaborative activity - this was reaffirmed by subsequent interviews between the months of July and October with 12 owners of small firms for a research project for Sheffield TEC (Kawalek et al., 1996). There was also an evident lack of knowledge about the brokered network concept and its potential benefits even from the business support staff of the neighbouring TECs who could only conceive of 'business support' as being directed towards a single firm and not towards a network of firms. This lack of awareness did not bode well for an effective implementation of the programme.

In order to assess if this lack of awareness was common to all regions or specific to Sheffield I telephoned each of the Business Links in England to ask if they had network brokers engaged or had heard of the Business Networking programme. Most had no knowledge and even at the Business Links where brokers were active there was a great confusion as to what their role was within their business support services. It was in response to this that I developed the figure overleaf (figure 5.2) to highlight the 'team' approach that was essential to creating the best opportunities for broking initiatives to succeed. This model was used within my further discussions with those concerned with implementing the programme and was incorporated into the papers presented at conference - without support it was likely the programme could not succeed and as a researcher I recognised I had an opportunity to promote its cause.

The model sought to draw attention to the significant role to be performed by each of the actors in the system supporting business networking - participating firms, the training organisations, the

¹ according to the Bristol network brokers participating in this research and confirmed by others as the research progressed into other regional implementations of the programme.

other business support personnel and other groups (eg. trade associations and universities) that could encourage participation. It also stressed the necessity of interactive working between those involved to progress the programme's effectiveness through feedback of experiential learning. In short, it argues that an effective broking support system facilitates effective broking practice - an argument enjoying widespread support as a theory but seemingly troublesome to put into action.

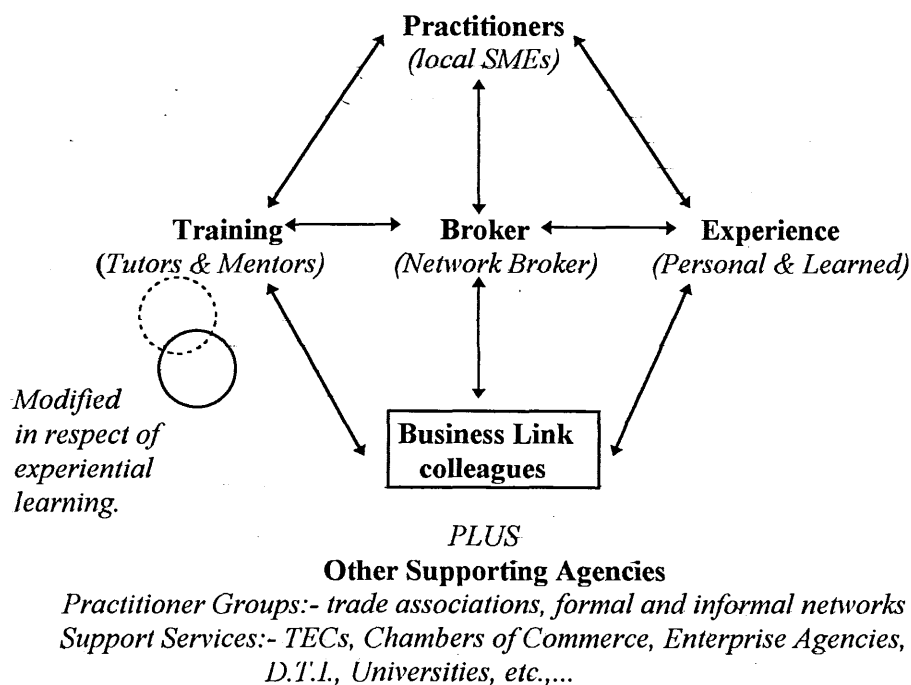


Figure 5.2 The broking support system

When the business networking programme was introduced to Sheffield, in May 96, Sue Marriott introduced me to Wendy Violentano, the new Training Manager for the network brokers. Wendy was responsible for implementing the programme and was therefore interested to hear my tales of the Bristol implementation and the general systems perspectives of John Edgar and others. A further meeting with Wendy took place in August at which I was introduced to Peter Dungworth, the first network broker appointed by Sheffield TEC. Both Wendy and Peter believed there could be benefits arising out of having a local academic researcher available to advise on the initial steps to take to encourage business networking - I had, at this time, spoken with more people with broking experience than they had either in 'face to face' meetings or over the phone. Consequently, this meeting gave me great optimism that during the course of the research I could contribute to the effective development of the business networking programme in Sheffield.

Meetings with Sarah Jones, a marketing consultant, in April and June 96, provided a wealth of literature on Danish, Spanish, German, Italian, New Zealand and other nations' experiences of network broking. The interviews took place on two evenings at a local pub (recorded on a

dictaphone despite the predictable problems caused by background noise) and each lasted about two hours. Sarah had been actively involved in broking initiatives with Jeff Martinussen (a joint Chief Executive of Business Net Ltd. with John Edgar) and had access to a great deal of material some of which remains confidential and therefore can not be cited in this thesis. She helped establish that each implementation differs significantly at a national and at a regional level and that this is obvious given its particularistic local situation (ie. supporting infrastructure and the natural propensity of firms to collaborate). Consequently, it had to be accepted that any generic blueprint for best practice must be ‘couched’ in a pragmatic realisation of the impact of local determinants (ie. in context).

Consideration of the many actors who could potentially prove significant to the effective development of broking initiatives resulted in the model below (figure 5.3). The government, and possible European, funding that supports the programme’s introduction and development is focused upon the development of an effective infrastructure that ensures a sound use of the funds provided. The network managers’ management of the programme’s implementation at a local level is focused upon concerns over public accountability of the resources employed. The participants’ participation is focused upon the business benefits they expect could result and researchers’ involvement is focused upon adopting a particular perspective that will satisfy the needs of their study. In addition the local SME business community that provides the ‘pool of potential participants’ for broking initiatives is focused upon the potential benefits of this programme in comparison to other programmes. Each actor in ‘pursuing their separate agendas’ contributes to the plurality of perspectives that exist on the concept of the brokered network and its enactment that comprise ‘the system’ in which broking practice takes place.

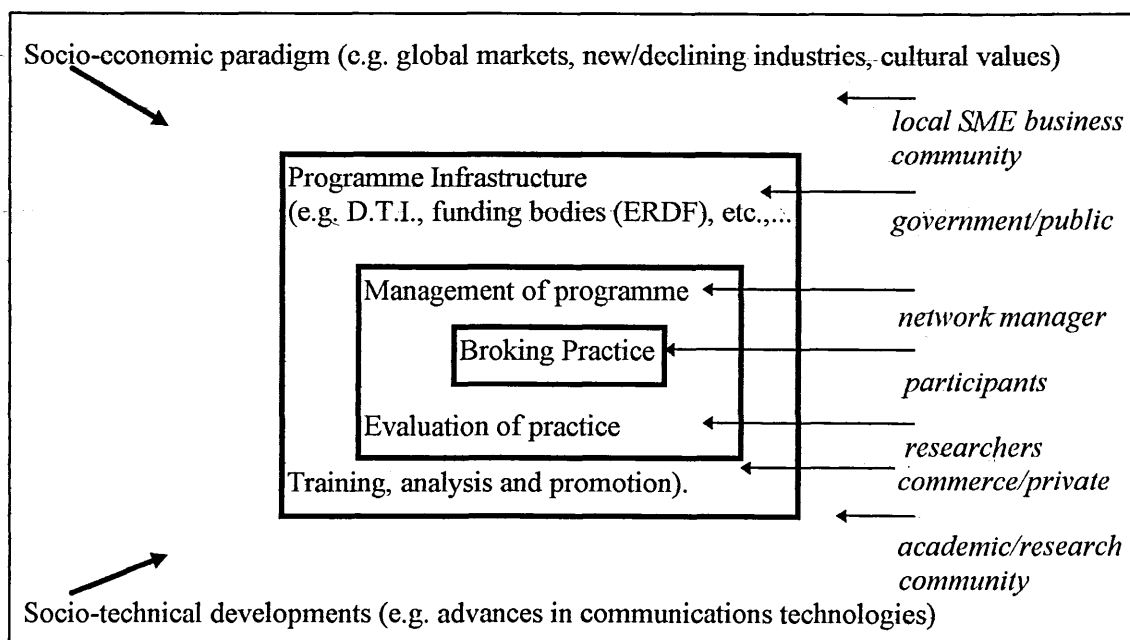


Figure 5.3: Different foci of interest of actors within the system

I raised this topic with John Edgar on my next visit to Business Net Ltd. in July 96. By this stage of the research process I felt more assured of my status as an academic researcher having been involved in discussions with the brokers in Bristol over the previous year and being actively involved in the development of an academic network ("The Information Management Group" (IMG)). I'd also accumulated a wealth of research studies on regional, national and international business networking initiatives and was aware of the growing scepticism that was emerging over the successes reported for the Danish experience of business networking (eg. Gelsing 1995; Gelsing & Nielsen 1994; Nielsen 1993). A scepticism that placed greater attention upon the nature of relationship formation in the process of broking a network and upon the uniqueness of each networking situation - as is clearly identified in the GHK (1997) review of U.K. network broking activities. Therefore this research into the dynamics of the broking process had gained in relative importance to the existing research focused on the products emerging from it's practice.

It seemed obvious that individual brokers' broking efforts needed support from the extended system (ie. figure 5.3) in order to succeed and that this support needed to be 'tailored' to suit local circumstances. However, despite two hours of earnest debate, John would not move from his insistence on the need for network brokers to employ the phased approach of the Danish model. He suggested that the idiosyncratic approaches of some brokers were not so much a denial of the model's validity as a response to not wanting to do the necessary groundwork (eg. detailed sectoral analyses) that was necessary to ensure that broking activities were fruitful. John maintained that modifications had been introduced to the training in response to broker feedback but would not accept that the model was increasingly open to challenge from a growing band of malcontented brokers on the basis of their experiences. In my efforts with the I.M.G. I knew how much of the broking process was centred upon the management of evolving circumstances and the meanings participants attributed to them - it seemed to me that John, like King Canute, was deperately attempting to 'hold back the tide'.

In September 96 I spoke with Steve Perryman of the D.T.I. to gain his opinions on the operation of the Programme. His impression was that the programme had been intended to stimulate inter-firm collaborative networks amongst the manufacturing and heavy engineering industrial sectors of economic activity. Consequently, he considered it to have failed to live up to expectation and expressed a deep disappointment that the scheme had become connected with combining service industries as "*packaged offerings*" - in his words, "*the last thing we need is another 'wedding network'*". Though the interview only lasted about half an hour it reaffirmed my own perception that the scheme had been sidetracked from its intended purpose (ie. manufacturing and heavy engineering) and that this had occurred either because discovering collaborative opportunities in these sectors was most difficult or because in these sectors it was most difficult to facilitate inter-

firm networking amongst those participating. It had to be conceded that the brokered networks created tended to be 'softer targets' than those envisaged by the D.T.I. - the Bristol examples did not involve any vertical integration of inter-firm operations. The overriding impression received was that the programme would not be actively promoted because regional implementations had 'transformed it' into something less than it had been promised to be.

Promotion of the programme was clearly a priority or it could clearly never achieve its potential. Consequently, I considered it necessary to generate interest in the brokered network concept and its operation and attempted to do so through two of the papers I presented at conferences² - the first (Wroe 1996b), in September 96, pointed to the relevance the brokered network concept could have for manufacturing; the second (Wroe 1997), in March 97, pointed to the importance of seeing broking effectiveness as the product of "*a team game*" that depended on the co-operation of all the system's participants. Research interviews with 12 owners of SMEs during August to October for a research project for Sheffield TEC (Kawalek et al., 1996) demonstrated that local firms would not be easily persuaded into participating in collaborative ventures particularly as there were no local examples illustrating the benefits of such schemes. These interviews lasted for between 30-40 minutes and were taped if circumstances permitted. Although the research project was centred on the use of information sources for exporting, questions on attitudes towards collaboration as a form of business activity were relevant to both the research for Sheffield T.E.C. and for the PhD.

Although at this point I had begun discussions with network brokers at St.Helens and Sunderland who had expressed interest in my research it still concerned me that nowhere had I found an example of a brokered network involving a degree of vertical integration (ie. the 'manufacturing' type of supply chain). It struck me that perhaps this was a vision of the brokered network that for good reasons was beyond the scope of the network brokers to manufacture. Consequently, when I had the opportunity to conduct some research into a collaborative venture involving firms in the cutlery industry in Sheffield I took full advantage. It arose out of the development of closer links between the I.M.G. and Sheffield Hallam University's Policy Research Centre (P.R.C.) that took place between August and November. These closer links had resulted in the research project for Sheffield T.E.C., the creation of 6 further research proposals, ongoing discussions over the development of a joint research database and a request for me to write a chapter on "Networking for international development" (appendix 2c) for a book the P.R.C. wanted to publish on the subject of exporting for SMEs. The chapter was created and finalised in January 97.

² copies of all conference papers presented are included in appendix 2a.

Both the research proposals and the discussions for a database were primarily geared to maintaining momentum and strengthening the relationship between the IMG and PRC. However, the chapter for the book provided an opportunity to investigate the efforts of two students of the PRC to develop collaborations between firms in Sheffield - the first being a partnership of two firms with complementary products and services; the second being a collaboration of 15 firms in the cutlery industry to counter the very real threat posed by overseas competition. Though both were researched, the latter had a far greater relevance with respect to the challenge of broking a network within the context of a traditional industry with a long history of inter-firm rivalries.

Peter Slater was overseeing the project which was being managed by Kate Elderton, a student at the P.R.C. Interviews with him took place in December 96 and April 97 (lasting 30-40 minutes) and I managed several phone conversations and a short interview with Kate later in the year - the opportunity to speak with client firms was not allowed. The interviews were focused upon how the history of the cutlery industry and the firms relationships with each other would affect the approach adopted and its probability for success. Peter was clear that pivotal to the success of the project would be the willingness of the firms to build trust together and that this would demand that they "*looked forward, not back*" as many had long and often acrimonious histories as competitors. To bring the firms together to discuss their common problems was seen as a major achievement by Peter but to Kate it seemed scant reward for the months of effort it took to achieve - particularly, when it did not develop into any collaborative activity.

This experience emphasised for me how understanding the inter-firm relationship demands an acknowledgement of the influence of the inter-firm histories and individuals' readiness to move their firms forward - activities and their meanings are "*embedded*" (Granovetter 1985) in actors' histories and those of their organisations. This revelation was critical to the development of the model representing the sensemaking process in inter-firm relationships (figure 5.7, p.79). It is presented in the next section on participant perspectives because it has greatest significance to the network broker in their appreciation of the interpersonal dynamics of the broking process and largely emerged as a consequence of my "*sensemaking*" (Weick 1995) of participants' reported histories and of my own experiences with the I.M.G. and Research Community initiatives.

In July 97 I was invited to meet with Brian Hackett, the new Training Manager at Sheffield TEC for the network brokers. Our interview lasted about an hour and focused on the supporting role of the system actors to the brokers' initiatives (ie. figures 5.2 and 5.3). Brian's perception of his role was similar to Clive Wray's in Bristol. He believed that the brokers "*knew what they were about*" and providing they were creating benefits to local firms through advancing collaboration as a means of doing business he would support their efforts. He saw his task as ensuring local

benefits arose out of the brokers' activities and that these benefits were acknowledged to provide the justification for further grants or subsidies ensuring that the good work could continue. As part of this, Brian commissioned me to assess the impact of the brokers' efforts upon local firms by speaking with 14 owners of SMEs and three of the schools involved in Sheffield's broking initiatives - the interviews (most lasting for about 30 minutes) took place during December 97 and the report was submitted in January 98.

During the same month I visited both John Edgar and Jeff Martinussen in Worcester. Though formerly partners, Jeff had set up a new training company, Business Alliances International, with a different concept of network broking based on training entrepreneurs to run potential networks as managers instead of using network brokers who would be withdrawn as soon as the network was 'up and running'. Jeff had been involved in setting up the Danish Programme in Denmark and had credibility with many brokers because of his practical experience of having brokered networks in both Denmark and the U.K. However, John was in charge of Business Net Ltd. the officially recognised training organisation and therefore occupied a pivotal role in the business networking system. Thankfully I was able to remain on good terms with both by preserving their confidences and respecting their alternative perspectives on broking practice whilst maintaining the argument for my own - by this stage I'd gathered the research material for the case studies and considered that I had gained an empathetic appreciation of the network broker role that was grounded in practical broking experiences.

John wanted to discuss changes to the training programme (eg. an electronic system to capture broker feedback and the use of psychometric testing in the selection of candidates for network broking positions) and I wanted to bring him my personal 'proof'³ concerning the issues at the heart of the broking process. Consequently, there was not a great 'meeting of minds' during the two hours of conversation and not a great deal of gain for the research - it was obvious that I was as focused upon the process dynamics of broking as John was focused upon its practice and neither of us wanted to shift ground. However, a phone conversation in May 98 suggested that John had come to acknowledge that the human complexities of relationship facilitation (ie. the broking process) had a real, as opposed to a merely theoretical, significance to broking practice.

Jeff Martinussen was housebound due to a terrible motorbike accident and I visited him at home. Our discussions lasted about three hours. During this period Nigel Charman, a broker and fellow Director of Jeff's new company, stopped by and joined us in our discussions. Inevitably we

³ by 'proof' I am referring to the strength of conviction I felt for 'my understanding' of the broking process as opposed to making any claim to a 'unitary truth' - a presence and legitimacy for a plurality of perspectives is a fundamental tenet of the research approach adopted.

discussed our perspectives on the broking process and the difficulties and dangers inherent to the use of crude evaluation criteria that imposed targets that may not be in the best interests of the local firms involved - for instance, if a broker is rewarded for the numbers of networks created there is an obvious incentive to create as many networks as possible regardless of their quality or sustainability. In essence, a more comprehensive understanding of the broking process would enable more appropriate measures of broking practice - a cause I took up with an official at the D.T.I. but without any success. Jeff invited me to create some modules on network broking that could be included into new practical courses of study for entrepreneurs so they could manage networks - this was followed up in August 98 by a meeting in Castleton to progress the idea further. I decided that course development would involve too great an investment of time and energy and my intuition suggested that the justification for the idea was ill-founded - as events unfolded this proved to be right. B.A.I. and Jeff parted company in the following year.

By the beginning of 98 I had a sense of comprehensively understanding how the system operated and its impact upon the delivered broking practice of network brokers - the two models that had emerged and the papers presented at conferences were fundamentally a rationalisation of the system reality I had perceived as a result of interviewing the system's most prominent actors.

5.2 Participant perspectives on the broking process

"Notice that the story of a "near miss" has a tighter coherence than does the world itself where ties among events are often indeterminate and where sequences have neither clear-cut beginnings nor orderly endings."

Weick (1995, p.130)

No-one should discount the problematic nature of recollected experiences which in many ways are 'the poor relation' to first-hand observation of research events. However, they do provide an insight into participants' perspectives of the context within which events took place that can prove to be very informative and significant research material. Within this research, participants' perspectives provide 'the foundation stone' upon which a comprehensive understanding of the broking process is developed and a theory that provides "*a practically adequate*" (Sayer 1984) explanation of participant experiences that is sensible to those actively engaged in the process.

Longitudinal in-depth interviews with network brokers in the four regions of Bristol, St.Helens, Sunderland and Sheffield provided the research material for the five case studies presented in the following chapter - these are supplemented by insights gained through personal action research in two broking initiatives. Supportive evidence and additional insights were provided through

discussions with another 13 brokers operating in Cornwall, Dorset, Gloucester, Wiltshire, Crewe, Hertfordshire and South Derbyshire as well as from interviews with 14 owners of firms and 3 Heads of schools participating in broking initiatives in Sheffield. Several academic models and frameworks were used as ‘tools for reflection’ during the interviews with brokers to encourage new perspectives and insights on the broking process to emerge. As these formed an important part of the interview process it is sensible to present them to the reader prior to discussing the research that was conducted into each of the four research sites.

Academic Models and Frameworks

As a result of the background reading for the research ten models and frameworks presented themselves as potentially useful ‘tools’ by which broking experiences could be ‘reviewed’ and the fundamental issues at the heart of effective broking practice ‘unearthed’. Some of these were discarded after the initial interviews with the brokers at Bristol due to their failure to elicit either enthusiasm or new insights from interviewees. It also seemed likely that there was an optimum number that could effectively be used within an interview session - the more relevant to practice that the models and frameworks were, the more time they warranted out of the time available. It was therefore decided to concentrate attention upon those presented here and to ignore all others.

Initial discussions with brokers gave the impression that the development of a brokered network was a journey of self (and group) discovery, like a sea voyage entering uncharted waters with a recently assembled crew, knowing that the ‘*strength of the currents*’ and the ‘*unexpected gusts*’ of good or ill fortune would have to be navigated effectively for ‘*mutiny*’ was always an option. Luft’s framework (figure 5.4) enabled reflection upon practice as a dynamic learning process - it presented change as being inevitable to the evolutionary development of the broking process.

Concealed Self	Open Self
Unknown Self	Blind Self

Figure 5.4: Luft’s (1961) “The Johari window”

The four quadrants represent - the *open self* being all those things I know about myself and others know about me, the *concealed self* being those things I know about myself but try to conceal from others, the *blind self* being those things I do not know about myself but others do and finally the *unknown self* being the things neither I nor others know about myself but will be revealed in practice. Brokers could reflect upon the evolutionary ‘journey’ they were on at both a

personal and at a network level, reviewing what lessons had been learned and how these had shaped future developments - a journey of self-discovery.

Kanter's framework (figure 5.5) enabled brokers to reflect upon inter-personal relationship issues, their consequences and eventual resolution within the network's evolution from the initial selection of a membership through to network operation, review and revision.

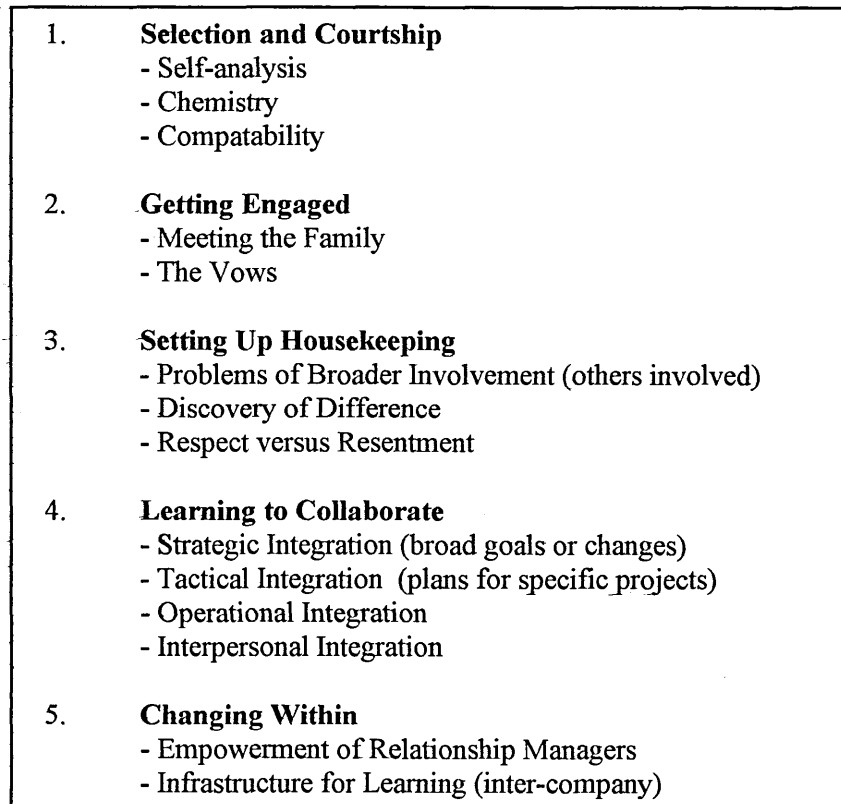


Figure 5.5: Kanter's (1994a) Stages of Relationship

This framework provided a justification for brokers to focus upon the dynamics of relationship as being fundamental to the success of the broking process and for exploring the management of their 'dynamically evolving reality' - Kanter portrays business alliances as being "*living systems, evolving progressively in their possibilities*" (p.97). The dynamism inherent to the process was well recognised by the brokers interviewed though they found it difficult to reconcile the defined stages of the framework with their experiences of broking practice. The linear progressive stages seemed to disallow the need to 'revisit' the concerns relating to previous stages while practice demonstrated that this was often necessary. Consequently, it did not facilitate a structuring of the relationship issues into clearly defined stages but it did prompt a review of particular episodes in the life of the network and a deeper reflection on the management of network relationships.

However, it was apparent that the essence of broking practice demanded an understanding of the nature of 'relationship' itself. It was only by understanding the issues inherent to relationship

formation that a broker could become an effective facilitator of the process. Therefore Ring & Van de Ven's (1994) model exploring the process dynamics of relationship (figure 5.6 below) was an obvious choice.

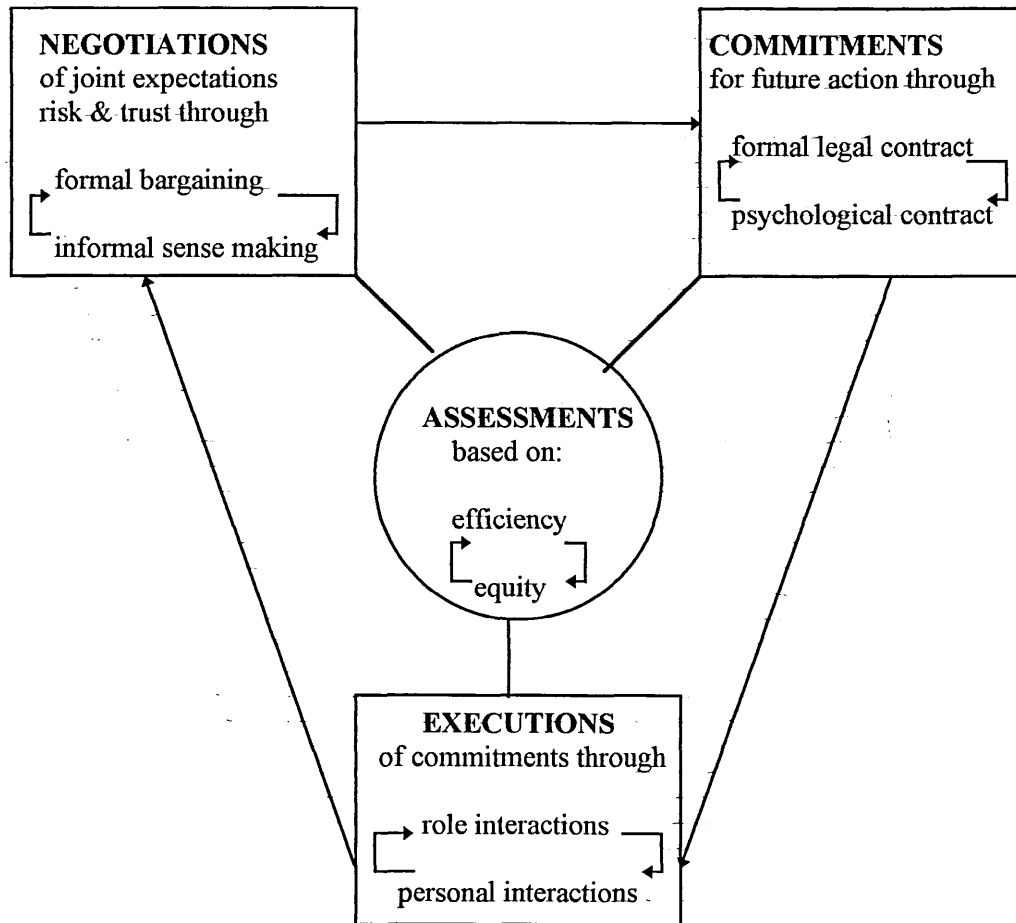


Figure 5.6: Process framework for collaborative inter-organisational relationship

It encouraged exploration of the development of brokered relationships in terms of the interdependence existing between the negotiations, commitments, executions and assessments of activity within the potentially complex and chaotic evolution of the process. There is no discrete process of negotiation that reaches 'closure' before a commitment is given and it is actioned, nor can assessment be seen to be suspended until after the act has been done. It legitimated the imprecise nature of relationship development that fitted their experiences by acknowledging the 'real world complexities' they were accustomed to dealing with. As such the model did stimulate broker-reflection upon their role in managing the interpretation of network developments and the criticality of being aware of how participants were viewing events in order to resolve 'concerns' before they became 'fundamental issues' that could seriously disrupt the network's progress.

During the course of the research process a further two models were added. These emerged as a result of my efforts to clarify my understanding of the broking process and to represent in a

diagrammatic form participants' experiences of broking practice. These were presented as 'working models' with critical assessment and revision by interviewees being encouraged - I was building theory out of their experiences, I was keen that they should engage in the process. The first model (figure 5.7) emerged as a result of the interviews with the network brokers at Bristol.

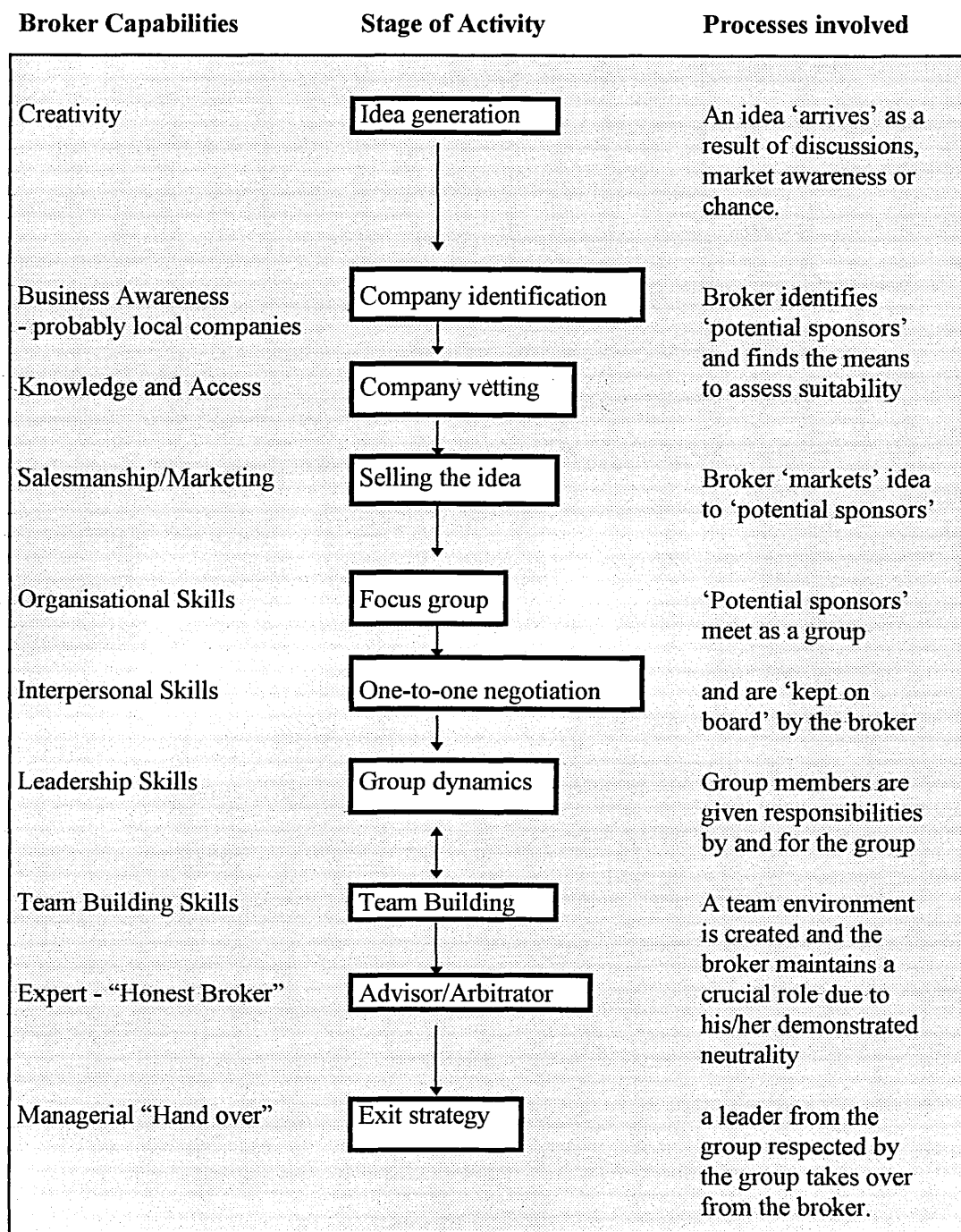


Figure 5.7: The Broking Process

It was developed to clarify the roles and competencies required of the broker in the course of his or her broking practice. Subsequent to its initial creation in September 95 the model was refined as a result of further discussions with Peter Downing in October 95 to include the "Team

Building” stage. This model was then introduced in subsequent interviews (April 96 onwards) with these and other brokers to ensure it had validity amongst the broking community. Further refinements were not necessary as it was generally accepted to be an accurate assessment of the capabilities required of a network broker to effectively broker a network. However, there was a consistent need to specify that any implied linearity of stages (ie. directional arrows) should be ignored if it seemed to ‘artificially simplify’ the complex reality of their network experiences.

The second model, developed in April 97, was created to highlight the sensemaking process and relational issues impacting upon participant involvement in inter-firm relationships (figure 5.8).

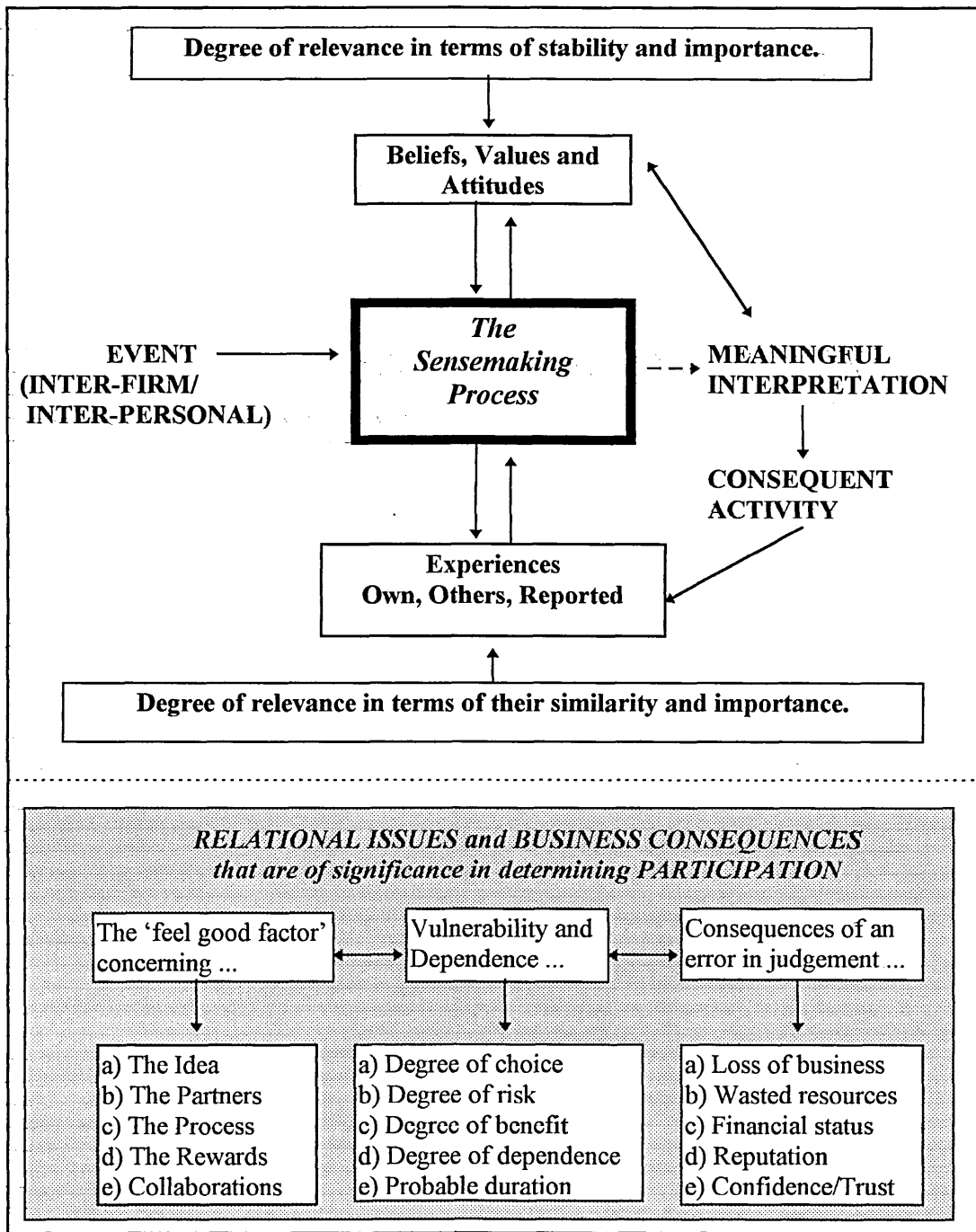


Figure 5.8: The Sensemaking Process in inter-firm relationships (after Land, 1967).

The model is in two parts - the first is 'conceptually derived', drawing its inspiration from Frank Land's (1967) "*Information Systems Model*", and describes the sensemaking process that occurs in any context; the second is 'practically informed', drawing its support from the experiences of network brokers and their participants, and presents the issues of concern that determine participation in inter-firm relationships (ie. within this 'particular' context). Above the dotted line is a model of general significance, below the line are the practical issues of concern that 'frame' the context within which "*Events*" are seen, interpreted and their significance assessed (ie. the context of the inter-firm relationship). On the interpretation of these events rest decisions that determine network participation.

The relative similarity of other experiences (own or others) to the present event is expected to prove significant in its interpretation. The relative stability of the participant's beliefs, values and attitudes (that are invoked in the interpretation of the event), is expected to determine the relative importance the participant attaches to the interpretation. In consequence of the "*meaningful interpretation*" of the event there is resultant "*participant activity*" (ie. even if only in terms of knowledge creation) that is added to the store of "*previous experiences*". Though founded upon the experiences of the network brokers at Bristol, St.Helens and Sunderland (as well as others at conferences), the model was first used in April 97 with the brokers in Sheffield and later with those attending the Network Forum in November 97. It has undergone several refinements as a result of contacts with network brokers and participants in terms of the second part of the model, the first part has remained unchallenged throughout.

It has encouraged reflection upon the need to have an empathetic understanding of participant perceptions regarding inter-firm collaborations and to acknowledge the importance that needs to be given to an individual's predispositions with regard to collaborations. Brokers recognise that however good a business proposition sounds its success depends upon the recruitment and motivation of an appropriate membership - this model highlights the significance of participants' interpretations of events to the effective development of brokered network relationships.

The use of models and frameworks as 'tools for reflection' provoked new insights and enlivened the interview situation but more than this it clearly demonstrated my intention to build 'a practice based' theory of the broking process for which their perspective as a participant was necessary. If they wanted a theory of their practice that reflected their experiences this research provided the vehicle by which it could be achieved. It encouraged a co-creation of models of practice that did not (unlike the Danish model), deny a broker's right to exercise creative emergent strategies to deal with the ambiguity and real world complexities to which they had become accustomed.

Bristol was the first of the four research sites to be visited. Interviews with its brokers, Peter Downing and Richard Collett, began in July 95 and continued periodically until July 96 - after this period contact was maintained by phone calls and letters up to mid-98. Peter set aside two hour slots for the four interviews managed whereas interviews with Richard were dependent on chance meetings - two half-hour slots were managed plus several conversations over the phone. Both brokers were enthusiastic to discuss the latest developments of their networks as well as the inadequacies of the Danish model and the training and support that had been provided to them. They also wanted to express their frustration that their experiences of broking practice had been largely ignored in the research conducted and had not resulted in any significant changes to the training provided to new brokers. Peter looked positively upon the interviews as an opportunity to stop and reflect upon practice, Richard saw them as an opportunity to present the 'truth' of real broking practice in the U.K. on the basis of his practical experiences.

From listening to them it was clear that their experiences of broking practice had necessitated a number of broker competencies and roles in the course of broking a network that would extend the abilities of anybody (see figure 5.7 p.79). It was obvious that system support was crucial to the effectiveness of broking initiatives and it was clear that brokers would lay greatest emphasis upon the competencies and roles in which they felt most able - ideas for networks would also be dependent upon the ease with which these abilities could be performed. Consequently, a broker would broker a certain type of network based upon their particular strengths - Peter's networks being focused upon 'neutral chairmanship', Richard's being focused upon 'active promotion'. It was stressed by both men that the essence of broking was indefinable and had to be experienced but that no broker would accept the involvement of a researcher in the formation or development of a network for fear that it might disrupt its progress. Consequently, when the opportunity came to broker an academic network I saw it as my responsibility to demonstrate my commitment to the research process through an active personal involvement.

The IMG and Research Community initiatives (March 96 - December 97)

The Information Management Group (discussed in the next chapter as a supplement to the case studies) represented the only viable way in which I could gain an empathetic understanding of the broking process - the opportunity to broker a network of small firms or of involvement in a broker's network was now considered highly improbable. The IMG was formed in March 96 and remained active until December 97. Regular 'open' meetings were held to determine the strategic purpose of the entity and to clarify our priorities - initially, these were concerned with issues such as deciding upon a name, defining its overall purpose, finding ways of widening its membership and so on. However, during its busiest period (August 96 to May 97), the issues

centred upon the priorities and deadlines for IMG work - a research project for Sheffield TEC, six research proposals to the PRC, conference papers for Nice, Southampton and Sheffield and two chapters to be written for the PRC for a book on *"Internationalisation for the small firm"*. It was during this period that the Research Community initiative occurred (November - December 96) - its timing necessitating a speedy assessment of its viability and decisive action to limit any further involvement. The details of this initiative are presented in the next chapter.

Many of the Bristol brokers' insights became a more evident reality through my experiences of broking these activities - not least being the need to focus others' energies, to create and maintain momentum for network business, to persevere and to satisfice and to have an exit strategy. This involvement personalised my 'knowledge' of the broking process, gave me greater credibility with brokers and enhanced my understanding of their testimonies. It struck me that the level of 'personal commitment' towards networks and their participants that I had witnessed at Bristol (and felt myself towards the IMG) was a consequence of the difficulty that had preceded the network's development. My meeting in July 96 with Teresa Banks, a broker from New Zealand, confirmed for me that the relatively greater dependence upon the small number of firms willing to participate in U.K. broking initiatives had the effect of increasing the camaraderie and the 'psychological bond' that exists between the broker, the participants and their network entity.

Other researchers' perspectives concerning the Bristol network brokers' broking practice were gained through interviews with Ian Chaston in October 95, Bernard O'Sullivan (a researcher with GHK) in August 96, Marilyn Parker-Armitage in February 97 and Marianne Pedersen in July 97. Marilyn and Marianne's research was centred on 'shadowing' the broker and observing practice, Ian's research was centred on observing how closely practice followed the dictates of the Danish model and Bernard's research was focused upon drawing some common themes for good practice from the variety of attitudes and approaches towards broking across the regional implementations of the Business Networking Programme.

Bernard O'Sullivan was one of the researchers for G.H.K., a market research company chosen to perform a review of the U.K. broking situation. His brief was to visit each region and interview the brokers involved to provide an overview of the Business Networking Programme's operation and 'point towards' examples of good practice - as he was at pains to make clear this was not an evaluation but an assessment (ie. anxiously avoiding judgement of practice). The interview took place at Fulham in August 96 and lasted for about two hours. Bernard's general conclusion was that brokers had to work 'within' their local situation and therefore each situation necessarily created a different approach from the brokers involved - this was in addition to their tendency to employ idiosyncratic approaches as could be naturally expected from entrepreneurial people.

However, he was interested in my research as he was confident brokers were engaged in basically the same process as they needed to address the same themes (eg. producing an identity for the network, governing its progress and maintaining the network's momentum) even though the approach they adopted was necessarily different. The production of the GHK report in March 97 supported many of my findings concerning the difficulties of defining 'good practice'.

Although contacts had been established with Sheffield TEC as early as November 95 and had been maintained over the following months it was only in May 96 that there was a definite indication that brokers would be appointed and the business networking scheme introduced. The first meeting with the newly appointed broker, Pete Dungworth, took place in August 96 and the second interview with Pete and a new broker, Nick Moate, occurred in December 96 - both interviews lasted about an hour. The use of academic models and frameworks was a novelty to them but at this stage both brokers were more concerned with knowing where to begin and did not hide their scepticism about others' broking achievements. Discussions centred on their efforts to establish an I.T. database for Sheffield and the arrangements for three open forums to invite ideas for collaborations between I.T. firms. These initiatives were still at an early stage and while I maintained a close eye on their development I was aware of the need to research other more advanced initiatives - the Sheffield initiatives would be revisited in due course.

St.Helens and Sunderland (August 96 - February 97)

I interviewed Mary, the broker at St.Helens, in August and December 96 and Shirley, the broker at Sunderland in September 96 and January 97 - all four interviews took place at their respective Business Links with each lasting around two hours. Mary considered the models and frameworks provided a most useful training for new brokers given their focus upon the issues at the heart of the broking process and were therefore of fundamental significance to its practice. However her practice was founded upon the wealth of knowledge she already possessed on local firms and on the individuals who owned or managed them - the 'close knit' community was her greatest asset. Shirley was pleased that the research did not begin from an assumption of the benefits of the Danish model and welcomed the idea of building theory from participant's experiences - it was not that the model was necessarily wrong but that alternative viewpoints could prove interesting.

Both ladies held a similar perspective regarding the potential benefits arising out of a simple sharing of ideas and insights between network brokers. They considered it to be both feasible and sensible to duplicate their networks in other regions - several of Mary's schemes mirrored Shirley's and vice-versa. It did not concern them that this could result in the creation of probable competitor networks in other regions as their focus was upon the promotion of the concept and the involvement of more local firms in collaborative ventures. The significance of this to the

research was in raising the notion of satisficing (ie. the 'good' local firm is better than the 'best' non-local firm) and the inevitability of this occurring in practice not least because more is often known about local firms and local owners. This led to the development of a model to depict the sensemaking process in inter-firm relationships (figure 5.8, p.80) focusing upon the participant's concerns regarding participation in respect of its potential business consequences.

It was at this stage of the research process (November 96) that I exchanged papers with Eleanor Shaw, a fellow researcher into small firm networks at the University of Glasgow - we shared a similar concern that participants' experiences be reflected in the theory developed and there were common elements in our methodological approaches. I had presented a paper the month before at an international conference on collaboration at Strathclyde in which my research approach had been put forward (Wroe 1996a) and it was good to find 'a methodological soul mate'.

Sheffield (May 96 - February 98)

By early 97 I'd absorbed a great deal of knowledge both from personal experience and broker testimonies about the broking process and believed I could contribute practical and useful advice to others on the subject - I was ready to research Sheffield's broking initiatives and by April 97 the brokers were eager to have their efforts publicised.

My efforts to be involved at Sheffield had been seriously punctuated and restricted according to their perception of the needs and benefits arising out of my possible involvement - access was subject to approval from the Chief Executive and this had caused delay. However persistence and patience resulted in my involvement as an observer at a focus group (November 96), an invited speaker at a "Network Brokers Forum" (November 97) and as the author of a report on business networking in Sheffield (January 98). In total 8 interviews were held with the brokers (4 with Pete Dungworth, 2 with Nick Moate, 2 with Richard Axe) and 4 interviews with the network managers (2 with Wendy Violentano, 2 with Brian Hackett) between May 96 and December 97 - a further 14 client interviews with local firms and 3 Heads of schools took place between November and December 97.

It was important to me to include non-broker participant perspectives within the research and this seemed to be an obstacle for which I could not expect broker assistance. Consequently, my only option was to send out a questionnaire via the brokers as I had no way of knowing which firms were participants in their broking initiatives. In August 97 I sent the "Experience Assessment Questionnaire" (appendix 2b), to 100 firms participating in broking initiatives in Dorset, Cornwall, Gloucester, Wiltshire, Crewe, Hertfordshire and South Derbyshire. In an effort to encourage brokers to distribute these questionnaires to their client firms I phoned each of them to

inform them of the research focus, the extent of the questionnaire and why the results would be interesting and useful to brokers and academics alike. The overall response rate was 34% and was significantly highest in those instances where brokers had expressed the greatest personal interest in the research. The findings suggested that involvement yielded greater awareness and opportunity for business, a greater focus on the firm's capabilities and an increased competence and confidence in the future - the increased pool of business contacts and the presence of a peer group with which to share ideas was also significantly high on their list of perceived benefits.

In October 97 Nick invited me to a "Brokers Network Forum" he was arranging and asked me if I would speak on a topic that could be of practical use to the assembled company of brokers - in his words "*I should sing for my supper*". I chose to speak on the topic of "Trust" (appendix 2a) and as part of my presentation included the findings from the questionnaire - this was obviously of interest and relevance to brokers particularly those whose clients had contributed. Some of the brokers I had contacted attended the event in November affording me an opportunity to hear more anecdotal evidence from them as well as their perspectives on practice. During this event Brian Hackett, the Training Manager for the brokers, asked if I would do some research into the participant firms' appreciation of the broking activities in Sheffield - this was needed to support a bid for European funding.

During November and December 97, 14 client interviews took place with owner/managers of SMEs and 3 Heads of schools participating in broking initiatives, for the "Business Networking Evaluation Report" (appendix 2c) produced in January 98. Interviews generally lasted between 40 minutes to an hour. Participants expressed great admiration for the efforts of the brokers and were enthusiastic about the potential benefits that the brokers could bring to local firms. A significant finding emerging out of these client interviews was that their eagerness to be involved in broking initiatives did not relate to an expectation of an immediate increase in business - learning about others' capabilities, meeting potential new customers and the P.R. (and advertising) they could gain from the broking event were generally sufficient to justify the time and effort they had invested in the event.

It was clear that the brokers had delivered local benefits for the firms, schools and local people attending the events and that this was seen as sufficient justification for reinterpreting the concept of business networking from one resulting in network entities to one resulting in network events. It was becoming an inescapable conclusion that each of the regional implementations of the business networking programme had been interpreted to suit the particular needs and characteristics of their local community as their brokers saw fit.

These interviews effectively marked the end of the data accumulation even though contacts were maintained with several brokers and John Edgar at Business Net Ltd. over the next 18 months or so. However, the interpretation of the research interviews and the revision and refinement of explanatory theory continued up until the middle of 2000 - it was still taking place during my writing up of this thesis.

I began by transcribing the interviews from the tapes but found that this was counter-productive. All of the normal distractions that occur within an interview situation, the sudden changes of thought and conversation in mid-sentence and the physical cues that signify the mood in which comments are made (ie. questioningly, sarcastically, grudgingly, sympathetically, etc....) seemed to necessitate a contextual description to be 'on hand' in order to provide a sensible and accurate representation of what had taken place. Consequently, I decided that it would be better to spend more time re-listening to the tapes to identify those segments of conversation that best signified the interviewee's perspectives - selected quotations represent the opinions participants presented.

In my re-listening to taped conversations, re-reading scribbled notes and reassessing perceived understandings (and how they had developed over time) I discerned that the fundamental issues of concern expressed by brokers and participants could be embraced within the four themes of governance, identity, learning and time-dependency. I had always been aware that these themes were prominent within discussions on the post-modern organisation and postmodernity so it was clearly apparent that they would have fundamental significance to the brokered network as this was an archetype for the post-modern organisation. Consequently, these four themes could have emerged out of the literature (and no doubt the 'seed' was planted as a result of my background reading) but they 'surfaced' as a result of an analytical review of the issues raised by participants of brokered network initiatives in the interviews conducted. In reviewing the research material utilising this themed approach it became evident that when combined these four themes provided a framework enabling a comprehensive understanding of the broking process and a means to assess the effectiveness of the broking activity - though other themes could have been chosen (eg. politics and power) these appeared to be necessary and sufficient to the task of providing a "practically adequate" (Sayer 1984) explanation of behaviours within the broking process.

As acknowledged in chapter 4, the research question and the research approach adopted are 'products' arising out of a researcher's personal paradigm as well as pragmatic responses to the research situation - another researcher could, with equal legitimacy, have addressed a different research question, chosen a different route or arrived at different conclusions. Consequently this explanation of observed and reported behaviours has been 'made sensible' (Weick 1995) in reference to, and through, the lens (Gellner 1974) of the researcher.

Chapter 6: Case studies

In this chapter, five case studies of broking practice are presented. They serve to illustrate the various approaches to broking practice and types of brokered network or initiative possible. Section 6.1 presents some situational information that possibly provides insight into differing perspectives and approaches to broking practice. The details of each case study are presented in Section 6.2. In the final section 6.3, details of a further two broking initiatives are presented - these were facilitated by the author to gain an empathetic understanding of broking practice and a greater insight into the broking process.

6.1 Contextual background

It is necessary to set the regional implementations of the business networking programme within the creation and operation of regional Business Links. Heseltine's vision of the "*one stop shop*" was problematic in its implementation due to the presence of local rivalries (organisational and individual) and the duplication of services between the constituent membership of the new BL. Furthermore, the determination of its operation was dominated by its most powerful member usually the TEC. In all but one region (case study 3), there was a clear lack of willingness to appreciate the synergistic opportunities (ie. the 'cross-fertilisation' of ideas) that existed and, as a consequence, the use of the network broker role was restricted to his/her endeavours alone. It was down to the broker's initiative, ingenuity, charisma and energy to recognise and create the opportunities for brokered networks that would prove attractive to local firms and to make them work - most brokers utilised to the full their existing contacts and found it easier to involve *them* in brokered networks than new clients (case studies 2, 4 and 5).

All brokers and their managers were well aware of the need to be publically accountable for their efforts and the use of resources - all were clear that satisfying the local business community was the first priority. Satisfying official bodies such as the D.T.I. and the training organisation was less of a priority though concerns over additional finances for the scheme and warnings over the implementation of broker accreditation resulted in acceptance of these organisations importance in the general system. Most brokers relied upon their manager to provide 'an interpretive shield' - translating their often ad-hoc, unstructured, messy, imprecise approach to broking into a set of figures showing the numbers of firms approached, the number involved in networking as a result of brokers' efforts and the impact upon the local community. Brokers 'knew' that there was more to their efforts than this 'number counting exercise' could reveal and this was frustrating.

The D.T.I. directed which sectors within each region were to receive priority in the search for opportunities for inter-firm collaborations though, as brokers found, some sectors were more alert to and prepared for collaboration than others. Sectoral targets were balanced against the needs of the local community and obvious opportunities for brokered networks regardless of sector. The case studies are drawn from four regions with great diversity in their prominent sectors of economic activity. Case studies 1 and 2 are broking episodes taken from a region known for its engineering achievements, the provision of financial services, insurance and tourism. Case studies 3, 4 and 5 are broking episodes taken from regions with histories of declining manufacturing industries (e.g. shipbuilding, steel and glass) necessitating a reliance upon inward investment and the fostering of growth in new service-based industries (eg. culture, heritage and sports).

It is important to have an awareness that there have been three waves of broker recruitment since the programme was introduced. The *'first wave'* brokers were responsible for the pilot schemes (1993-94) that yielded the first experiential insights into the broking process, the *'second wave'* brokers (1994-95) could benefit from these experiences and the presence of working exemplars of the brokered network and, the *'post second-wave'* brokers (1996 onwards) who could call upon considerably more broking experiences, insights and networking opportunities with other brokers and were entering a much more established profession than their forebears. Case studies 1 and 2 involve the practice of 'first-wave' brokers, case studies 3 and 4 involve the practice of 'second-wave' brokers and case study 5 involves the practice of 'post second-wave' brokers.

Different ideas as to the appropriate way to pursue broking practice and to interpret the results achieved have developed since the pilot projects involving 'first-wave' brokers and some of these have been incorporated into the model and training methods used - the former being provided with less guidelines and encouraged to rely upon their entrepreneurial abilities, the latter being urged to rely more upon the veracity of the precepts of the model and less upon their individual approach.

Of the 6 brokers involved in the case studies, three had formerly been employed in a 'white-collar' capacity providing a business service to local firms - one as a bank manager and two as members of the TEC. The other three brokers had formerly managed their own companies and continued an involvement in them in some capacity (as happened with the Danish programme) - this afforded brokers the opportunity to include their own firms within their broking initiatives. The case studies involved six brokers - two women and four men. It was noticeable that there was a greater expectation and eagerness between the women to collaborate together over ideas and activities for networks (case studies 3 and 4) than existed between their male colleagues, for

whom the ownership of ideas seemed to be a much greater concern. All of the brokers were local to the region having previously established another career there prior to being employed as a network broker. They were selected by their Business Link on the basis of having managed a small business, having a sound awareness of local business sectors and demonstrating good administrative and interpersonal skills, especially leadership. Though the training organisation questioned the 'broker potential' of those sent to them and provided the Business Links with guidelines over characteristics to select on, it was the Business Link's task to select their own network brokers. All of the brokers, save one of the two involved in the last case study, were trained by the official training agency founded upon the Danish model.

According to G.H.K. (1997) in their report for the D.T.I. variations in the approaches to broking practice were more reflective of the personality traits of brokers than differences in the regional implementations of the programme - a broker's personality is his/her most useful asset.

6.2 Case studies 1 to 5

Having provided some contextual information it is time to present the case studies that serve to illustrate some of the most important issues within broking practice and provide useful insights into the broking process :-

- **Case study 1** - the common dilemma of knowing when and how to 'exit' the network
regional sectoral strengths : engineering, financial and insurance services, tourism.
broker background : male 'first wave' broker formerly a local bank manager.
- **Case study 2** - the problem of concept definition and consequent assessment of practice
regional sectoral strengths : same as case study 1.
broker background : male 'first wave' broker formerly working in the defence industry.
- **Case study 3** - the potential benefits from a collaborative working environment
regional sectoral strengths : heavy engineering, shipbuilding, car manufacture.
broker background : female 'second wave' broker formerly running her own business.
- **Case study 4** - the involvement of old friends and existing contacts in network opportunities
regional sectoral strengths : glass production.
broker background : female 'second wave' broker formerly managing RSN¹ for the TEC.
- **Case study 5** - the introduction of networking initiatives and events instead of networks
regional sectoral strengths : engineering, steel production and sports, culture, heritage.
broker backgrounds : two male 'post second-wave' brokers formerly business support
one a company secretary, the other working for the TEC.

¹ Regional Supply Network - matching suppliers with opportunities to compete for contracts.

Case study 1: When a network broker goes native

This case study reflects on the earliest officially acknowledged brokered network established in the U.K. The brokered network is still active affording new business to its membership and has provided a 'springboard' for new ventures, the concept of collaboration now being appreciated by the membership as a familiar component of competitive strategy in the effective organisation and operation of their business activities.

Peter having been a local bank manager before commencing his duties as a network broker had good knowledge of the problems commonly encountered by small firms and personal contacts with many within the local business sector. However he could claim no personal knowledge of running a business and this proved an obstacle to his gaining credibility initially with local firms. His belonging to the Business Link further aggravated the problem due to its poor reputation for providing an effective source of business support - related in large part to the open hostility that existed between the two individuals in charge of the largest organisations incorporated into the Business Link and the fact that this permeated down into the 'rival' organisations encouraging 'distance' to develop.

Characteristically rather reserved, Peter found difficulty trying to market a concept of which there were no local examples and he was of the opinion that most firms would only give him their attention if they could see *"a carrot attached. Once they know you're from the TEC or Business Link that's it ! They're only interested to know how much its worth ! And when I tell them there isn't any cash only my time (which they get for free), well, that's it, they're off ! "* The advice given at that time was to speak with as many businesses as possible to discover potential collaborative opportunities - referred to as *"a scatter gun approach"*. However, many of the firms approached were incapable of finding either the time or money to be involved and the dearth of firms willing and able to involve themselves in a speculative collaborative venture was the rubicon that had to be crossed before progress could be made. *"What we need is a brokered network that involves local firms...that they can see...not in Denmark but right here where they have the chance to talk with people and see it working ! No-one's going to waste their time unless they can see it might work. It's getting that first one that's the problem."*

During a visit to a local stationers, the owner mentioned that she was looking for ways to market her wedding stationery and remarked that there must be many firms providing other 'wedding related' services and products that may be willing to advertise her products. Thinking together they listed around a dozen commonly required elements for a wedding when it was viewed as a business event - the bridal gown, dresses and suits, the beauty treatment, the cars, the flowers,

the photographer, the cake, the cards, the reception, the honeymoon, etc.,... All of which tended to be regarded as separate and unconnected business services but were in fact complementary elements of 'the wedding day' as an event. Following on from this discussion, Peter invited a number of firms to come together in order to progress the idea further in a focus meeting. The consensus was that together these separate companies could offer a complete wedding service with everything able to be arranged at one location and at one time - all that was needed was a receptionist and a brochure of each company's services. It was decided that the niche market for this 'product' existed amongst successful people for whom the expense involved was less of a consideration than the amount of time and effort that would be required to arrange everything (ie. a 'convenient one-stop shop for a wedding').

Over the next few months discussions led to the formation of "*the wedding network*" with Peter acting as a neutral chairperson facilitating the management of network business. Aware of the need to find a leader who could eventually take charge of the group he began allocating tasks and responsibilities to group members at an early stage in the evolution of the network. The group considered his presence to be a critical factor in the effective management of network developments. Despite attempts to find a replacement who would be acceptable to the group Peter was resigned to the fact that the accumulation of shared experiences, trust and a common understanding had led to a level of dependency that made an 'exit strategy' very difficult to contemplate. It was difficult for Peter, in respect of his personal investment and enthusiasm in the continued progress of the network, and for other members in respect of accepting why any action that may jeopardise progress should be considered. As a consequence Peter has been retained to continue in his role of chairperson.

The reason why a broker needs to find his/her own replacement is because it is not a matter of concern to any other member - change is always disruptive and to be avoided if possible. But unless the broker is willing and able to do so, his/her time and efforts are constantly divided between the needs of existing networks and the facilitation of new ones. The immediacy of rewards for brokers focuses attention upon their existing operational networks to the detriment of developing new ones. Doing so can be seen to provide a 'safety net' that creates a superior bargaining position with regard to the conditions of service insisted upon by the TEC or Business Link. It can also be interpreted to be a response to a sense of isolation and unease with developments in the Business Link. The option to 'turn native' is there to be acted upon if interference in broking practice becomes such that loyalty to the host organisation is superceded by a loyalty to the networks brokered.

Case study 2: When is a network 'a network' ?

This case study concerns another broking episode from the same region as case study 1. Richard, like Peter, was engaged by the Business Link to take part in pilot projects for the programme. Richard, by nature a technophobe for whom recording of activity signified less opportunity for activity, had extensive knowledge and a wealth of contacts within the defence industry and was drawn to the possibilities of finding opportunities for inter-firm collaboration within this sector of economic activity, a sector he understood and had credibility working within.

The training programme presented a model of practice that provided a structured approach to broking business relationships that Richard felt was overly prescriptive, patronising in tone and, worst of all, not a true reflection of broking experiences encountered 'in the field'. Advocates of the model did not speak from personal experience (never having brokered a network themselves) and therefore their 'expertise' was highly questionable - to Richard experience is the necessary precursor to expertise as it is only in performing broking activity that a sense of understanding of the activity becomes clearer. Consequently he openly challenged the presumed legitimacy for the model whilst demonstrating an active eagerness to learn from active practitioners of the 'art' in the U.K. and overseas - exemplified by his attendance at conferences and seminars on broking as far afield as New Zealand.

"If we [network membership] don't need to do a feasibility study because we all agree on where we're going and what needs to be done, then what sense is there in insisting we do one? Because the model says we should? Why should I expect firms to pay for something they don't feel they need?"

Richard identified an opportunity for a brokered network consisting of between 30 to 40 firms supplying the arms industry that would thereby have the scale and scope of operation to be able to compete for international defence contracts. However, it was necessary to involve brokers from two other regions to bring this network into being because some of the firms needed (to complement the capabilities provided by local firms) lay outside the geographic boundaries of the region. To Richard this did not constitute a problem but only a pragmatic reality of business; to those evaluating brokers' performances it was highly problematic with 3 brokers able to 'claim' the same network.

Each firm's capabilities were summarised in a brochure produced to market the potential of the network to compete for large contracts. Richard took an active lead, ensuring the brochure found its way to those who had influence in the procurement of defence contracts through attendance at key events - becoming an envoy for the group marketing their 'product'. Winning a major arms

contract is often the result of a process that has been underway for several years - a product of the slow-moving bureaucratic nature of the defence industry. Consequently, members considered their involvement as being a long-term investment as opposed to expecting an immediate return content to continue their membership of the network (for which a fee was paid) in the prospect of a large contract being secured in the following year or two - a prize worth waiting for in itself and as a means of ensuring easier entry into the competition for other lucrative contracts on the world stage. Firms viewed the network as providing them with the means to compete effectively through collaboration, sharing in a 'mutual destiny' whilst remaining as independent firms.

However, officially there were several difficulties about this network that created unease with respect to its being defined as such. Firstly, it seemed to closely resemble a trade association - joint marketing of goods and services in a brochure being the only signs of a collaboration; secondly, the failure to demonstrate clear signs of progress in terms of generating business despite being in operation for about a year; thirdly, three brokers and three regions had been involved which made it problematic to assess in terms of who had achieved what (further aggravated by an absence of documentary evidence) and finally, no effort had been made to adhere to the prescribed stages of the Danish model making official approval problematic as it represented a challenge to a unified professional approach to broking practice. As far as Richard was concerned it didn't matter what one called it providing it served the purpose for which it was intended - encouraging inter-firm collaborations to create new business opportunities.

Assessment requires a uniform measure and the threat of introducing 'broker accreditation' as an official stamp of approval provided serious concern to managers and brokers alike. All involved agreed that public accountability demanded best use be made of resources but disagreed strongly over how that was best achieved. However, what was clear from the research was the universal avoidance of all concerned for accepting the need or desirability for a dialogue to take place with general preference for the continued presence of ambiguity over what was being measured and how. Consequently, assessments of practice were portrayed as reviews of broking practice and deliberately non-judgemental focusing upon describing what had been achieved and how at the expense of a serious critique of the effectiveness of broking practice.

For research to be credible with practitioners it had to take account of the 'realities' of broking practice as an 'art', crafting strategy and dealing with evolving contingencies and opportunities; for research to be credible to the programme administrators it had to present an imposition of 'structure' onto this 'messy reality' providing a guide through the mire. Brokers, like Richard, 'knew' they were dealing with something real and worthwhile often *because* it was messy.

Case study 3: An operationally effective Business Link

Shirley was recruited as part of the second-wave of broker recruitments having formerly been managing her own business within the region. By nature an entrepreneur and an optimist she was enthusiastic about the challenges of this new position. As a natural networker, there was no doubt her self-confidence was well founded and that she was suited to the task. However, this helpful personality trait was both nurtured and supported by the surrounding co-operative atmosphere present within the Business Link. This case study suggests that the commitment to become a Business Link is most clearly demonstrated by introducing fundamental structural as well as operational changes that serve to upset traditional boundaries in favour of encouraging synergistic potential between disparate bodies.

Shirley's Business Link had located itself in a new business park with representatives of each organisation that had a connection with business support working side by side in an open plan office - it also supported a quality canteen at which both formal business meetings with clients and useful informal asides could take place. Approximately 20 firms operated small units from the business park enabling Shirley and others within the business support to get a good feel for the pressures of running a small business as well as providing a pool of potential clients around which services could be developed. The supply of potential participant firms 'on the doorstep' and the close links that Shirley had developed with the Regional Supply Network (R.S.N.) were an invaluable resource. This proximity encouraged a sense of teamwork and a common identification with the primary purpose of the Business Link - that of providing business support within the local community in an effective manner. Furthermore it encouraged a normalisation of collaboration enabling better responsiveness to requests requiring multi-agency support - although a great deal depended upon the willingness of those involved to co-ordinate, co-operate and collaborate together to ensure things happened.

Shirley as a natural networker made the most of the opportunities for synergy to the benefit of client firms, primarily those on site or known to the TEC through the RSN. However, it was in networking with Mary (a broker from a different region), that a very useful source of ideas as to where potential broking opportunities might exist emerged - an exchange that resulted in their developing similar networks within dissimilar Business Links. Common to both women was an intention to cover a wide range of situations from SME collaborations for local business growth to multi-party collaborations aimed at a national or international market. This lessened the depth of broker involvement that firms could expect and placed the onus upon firms to quickly

determine for themselves the operational management of the network, enabling the broker more opportunity to introduce an 'exit strategy' without risking the stability of the emerging network.

A couple of examples illustrating this point were :-

- 1) a facilitated collaboration between two law firms to satisfy legislative requirements to enable them to take on legal aid casework and
- 2) a facilitated collaboration between I.T. firms that were targetting the same customers for different needs (ie. software, training, hardware, etc.,...) that by combining as a network could provide a total I.T. service to customers.

In both instances, the Business Link offices were used as the centre for discussions and served as the only location at which Shirley was prepared to be contacted at (or through) - in other words, there was a closeness of association and identification of the broker with the Business Link that was in sharp contrast to that given by 'first wave' brokers to their clients and a perception that if anything needed to be arranged every other organisation was there.

Many opportunities emerged as a result of clients contacting Shirley and expressing concern over losing opportunities that could only be captured with the assistance of a broker, others resulted out of 'trawls' of literature giving information on European and Government grants, schemes and opportunities inviting inter-firm collaborations. To Shirley, network broking was *"just plain common sense. There's nothing magical about it...it's finding a need (which firms will often tell you about) and then finding the pieces you need to solve it. There's nothing that clever about it...it just takes time and effort. The real advantage of all being together in the one building is that when I need any help or advice with anything...such as opportunities for funding or the eligibility criteria for grants the chances are I can get a quick answer from someone here."*

The issue that this case study points to is the willingness (and its effect upon broking practice) of a demonstrable commitment of the senior management of a Business Link to inter-agency collaboration that leaves no-one (management, staff and clients) in any doubt that change is necessary and in progress. Admittedly, its effectiveness is dependent upon the actions of those involved but by creating a structure and atmosphere conducive to normalising collaborative working this, in itself, is enabling of an appropriate change in attitudes and hence behaviours. Because structural changes cannot be easily reversed they liberalise staff from attachments to existing loyalties and boundaries freeing space for the development of a networking culture to emerge. It is not that a physical structure is necessarily essential to ensuring effective operation but it provides a clear signal that former boundaries and allegiances are about to be redrawn in order to enable a new culture to emerge that is formulated around collaborative working.

Case study 4: Old friends, new adventures

Mary, like Shirley, was appointed as part of the second-wave of broker recruitments. Formerly employed by the TEC to manage the Regional Supply Network (RSN) Mary had substantial experience of dealing with local companies and looked upon many owners as personal friends. The Chief Executive had formerly managed the RSN before Mary and the two were on good terms and looked upon the remit of the network broker as being similar to managing the RSN but with a much wider responsibility encompassing firms from the whole of the North West. Armed with an encyclopaedic knowledge of the capabilities of local firms and a welcoming friendly manner, Mary was seen as the ideal person for the role of network broker for the region.

As a natural networker, Mary invited large companies to visit the region and give presentations at which they could outline their procurement needs to an invited audience of local firms. The presence of a tangible contract provided sufficient motivation on the part of the small firms to encourage them to collaborate together and assemble combined tenders for the contracts :-

“There has to be a carrot attached.. once they can see what they’re working for, that’s the way you get their attention. Many of these firms will never seriously have considered doing business with large international companies before ... on their own they couldn’t... it’s quite a challenge as well as a temptation.”

After the presentations, firms interested in being included in a bid for the contract met together with Mary at the Business Link to determine what they could offer at a competitive price. It was only during this initial phase that Mary’s presence was crucial to the facilitation of the network of firms - once agreed on how to proceed, the facilitation was effectively over.

These large scale events were complemented by many local initiatives centred on local needs. One such example was in response to a growing concern over school security after several well publicised incidents (eg. Dunblane). The idea was to provide a comprehensive school security service covering all aspects to security such as security lighting, security alarms, security fencing, security video cameras, security patrols and so on,... The commitment of firms was relatively easy to obtain given the obvious market and firms’ knowledge of each others businesses within the locality. Many such small scale broking schemes were actively discussed between Mary and Shirley with each expressing benefits that had occurred from the frank and open exchange of ideas and problems :-

“It’s only natural we should discuss how things are going...it’s not as if we’re competing with each other. If any of the networks we’ve developed here could be developed by Shirley in her region then why shouldn’t she have them ? It isn’t a problem as far as I can see...it’s not as though our firms are competing in the same markets so I can’t see where there’s a problem, can you ?”.

However, an approach to broking practice that is focused upon the needs and capabilities of firms familiar to the broker can restrict a broker's efforts to a small number of known firms to the exclusion of others. In Mary's 'close knit' business community this meant in effect that the business networking initiative was to an extent governed by the concerns of firms already well acquainted with the TEC and could be seen as 'supporting old friends in new adventures'. This does not suggest an *a priori* intent but a very natural development - the chemistry of the network and the resulting atmosphere being that much easier to manage - that could nonetheless be taken as an indication of partisanship and privilege. Although the region covered by Mary was very extensive there was a noticeable tendency to rely upon known firms within the region than necessarily extending the search for the best. Perhaps satisficing is both inevitable and justifiable providing it results in a good outcome that may not have materialised otherwise - opportunities depend upon timely responses.

The research findings suggested that it was only in cases where a local firm could not meet the requirements needed by the network membership that the search for an 'excellent substitute' was initiated - this policy being reinforced by the criteria for regional assessment of broking practice that emphasised the involvement (as far as possible) of local firms. However, Mary's regional catchment area was vast and extended far beyond her interpretation of 'local' businesses. This issue is important for two reasons :-

- 1) many 'local' firms were not included for consideration in broking initiatives and therefore opportunities were being overlooked and,
- 2) it provided justification for challenges over the running of the scheme and the 'less than excellent' networks being developed.

The management of broking activity in terms of the numbers of firms seen (existing or new clients) or the level (or frequency) with which they were involved in various networks and broking initiatives was an area that managers did not probe too closely. Managers empowered brokers to use their discretion as to how best to employ their efforts with local firms even though it was apparent how satisfied they were to gain new clients for the TEC. In the majority of cases brokers had total control over the determination of the opportunities to be pursued and the firms to involve, with managers satisfying themselves that so long as there were sufficient numbers of satisfied customers and a demonstrable benefit to the local business community that this must indicate good broking practice. Managers remained at some distance from the debate over standards of broking practice or any attempt to instill or enforce compliance of standards - to do otherwise was seen as calling into question the broker's integrity, ability and credibility to do the job for which they had been appointed. Satisficing was an accepted norm for broker behaviour.

Case study 5: Event organisers for broking possibilities

Pete and Richard were recruited as network brokers into 'the melting pot' of a newly established Business Link - an organisational banner expressing a commitment to greater co-ordination and co-operation in service provision that was far from evident in its 'business as usual' operation for business clients. As 'third-wave' brokers, both were aware of the many issues surrounding the definition, evaluation and management of broking process raised by earlier brokers - disquiet and ambiguity, at this time, being considered a normal expression of legitimate concern over the seeming 'failure' of the programme to live up to its high expectations.

Prior to his appointment as a network broker, Pete had been a Company Secretary and co-owner of a small computer firm - this involvement in his firm continues alongside his broking practice. Being the first broker for the Business Link he experienced a sense of isolation and frustration as to how and where to begin. The training advised a sectoral analysis of needs to identify possible opportunities and given his personal background and interests his attention focused upon the I.T. sector. The most significant result of his efforts was discovering how inadequate the information held on local firms in TEC and other databases was with many new firms not included and many of those included no longer in business :-

"the information we've got on local I.T. firms is appalling ! Yellow Pages is better but even that's pathetic. I can't believe we have so little knowledge of what firms there are out there...it's frightening ! Take that printout from one of our databases...Nick and I must have spent hours ringing around just to find they don't exist anymore or are at a different address...According to the information we now have there are well over 200 I.T. firms in this area and according to this (the printout) we know about less than half of them."

Consequently, Pete believed that a Directory of I.T. firms to be distributed throughout the region was something firms would be willing to pay a fee for to have their firm included. Opportunities for collaborations could emerge if only there was a greater awareness amongst the firms of each others' activities. Meetings were organised to which representatives of local firms were invited - their purpose being both to raise awareness of the concept of facilitated collaborations (broking practice) and to encourage owners/managers to discuss their businesses so that potential areas for collaborative activity could be discovered. During this period Nick, was appointed as the second broker. He was very cynical as to the achievements possible through the programme, expressing greater interest in alternative approaches more centred on inter-firm collaboration than formal networks - ironically, he later put together an archetypical brokered network more related to the Danish model concept than the broking initiatives his colleagues became involved in. However, his influence upon both Pete and Richard (a third broker appointed) appeared substantial and it

is suggested that it was his cynicism that led them towards the search for a different interpretation of broking practice that was evidently more practicable.

Through building up an extensive database of I.T. firms and having preliminary discussions with many of them both Pete and Richard had developed a good awareness of the capabilities that could be found within the local I.T. sector. So when, on a bike ride, a friend remarked upon the difficulties he was having finding any help to determine what his school needed in terms of I.T. resources and knowing what products were right for them, Pete recognised the real potential that existed for a collaboration between schools and I.T. firms. He knew that he could arrange for at least a dozen firms that would be ready to come to the school, demonstrate their equipment and provide useful advice and that parents and teachers would welcome the chance to see what was on offer and develop a greater insight into what was possible.

Consequently, a number of schools hosted events at which I.T. firms demonstrated products and services - at worst, this was good P.R. and at best, provided opportunities for new business as well as extending existing networking contacts. The large number of firms involved and the ease with which events could be arranged suggested that such events were extremely useful in respect of meeting targets for broking practice assessments. However, there was no pretence that these broking initiatives were intended to result in the formation of new brokered networks instead they represented a practical variant that involved greater numbers of firms in collaborative events whilst avoiding the need for the participating firms to collaborate together beyond the confines of the event. Therefore, the composition of firms at each event was variable depending upon the commitments, motivation and appropriateness of the firm to the event.

According to the brokers, their manager and a sample of client firms there was a high level of appreciation from local firms for the broking approach adopted and its overall effectiveness in generating inter-firm/inter-organisational collaborations. There was no perceivable problem in satisfying local expectations and the fact that many of the firms involved were new clients of the Business Link was seen as a major advantage. The only perceivable problem being one of presenting this form of broking practice in a manner that would meet with official approval in order to substantiate a claim for further funding for the scheme or for public accountability. This 'variation on a theme' did not depend upon issues of personalities, chemistry and atmosphere and did promote the concept of collaborative activity though *not* formally brokered networks. It is fair to say these events were relatively easy to arrange and to manage and provided evident opportunities for publicising the TECs involvement in local needs, meeting with the people. As with most brokers their concerns extended only to satisfying their clients' expectations.

6.3 *Personal action research*

Despite repeated attempts to gain access to, or even to be involved in, ongoing broking practice it was apparent that this was not going to happen. Regardless of whether it was a point blank refusal by the broker or “*a decision that could only be made by the Chief Executive of the TEC*” or a prolonged delay in responding to the request, the answer was predictable and negative. This was neither a reflection on the author or the subject of the research but more a general attitude that researcher involvement could only bring the possibility of disruption to broking activities (or reflect badly upon them) and that clients had already faced enough researchers asking questions about their participation in brokered networks, why inflict more upon them ?

Given the author’s serious concern that there was a need for an empathetic appreciation of the reality of the broking process to supplement and support (or challenge) the recollections and opinions of brokers and their clients, network managers, managers of training organisations and officials from the D.T.I., there was a requirement upon him to broker networks of his own. This was necessary to provide an understanding of ‘a lived experience’, enabling greater empathy and credibility with the ‘close knit’ community of network brokers. Despite brokers’ invitations to speak at events, to write letters to Ministers to voice opinions (which were not being heard) and to produce an evaluation report on their broking practice what the research was needing was first-hand experience. Consequently, two broking initiatives were facilitated by the author :-

- **The Information Management Group**

A network comprising three members researching and lecturing in Information Systems. Its purpose being to stimulate debate and raise the profile of this subject both within the Business School and within the wider academic and business communities. Collaborations encouraging an optimal use of resources (time, effort and capabilities) for the production of papers for conferences, journals, books and for funded research projects.

- **The Research Community**

A network for researchers and academic staff researching and lecturing in business related fields. Its purpose being to provide a support network enabling a communal exchange of research ideas, proposals and problems as well as enabling and encouraging the creation of a purpose-driven research environment. It was also seen as potentially fulfilling a perceived need for researcher socialising to encourage the sense of community to develop and to counteract common feelings of researcher isolation and alienation from the life of the University and their academic peers.

This ‘personal action research’ revealed a much deeper understanding of the broking process.

The Information Management Group (IMG)

The IMG comprised three members, the author and two colleagues from the Business School who each had reason to welcome the opportunity to participate in a collaborative venture. Gary, a lecturer and course leader for several years, expressed concern that “*it was expected*” as a sign of being motivated and ambitious for all lecturing staff to produce quality journal articles each year in addition to teaching on courses. Having never produced a journal article nor even a conference paper there was a tangible ‘fear of failure’ but also a recognition that future progress reviews would look very negatively upon a continued lack of ‘outputs’ that could enhance the standing of the Business School in the RAE² exercise. John, a recent addition to the lecturing staff of the School who was working on completing his PhD, was eager to improve the status of the Information Systems professionals within the Business School and to develop his profile as a researcher. Having written a number of journal articles and conference papers in connection with his doctorate, John’s primary focus was upon developing opportunities for research projects.

Therefore, although each one of the IMG membership had a distinct focus upon their personal primary objective there was unanimity over the potential usefulness of the IMG network as a means by which each of these objectives could become attainable - there was also a common understanding of its future focus and reasonable confidence about our working together. As one of the intentions of the IMG was to encourage participation from others, meetings were held in the coffee lounge - this was both to encourage participation and interest and to dispel any rumours of exclusivity. The only problem being that the focus over network proceedings could easily be diverted by social ‘chit chat’, rumours and gossip over internal School developments. This was only an issue during the formative stages of the network, once the IMG became active the real deadlines for work ensured a clarity of focus within the group.

As the facilitator, I minuted our meetings and distributed these using email to fellow members and a growing list of interested others keen to remain aware of developments. There was also a virtual ‘shared space’ to which ideas, suggestions and concerns could be posted as they came along - this was to encourage a normalising of the process of electronic communication. This was often easier than finding time at which we would all be available and enabled synergistic opportunities to be aired that may otherwise have gone by unmentioned or be mentioned too late. Interviews with brokers had made me aware of the need to maintain momentum and that it was up to the broker to force the issue or network business would be neglected in preference to more normal business concerns, so it was critical that the IMG business become ‘normal’ too.

² Research Assessment Exercise - a ranking of universities relative to research outputs.

As the IMG became active (in the sense of producing papers for conferences and submitting research proposals) it became clearer that each of us contributed a different perspective in the operation of the network. John was fascinated by relating concepts to practice, Gary was focused on the need to satisfy practical concerns and my involvement necessitated a preoccupation with effective project management. This greater awareness developed as a result of our activities and helped determine who was suited to which task and as to where our individual (and group) capabilities lay. It was evident that it in the process of 'doing' we were pushing ourselves beyond the boundaries previously accepted as to what the IMG was capable of and gaining in our awareness as to what could be achieved.

As with any network, the IMG underwent several phases during its development. There was an '*active phase*' in which research projects and papers had been produced and proposals for other collaborative ventures put forward to potential partners. This was followed by an '*evaluation phase*' in which it became clear that the IMG had served its purpose and was of diminishing importance to its memberships aims. Opportunities began to be ignored and the motivation to progress the IMG was more a response to not wanting to see it flounder than as a positive act. It was at this time that Gary left to take up an overseas appointment, that John took on additional course leadership responsibilities (and was busy writing up his thesis) and I was concluding that the IMG had 'run its course' in terms of revealing a rich and empathetic understanding of the broking process.

Having achieved our primary objectives - Gary, improving his status prior to the next RAE exercise; John, developing a richer research portfolio and raising the standing of the I.S. lecturers in the Business School and myself, having brokered a network - the urgency to progress further with the business of the IMG dropped away significantly. Attempts to resurrect the IMG became more arduous and less likely to succeed resulting in its final '*acceptance phase*' by which time the effort expended upon IMG business was minimal and it had been effectively 'shelved' having served its purpose.

Among the IMG 'deliverables' of research projects, conference papers, contributory chapters for a book and a string of research proposals mention must be made of the creation of a new reality as to the possibilities open to the group through collaborative activities and a new approach suggesting *any* opportunity was realisable with the right partners. Envisioning was undoubtedly the most fundamental and valuable benefit resulting out of the IMG experience.

The Research Community

From the perspective of the research, this initiative provided an opportunity to apply some of the experiential learnings into broking practice gathered previously through involvement in the IMG and the recounted testimonies of network brokers and several of their clients.

Although the Research Community was intended to cater for the needs of many disparate groups of people - Professors and full-time researchers, lecturers and research students (pursuing a PhD or sponsored projects) and Masters level students seeking research projects for dissertations - it was evident that a committed nucleus of participants provided the best way of starting the initiative. It was expected and hoped that the Research Community would naturally evolve in its focus and direction in line with the expansion of its membership. Out of a potential membership of between 30 to 40 people, a small nucleus of seven was formed and the author was requested to be actively involved as a broker to the group.

Initially there were two issues of greatest concern. The first related to the fact that researchers were located at several sites across the city (as well as belonging to different schools) causing concern as to how choice of location for meetings could affect the perception of the Research Community in terms of its exclusivity, discouraging a broadening of participation. The second concern related to the differing needs and expectations of the community's membership and the possible resentment that could result from only a limited number of perspectives being taken into consideration. These significant agenda items were discussed at the first meeting alongside discussions related to a clearer definition of purpose and operation for the Research Community.

The first meeting of the group was attended by five of the seven expected plus two others who had heard about the network initiative during the preceding week. Although there was a degree of difference in attitude surrounding the function a Research Community could serve - ranging from a social club to an informal research centre - there was widespread agreement that efforts to make it happen would be necessary and forthcoming from the assembled stakeholders. However, it was evident that the group had considerable difficulty deciding anything and it was clear that none of them had considered any of the agenda items prior to the meeting - though ironically, they thanked me for preparing an agenda which they said was "*really useful*" ! Obviously this was an initiative that none of them were prepared to commit any time or effort to - the initial indications were not good.

Given the experience of the IMG and the demonstrable link between activity and commitment, members of the group were allocated responsibility for arranging a suitable date, location and

formalised invitation to several interested individuals in research centres on other sites to make clear our intentions to build an active Research Community across schools. Consequently, the invited membership were informed as to when and where the next meeting would take place - however, the hoped for one paragraph explaining what the group were trying to achieve did not appear. Given that those invited had already been informed socially this did not cause a serious problem but did give the impression of a 'half-hearted' commitment to the initiative.

A fellow researcher, more aware of the people involved than myself, expressed an ambivalent attitude towards the idea of a Research Community (ie. *"I can't see it happening but if it does then I'll be glad to make use of it."*). As he expressed it, although everyone would like it to be there it wasn't important enough for anyone to justify the time and effort that leadership of the initiative would demand and without effective leadership it wasn't going to happen. Though fearing his negativity was possibly justified I tried to believe that he was wrong even though I could not deny a 'product champion' was needed and given my other commitments this would have to be someone else's 'baby'.

Initial anxieties were deepened by the subsequent re-arranging of the time and location of the next meeting on the day before it was to take place because the person responsible for finding a convenient date for all concerned had suddenly realised he wouldn't be able to attend ! Of itself, this was demonstrating a disregard for others' schedules but was worsened by his failure to inform any of those invited by email ! As a result several people arrived for the meeting to find that it must have been cancelled and that they had wasted their time. There could be no clearer indication of a privileged membership with 'invited others' holding less value within the discussions on the Research Community's development - precisely, the impression that the meeting was meant to dispel. It was obvious that, as the facilitator, it would be incumbent upon me to ensure that in future those allocated to carry out a task did so if this initiative was to stand a chance of succeeding.

Given the ongoing activities with the IMG as well as research visits and teaching duties this was a commitment I felt unable and unwilling to make given the absence of any enthusiasm and commitment from others. Consequently, I informed the group of my concerns and the reasons why I no longer believed that the Research Community was a viable proposition. Brokers had warned me, on the basis of their experiences, that good broking practice demands broking initiatives be brought to an end if their potential benefits can no longer outweigh their present, actual costs. This had happened. The abject failure of the remaining membership to continue with progressing the initiative is an indication that there was not the necessary commitment or leadership to make it happen.

Chapter 7: Research Findings

“The object of knowledge is always preinterpreted, situated in a scheme, part of a text... On the other hand, the subject of knowledge belongs to the very world it wishes to interpret...”
Baynes et al. (1987, p.5)

In this chapter, an analysis of the case study material is presented. The interpretive steps taken from the collection of research ‘data’ to the presentation of research ‘findings’ is described in Section 7.1 as being the development of a themed approach enabling the sensemaking process. In Section 7.2 the case studies are reviewed with respect to the themes of governance, identity, learning and time-dependency, reflecting on the insights they provide into the broking process.

7.1 *Developing a themed approach to enable sensemaking*

In adopting a hermeneutic perspective within this research process it is impossible to deny that the sensemaking by which an interpreted understanding can be provided is merely ‘a script’ chosen from a possible plurality of alternative, yet still plausible, ‘scripts’. All that can be hoped for is that it is ‘sensible’ to the reader (ie. relating to common sense) and provides a “*practically adequate*” (Sayer 1984) explanation of participants’ behaviours within the context described. Researcher influence upon interpretation is inevitable and therefore it is incumbent upon the researcher to bring clarity to the process undertaken - it is a ‘properly’ subjective journey in need of description.

Although there is tremendous diversity amongst the multitude of research examples that display a sensemaking focus (Weick 1995, p.172) the majority share the following characteristics :-

- social action is presented within its social context
- actors’ perspectives are central to the understanding of reality
- observers are close to the action
- actors define their own environment
- findings are described in terms of patterns (ie. possible connections or correlations)
- common sense and plausibility (Daft 1980) are important to explanation
- there is a ‘richness’ in the data collected and in its ‘meaning’
- research studies involve a depth of analysis in a small number of cases
- research sites are selected with respect to providing the best access to the phenomenon
- ‘methodological tactics’ are employed (ie pragmatism and consideration of appropriateness)

To Weick these “*suggest a mindset*” (p.173) that is associated with sensemaking investigations that starts from the premise that “*there is a strong element of improvisation, bricolage, making do and resourcefulness associated with any act of sensemaking that works.*” (*ibid*, p.181). Throughout the research process there was strict adherence to the ten characteristics listed on the previous page. Both in practice and intent they guided the collection of research material and in the interpretive phase mandated the use of a themed approach to enable sensemaking - locating actors’ realities within the context of postmodern business realities.

As described at the end of chapter 5, the four themes of governance, identity, learning and time-dependency were identified. Each contributed a necessary perspective and when combined they proved sufficient to the task of providing a “practically adequate” explanation of participants’ behaviours within the broking process. Other possible themes such as power and politics were not considered by the author to have as great a significance within the research given the highly ‘voluntaristic’¹ nature of participant involvement. However this does not negate the validity nor the usefulness of the insights they could have provided nor the fact that another researcher may have judged the situation and the relative status of the respective themes differently.

“How one conceives of something is often based on the implicit or explicit metaphorical system(s) used to comprehend and engage reality.”

Marshak (1993)

The choice of these themes was not arbitrary, they emerged as a result of a careful analysis of the research material that revealed the presence of common issues occurring in each of the broking experiences explored in the case studies. There was a common need to mobilise resources for the network and to manage the meaning attributed by participants to the ‘unfolding reality’ of the brokered network that could be interpreted as relating to concerns over the effectiveness of the broker’s governance over network developments. Another common requirement was to select and recruit a membership that could deliver the capabilities required by the brokered network and to facilitate members in identifying with the network’s purposes - this necessitated attention be given to the concept of identity. The need to develop a collaborative mindset and an approach to active learning (Hakansson’s “muddling through”) amongst the membership was common to each of the broking situations researched - this suggested that broking effectiveness depended upon facilitating members in developing an appropriate attitude towards organisational learning. And within each broking situation there was an evident awareness of the ‘time critical’ nature of events (ie the ‘windows of opportunity’) that necessitated a constant awareness of the need to maintain the network’s momentum and invariably to satisfice - time was a significant variable.

¹ the absence of coercion and the presence of choice to engage in, or withdraw from, additional business opportunities that are primarily building upon the firm’s “core” business activities and capabilities (Hamel & Prahalad 1989).

It was recognised that the majority of the issues of concern that had been encountered within the research could be characterised as relating to one of the four themes of governance, identity, learning and time-dependency - therefore they provided a sufficient skeletal framework on which to develop a comprehensive understanding of the broking process. By reviewing research data (ie. participants' experiences and understandings) through the "lenses" (Gellner 1974) of these 'themed perspectives' it appeared that the brokered network entity was continually 'responding', though only temporarily resolving, these four themes in the creation and management of its evolving strategic identity and purpose (both of which were contingent upon circumstances and subject to revision at any time).

In considering these four themes it is obvious that they mirror the concerns of *any* post-modern organisation as they represent the tenets upon which effective organisation depends within the "*new competitive landscape*" (Bettis & Hitt 1995). They comprise issues central to providing the organisational flexibility and the learning capability necessary to sustain a firm's competitive advantage within the dynamism of the global marketplace. They are also the themes commonly addressed in discussions on postmodernity - a topic preoccupied with considerations of identity creation and the absence of control within the increasingly inter-dependent 'global village' of the Postmodern era.

Globalisation demands flexibility in organisational operation and a standard of excellence that necessarily leads to an expansion in the number of inter-firm dependencies. Far Eastern manufacturers' demonstration of the power of collaborative relationships to create new learning, greater innovation, operational flexibility and market responsiveness has resulted in a focus upon *relationship management* as a key source of competitive advantage. Consequently it is in the management of relationships that effectiveness in the Postmodern era is determined and it is suggested that these four themes are central to the performance of this task. Therefore they are appropriate as 'tools for reflection' both upon the broking process and upon the development of the post-modern organisation in its management of internal and external relationships.

7.2 Reflecting on broking practice: reviewing the case studies

Each of the five case studies was included to raise a particular issue with regard to the broking process. After briefly discussing this issue, the network's development is reviewed in reflection to the four themes discussed above - the significance of each of these themes is in their ability to produce new insights into the complex and 'messy' reality of the broking process. The author's reflections on his personal experiences of broking practice are then presented.

Case study 1 - When a network broker goes native

The main issue raised within this case study relates to the difficulty many brokers experience when their close affiliation to the membership of the brokered network and their concerns results in an 'exit strategy' becoming less acceptable as a course of action than that of maintaining an ongoing involvement in the management of the operation of the network.

This is an inevitable consequence of broking practice that is so centred upon a 'parental care' over network developments that it either constrains the ability, or negates the need, for members to fully assume control of their own network. The broker is seen as being irreplaceable in terms of the specialist expertise that s/he contributes - an impression willingly or unwittingly supported by the broker who increasingly identifies him/herself more in relation to their role as an active participant in the network than as a network broker for the Business Link.

The need to support existing networks along with facilitating new networks will inevitably create tensions that can lead to brokers experiencing a conflict over their loyalties, commitment and belonging. In this case study, the broker's greater affiliation with the needs and aspirations of members of the network over those of his Business Link is argued to be a direct consequence of his 'shared history' of experiences with the former in the evolution of the network allied to a failure to define an acceptable identity (and identification) within the business support services of the Business Link - a matter of cultural inculcation. Although the "Wedding network" was inspired by a client firm it was most definitely 'delivered' by the broker. It was his effective leadership that ensured all those necessary were 'at the table' (and that they decided to stay there) and his management of proceedings that ensured 'all were involved'.

Governance as a concern for the broker changed in nature and significance as members became more committed towards, and able to identify with, the network and their roles within it - broker allocation of tasks and preparations for the "Wedding Show" helped facilitate this process by providing a focus on activity. Initially the broker had considerable involvement in the strategic management of the network's development and in defining members' roles and responsibilities. As the network progressed and members displayed a capability to manage the network together the broker could then assume a more passive role overseeing the network's operation and acting as a resident 'referee' - arbitrating over disputes that threatened to disrupt the normal concerns of the network and indicated a breakdown in the commonality of understanding over its evolution.

Identity was an issue beyond the staging of the "Wedding Show" though this event did generate a greater understanding of the market niche they could fill and of the network's true potential. In

it's earliest stage the identity for the network equated to the vision of the broker for its potential but as events unfolded this was substantially recreated by its membership beyond his expectation - it's important to note that the formation of the identity of the network (and members vision of its identity) was influenced by the status and reputation of the firms making up the membership. The network's identity evolved through it's activities and became less of a concern to the broker.

Learning was a serious issue as this was the first brokered network to be developed in the UK. A steep learning curve existed in promoting the concept and in terms of generating commitment in the absence of local examples. However, as the membership began to contribute their specialist expertise and the group began to learn from their experiences, individual capabilities and group synergies were unearthed. Having attained a level of expertise in the strategic management and operation of the network, the steadily rising expectations continued to push the membership beyond their current boundaries as new possibilities became apparent - the learning curve relates to the members as individuals as well as in their combined capacity as a group.

Time-dependency is defined as the need to maintain an effective momentum as well as the need to meet time-critical threats and opportunities therefore, it is an ongoing concern throughout the life of the network entity. With the "Wedding network", the absence of an obvious deadline for network activity created pressure upon the broker to stimulate and maintain the members' enthusiasm and commitment to progress the development of the network - it was his task to create a sense of time-dependency for action to ensure the network was a serious commitment for its membership or he knew it would be neglected in favour of more pressing concerns relating to firm's core business activities. Maintaining momentum was perhaps the hardest task facing the broker and at times the most significant given its potential to consign the idea for the network 'to the bottom drawer' and leave it there.

Case study 2 - When is a network 'a network' ?

The main issue raised within this case study relates to the difficulty many brokers experience when their network broking endeavours fail to satisfy both the expectations and needs of the network membership as well as the prescriptive precepts as to 'good' broking practice and official definitions as to what constitutes 'a network' for the purposes of broker evaluation.

This is an inevitable consequence of a divergence of opinion over the concept of the brokered network between those convinced by the rationality of the Danish model and urging for its use 'in the field' and brokers who, having found the model wanting, being convinced that broking is essentially a pragmatic responsiveness to circumstances that is, by nature, impossible to define.

Though many brokers had doubts as to the usefulness of their training none was more vocal about their discontent than Richard who vociferously defended his right to determine how to approach broking practice on the basis of the particular characteristics of the broking situation. Officially he was regarded as a maverick and his "Arms manufacturers network" was dismissed as being no more than a trade association. Given his security of employment within the Business Link and within his networks, Richard could be dismissive of official opinion - the only opinion that concerned him was that of his network participants. However, official disapproval of his approach 'disallowed' his network from being acknowledged - for a broker needing to achieve targets this could be a cause for serious concern giving an impression of poor broking practice.

Governance was the most prominent concern for the broker throughout the life of the network as he was critical to its formation and operation in his role as 'product champion' and manager of the marketing campaign for the network. Without his endeavours it is hard to imagine a network of dissimilar firms spread over considerable distances forming a network or for the network to have held together during the long period waiting to win that first major contract. However, governance should be seen in this instance as the ability to 'mobilise resources' (ie. convincing firms to become involved) as opposed to managing inter-group dynamics.

With respect to identity, the broker's vision was key to the determination of what the network could achieve and which firms should be invited to play a part. Consequently, it's identity (and members' identification with it) developed as the network evolved. This was more in respect of a greater number of firms being included over time - producing a greater scope in the 'product offering' - and developments in market opportunities than in terms of needing a re-assessment of its strategic aims or member responsibilities. This was a network in which members did not need

to meet or function on an interpersonal level but merely to combine their competencies to best effect when the opportunity arose.

Learning was the least significant theme. Although initially there was a learning curve to climb with regard to marketing a network of small firms as offering a marked competitive edge over larger rivals, there was little substantive concern with learning after this phase. For the broker he was engaged in an activity he understood and defined for himself within a market environment with which he had great familiarity. For the participants they appeared content to leave it to him.

It could be inferred that time-dependency was a prominent concern for the broker given the prolonged duration of his efforts on the network's behalf without any satisfactory 'outputs' to deflect attention away from his self-styled approach and academic considerations as to what it was he'd actually brokered. However, given his positive self-assured nature and a knowledge that his future was secure - either with the Business Link or with the network - this was not so nor was it a concern for the firms he represented, they had no illusions about a quick return on their investment and were prepared for 'a long campaign'.

Case study 3 - An operationally effective Business Link

The main issue raised within this case study relates to the difficulty many brokers experience when there is disharmony and a lack of effective co-ordination between the constituent parts of the Business Link. In essence, its failure to become the 'one stop shop' for business support damages the credibility of its brokers' abilities to effectively facilitate collaborations.

This is an inevitable consequence of a politically sound concept that has not considered the most fundamental 'cornerstone' of any organisational change which is *the desire to change*. Though a common sense perspective sees the necessity of bringing together a plurality of organisational purposes to provide an effective business support service it needs to win support for change. All but Shirley's Business Link suffered varying degrees of organisational discontent affecting the effectiveness of their functioning and the perception given to the local business community. For newly appointed network brokers this proved an additional handicap they really didn't need.

In stark contrast to Peter's approach (case study 1), Shirley 'belonged' to her Business Link and was confident she could do all her clients needed from the office during normal office hours - it was a place of work not "*a pigeon hole and answerphone*" (as Peter perceived it) to check once a week. Furthermore, clients recognised the finite nature of her involvement from the start allowing her an easier 'exit strategy' casting the responsibility for the network to its real participants. It is suggested that this was a direct consequence of the co-operative atmosphere that existed within the Business Link between the representatives of its disparate organisations and the development of a new culture.

In terms of governance, the collaboration between I.T. firms required a significant amount of broker focus initially to resolve an overlap of competencies between participating firms (eg. two firms capable of doing hardware upgrades or provide a training service) that necessitated each firm determine what was truly its 'core' activity and allow others to contribute theirs. Shirley's role was both in managing the mechanics of bringing the parties together and assisting in the resolution of conflict as well as facilitating the strategic direction for the network with the membership. Having helped in the determination of a name and strategy for the network her involvement in the governance of the network was largely taken over by its real membership although a residual level of awareness and genuine interest remained even as the exit strategy came into force.

Identity, though an obvious concern for participating firms, was not a fundamental concern for Shirley as she had provided her expertise as a broker and now it was their responsibility to make

the network happen. Although she retained an interest in the evolution of the network, her earlier involvement in its formation and in the negotiations over its membership and their contributory roles had been confined to the period for which such activities were necessary and no longer.

In respect of learning, initially the learning curve was steep given Shirley's lack of knowledge of the I.T. sector and her need to clarify the potential markets that could exist for the network. However, the fact that the firms involved could contribute considerable knowledge and expertise lessened the onus upon her to understand 'everything', as she could, and wanted to, hand over responsibility to the members. Her greatest contribution to learning was in providing assistance to the participating firms in managing the organisation of the network and establishing the roles and responsibilities of its members. Consequently, the membership's learning and their growing commitment enabled her to focus attention upon the mechanics of managing specifically broking issues not least the development of a 'responsible' exit strategy.

Time-dependency was only a concern in respect of being organised for pre-arranged events (eg. a product launch) as the momentum of the network was maintained by the commitment of its membership. Any anxiety or impatience they may have experienced regarding network business being offset by the additional 'core' business received as a result of referrals from colleagues in the network - if a customer requested a product or service they could not provide they now knew a firm that could (and there was a good chance of reciprocation bringing extra business to them). Furthermore, as Shirley's time was restricted it was upto the participants to provide the impetus to move the network forward and they understood and accepted this fact.

Case study 4 - Old friends, new adventures

The main issue raised within this case study relates to the difficult choice many brokers have to make (or are asked to justify) between developing ongoing networks they have previously brokered or seeking to broker new networks and the natural tendency to utilise existing contacts and friends in preference to others when broking 'new adventures'.

This is an inevitable consequence of the broking process as the broker wittingly or unwittingly enters into a 'contract' with the membership of the brokered network that is relational as well as economic, involving moral obligations and responsibilities relating to the degree of persuasion used to generate member interest, involvement and commitment. Mary, having been involved with local businesses for some years prior to her employment as a network broker, had already developed good working relationships with many of those invited to consider involvement in one of her initiatives for a brokered network. Mary, unlike Shirley, considered many of her clients as "*old friends*" and maintained a high level of interest in their progress - her networks were very 'local' and her personal attachment tangible.

Choosing known firms could be argued to be serving the best interests of the network, given the importance of developing membership 'chemistry' as opposed to being seen as 'favouring the few' depending upon the perspective adopted and the extent to which the choice of firms could be legitimated. This research tends to suggest that the process was largely instinctual and mainly aimed at getting the network 'up and running' (ie. focused upon the needs of the network).

In terms of governance, Mary's involvement was initially high due to the determination of the idea for the network and selection of an appropriate membership - her knowledge of the likely personalities and how they might 'gel' as a group proving significant. However, after meeting together several times under Mary's facilitation the respective contributions of each member were clarified and the group could function largely independently of her continued facilitation. Consequently, her involvement increasingly became that of an interested observer preferring, if she could, not to become too involved but always maintaining an interested awareness in the network's progress.

Although she could identify with clients' needs, Mary's identification with her role as a network broker for the Business Link was clear - it was, for her, an expansion of her previous role with the Regional Supply Network. For potential participants, though they had a good knowledge of each other's firms and their reputations, consideration as to how well they could work together as a network was a significant issue. However, the fact that most knew Mary and that she knew

them all created a greater confidence in their expectation of formulating a successful network. The identity for the network was largely determined by its purpose - school security - on which there was a good idea as to what was needed. As the market opportunity already existed the focus was upon action not a 'leisurely deliberation' over a name and strategy.

Learning, as with Shirley's approach, was largely restricted to the facilitation of the relationships between network members for the broker. It was presumed that member firms 'knew their business' and would get involved in any aspect that related to products, services and markets though Mary expected to have to help them through the collaborative process with others. Consequently, as a concern it was highest initially but declined in significance as a clear strategic identity and action plan had been developed by the membership leaving Mary as an interested observer.

With regard to time-dependency, the frequency of deadlines to be met varied tremendously between networks. In this instance, the market niche for school security arose on the back of nationally publicised incidents at schools in Dunblane and Wolverhampton where pupils had been killed or injured by armed intruders. This heightened focus on the need for improvement to school safety had created the potential for this group of firms coming together as a network. However, as soon as the network had 'market presence' time-dependency was not as prominent a concern - the service they could offer was a relatively new concept to a very broad market of consumers and the market potential guaranteed a focused commitment from members as soon as they had determined that they could work together effectively. In Mary's words "*they could see the carrot !*".

Case study 5 - Event organisers for broking possibilities

The main issue raised within this case study relates to the difficulties that brokers face between adhering to the concept of the brokered network and its attendant model of broking practice or redefining it to its basic element of facilitating inter-firm networking - easier to market and manage though not so easy to justify within the UK's programme of business networking.

This is an inevitable consequence of the discontent and disquiet that was palpably evident from the time of the 'second wave' of broker recruitments and the growing credibility brokers had for alternative conceptions of broking that were not 'anchored' to the Danish model and seemed to relate more realistically to their experiences. The requirement upon Business Links to ensure the effective use of resources allocated to them (ie. public accountability) and the brokers' 'failure to deliver' on the programme's potential mandated managers to listen and empower brokers to seek more favourable alternatives that could yield greater benefits for local firms.

Broking experiences had demonstrated that many firms struggled to see the 'added value' of facilitated relationships and felt uncomfortable about developing the network into a more formal entity preferring its 'looser' association that could be actioned or dissolved depending upon the needs of the firms involved, without legal complications. The "Schools/I.T. network" is an example of a broking initiative that never aimed at culminating in a brokered network. It was a broker dominated scheme creating a network for an event whereby the firms involved were involved for their own business and need have nothing more in common with other firms attending the event other than their attendance.

The governance of broking initiatives such as the Schools/I.T. network is exclusively the remit of the network broker from beginning to end - the firm's only commitment being to attend the event. 'Governance' called for effective organisation of the event and good liaison with all those involved - in this instance, the schools hosting the events and the local I.T. firms parading their products and services. It could also be taken to include the management of the interpretation of 'broking practice' as involving this sort of activity to the schools, firms and local public that ultimately had to assess its usefulness through the benefits it brought. As such it is possible to argue that the governance of such initiatives rises to its highest point in its defining of its purpose and in its 'post-event' evaluation - the media proving to be a useful ally in this venture.

In terms of identity and identification, because the broking initiatives were exclusively under the control of the brokers involved, the brokers identified closely with the initiative whereas firms are really 'customers' invited to take part. In essence, there was no substance or sustenance in

what was a temporary association created for the event nor any identification with it. Neither was there any necessary identification with those other firms and/or organisations involved - if any inter-firm collaborations resulted that was an unexpected bonus. There was no pretence that a brokered network was an expectation, the primary purpose of the initiative being to identify and legitimate the role of the network broker in a public way - serving the needs of the local community.

With regard to learning, the main beneficiaries of extra opportunities for learning were the network brokers themselves in respect of being the "*architects, lead-operators and caretakers*" (ie. Snow et al. 1992) not of a brokered network but of a network event. In their contacts with I.T. firms and schools a wealth of new information became available to them leading to further broking initiatives to introduce at a later date. As to firms, their learning was restricted by their lack of direct involvement even though many did report that they had learned from the experience and developed closer business links with other firms as a consequence of attending.

Time-dependency was not a theme causing major concerns to the brokers as the organisation of events was dependent upon their efforts and there were always more firms willing to have a stand at the events than there was room for. The schools were grateful for the involvement of a mix of I.T. firms (but not directing which firms they wanted to see) and it provided a useful public relations exercise for the Business Link. Obviously, the timing of events was significant but there did not appear to be any major obstacles or difficulties to an effective organisation of the events.

Reflecting on personal experiences of broking practice

The most significant finding arising out of my personal experiences was the need for someone to take the 'lead operator' role and the evident lack of enthusiasm for anyone to do so as soon as it became clear how much time and effort this would involve - which *was* considerable. It was evident that network broking demanded qualities for leadership within a democracy (ie. it was a reliance on 'authority by consent') and this was intimately connected to the creation of a relationship of trust between the broker and those invited to become members in the brokered network. Consequently, it was less of a challenge for me to broker a relationship with familiar colleagues (eg. IMG) than others I had less understanding or knowledge of (eg. the Research Community) - an issue raised in case study 4.

However, finding an 'exit strategy', by the nurturing of a potential leader, can become more problematic as a result of taking the leading role as the 'contribution' leads to a normalisation of the expected continuance of the broker within this role and an implicit responsibility to do so (eg. case study 1). This situation could easily have developed with the Research Community initiative given that no one member could see sufficient personal benefits arising from taking on a leadership role to justify the cost in terms of time, effort and others expectations. It did not happen within the IMG because after achieving our initial goals (research project, papers and raised profile), the group was divided by the imminent departure of Gary to an overseas post and an acceptance by John and myself of more immediate personal priorities relating to completing our PhD's.

Involvement with the Research Community initiative brought home to me the realisation that there is a necessary 'trade-off' between the number of networks one is involved with and the level of commitment that can be given to any. Consequently, the quality of the facilitation can be expected to vary in relation to a broker's primary attachment to networks with which he/she has a longer 'history' and/or a sense of committed responsibility as an active participant. In my case, the IMG was an active network that rightly demanded greater commitment from me than the founding Research Community - after all, if I failed to honour my responsibilities to the former the consequences would be direct and signify a betrayal of trust to my colleagues, if I failed to push the development of the latter I doubted if anyone would even notice ! This issue of the 'trade off' between existing networks and new network opportunities was a source of grave concern (and some dispute) between brokers and those responsible for assessing their performance.

The contrasting attitudes of brokers towards their practice is crystallised within the contrasting interpretation of the legitimate involvement of the broker within a brokered network exemplified within case studies 2 and 3 - Richard's wholehearted involvement in his network to the virtual exclusion of any developments that could lead to *other* potential networks and Shirley's active broking (without sustained involvement) facilitating others' networks and seeking out potential opportunities for brokered networks. For my part, involvement in the IMG had demanded a significant proportion of my time and mental focus and resulted in a ready disinclination to a similar level of involvement with the Research Community initiative if it became clear others' motivations were not great.

The need to maintain network momentum as an ongoing activity, particularly during periods of apparent inactivity for the network, was highly significant both within the IMG and within the Research Community, placing a great responsibility for the continued progression of the network upon my shoulders. Given that both brokered networks were deliberately targeted at achieving benefits for their membership it seemed difficult to reconcile this with the evident lack of enthusiasm or involvement particularly during the initial stages of network formation. Clearly the task of bringing together a membership with varying concerns, priorities and objectives to be moulded into a cohesive organised group was demanding both a high degree of confidence in the network potential, competence in the managing of the group and the motivational drive of an enthusiastic entrepreneur !

Although my personal motivation for the IMG was sufficient, it fell short when it came to continued involvement in the Research Community - for the former I was an active member whereas for the latter my activities were restricted to providing guidance. The brokers in case study 5, by creating broking events as opposed to brokered networks could generate interest and involvement of a large number of organisations without having to facilitate the management of the interpersonal dynamics of group membership and motivation.

Perhaps the most stimulating finding arising out of the experience was the change in attitude it yielded in respect of becoming more aware of opportunities for collaborative working and in seeing such ventures as opportunities for learning (i.e. valuable in their own right) that would inevitably enhance our abilities and knowledge for the future. Consequently, the IMG had a significance beyond the 'deliverables' of projects and papers by expanding our horizons as to what was possible and what we could achieve *with others*. This 'learned attitude change' in our perspective towards opportunity was evident in interviews with brokers who were often alert to many potential possibilities for brokered networks and enjoyed matching firms' capabilities with market opportunities.

Typically, when first appointed to their post they would express an almost defeatist air as to what they could achieve (ie. "*it's hard to get firms interested*"). A few months later they would be progressing some potential leads but have a nervous apprehension over their progress (ie. "*the potential for a network is there but a few 'pieces of the jigsaw' are not yet in place*"). However, within the year they would be reporting that there were too many leads and "*too many opportunities to follow up*" and would have become quite 'bullish' about having no choice but to reject the least promising. Soon after this stage, they would *only* be capable of seeing opportunities involving collaboration. Collaboration would no longer be seen as an additional means of doing business but a much preferred method of doing business. This accurately reflected my personal experiences from active involvement in broking practice and provided an empathetic appreciation it would have been impossible to gain in any other way.

In terms of process, my personal experiences of broking practice revealed a messy, 'ad-hoc' adventuring into a 'landscape' that was extraordinarily malleable in that its boundaries could be determined and redetermined *en route* dependent only upon where we wanted to go and how we chose to get there. In other words, we were engaged upon a journey of discovery not merely connected with the network venture but more significantly connected with ourselves and an evolutionary redefinition of our capabilities within a growing awareness of opportunity. This analogy of 'setting out on a journey' is one which brokers readily concurred was true for their experiences of broking practice also.

In summary, my research into the broking process suggested that the adoption of four different yet complementary 'lenses' (governance, identity, learning and time-dependency) provided the framework for a "*practically adequate*" (Sayer 1984) understanding of this phenomenon. It was through the use of each of these lenses that greater sense could be made of the primary issues of concern that face the brokers in their practice. The cumulative insights gained provide for a more comprehensive analysis of the rich complexity of this 'messy' (and often 'ad-hoc') real world phenomenon.

Comparing approaches to broking practice

It should be evident from the case studies presented that each bears the stamp of the individual broker concerned and is a reflection not only of their personality but also of an awareness of a need to adopt a pragmatic approach appropriate to the needs of the situation. The rationality of a broker's practice can only be understood in reference to the circumstances within which that practice is taking place.

Where the structure of the Danish model has been perceived to be beneficial to broking practice it has been applied (eg. case studies 1, 3 and 4), where a close association with the Business Link has been viewed as damaging it has been avoided (eg. case studies 1 and 2) and where a need for broking initiatives has been perceived as more appropriate to the needs of the local community than formal networks (eg. case study 5) this has become the primary purpose of the regional programme. In each case, the approach adopted has been the result of a pragmatic assessment of its appropriateness to the situation from the perspective of the broker involved.

Similarities can be related to whether the brokers belong to the 'first', 'second' or 'post-second' waves of broker recruitment. Peter and Richard's practice (case studies 1 and 2) reflecting the 'first wave' conceptions of broking practice in which the emphasis was upon involving firms in the active pursuit of brokered networks at any cost to get some 'working examples'. Mary and Shirley's practice (case studies 3 and 4) reflecting 'second wave' concerns over the 'unfinished business' common to early broking efforts and the preoccupation with closure (ie. exit strategy). Finally, Pete and Richard (case study 5) can be seen as representing the new wave of brokers - 'post-second wave' - whose cynicism over the brokered network concept has almost been legitimised by earlier brokers' efforts and the ongoing dialogue within networking circles that is encouraging the adoption of alternative notions of broking practice.

There is a marked similarity in the approaches to broking practice in case studies 3 and 4 varying only in respect of the earlier 'exit strategy' that Shirley was able to bring about - it is suggested that Mary's natural curiosity and stronger affiliation with her clients encouraged an interest to be maintained for longer than was strictly necessary. It was noticeable that the two women were the most adept at networking and at conceding control of the networks to their network membership.

According to a report by G.H.K. (1997) for the D.T.I. substantial variations in practice are more reflective of personality traits than differences in regional implementations - it is only common sense to acknowledge that 'actors' bring individual and contextual 'baggage' to a situation and that this plays a vital part in creating the 'reality' of the situation and our understanding of it.

Social and Economic benefit appraisal

All brokers recognised that there *was* a value attached to the social aspects of belonging to the network that did not necessarily relate to the expectation of enhanced profitability. All members had an economic ‘bottom line’ below which membership would be untenable but what is being suggested is that this ‘bottom line’ also comprised social criteria, the latter serving to suppress anxiety and maintain member commitment during the evolution of the network. It is suggested that the broker’s management of network members’ commitment is operating on both criteria at the same time (ie. ‘chemistry’ and ‘team building’ are imbued with ‘social value’ that may offset a downturn in the perceived economic benefits from membership in the short term). Figure 6.6 below represents some of the economic (black) and social (grey) perceptual assessments that could occur within the life of a network ranging from the initial optimism of PA1 to the dangerously critical depression of PA6.

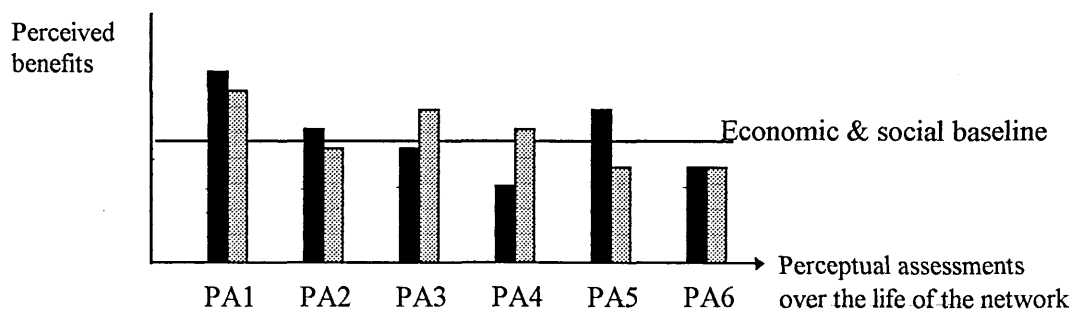


Figure 6.6. Social and economic benefit evaluation

Despite the great variety of approaches adopted several common features can be identified :-

- *firstly*, broker concern over the governance of the network is always a prominent theme within the life of the network and reaches its peak during the formation of the network membership (case study 5 is different as it is events that are governed not a network of firms);
- *secondly*, identity is a common concern amongst those brokers whose association with their own Business Link is confused or poor (case studies 3 and 4 represent strong associations) and is suggested to relate to a sense of ‘belonging’;
- *thirdly*, each case study reflects an initially steep learning curve for the broker upto the point at which the network membership begins to assume control (case study 2 shows that learning need not be a prominent theme if, as in this case, the broker has good awareness of what is needed for the network and how to go about it) and
- *finally*, time-dependency has its relevance and prominence enhanced around crucial stages in the evolution of the network such as the staging of an event (case studies 1 and 5 illustrate circumstances in which the timing of events is under the influence or

direction of the broker concerned and therefore not regarded as being a prominent area of concern).

Over the next four chapters the themes of governance, identity, learning and time-dependency are explored in terms of their increasing relevance to an understanding of postmodern business practice and postmodern forms of organisation such as the brokered network. They provide the foundations for a framework facilitating a comprehensive understanding of the broking process.

Chapter 8 Governance in the broking process

“Hierarchies, markets and networks have been described as three basic and indeed alternative modes of organizing (Thompson et al., 1991), each of which may call for distinctive managerial orientations and styles. Thus managers in market-orientated organizations may take on the persona of an entrepreneur; managers in a vertically line managed organization take on the persona of military personnel; while managers in network-based organizations may take on the persona of a diplomat.”

Ferlie & Pettigrew (1996, S81).

“The new leaders are no more shepherds than their followers are sheep. A more fitting metaphor is Schumacher’s balloon man [or woman] who holds a fist-full of strings attached to countless units, each tugging away because it is filled with the helium of entrepreneurial spirit.”

O’Toole & Bennis (1992, p.88)

Network management is “*the need to manage internal demands in response to external network opportunities*” (Miles & Snow 1995, p.6) and the effectiveness of network operation “*lies in its flexible, rapid response - the ability to arrange and rearrange resources to meet the changing, unique needs of upstream and downstream partners, and ultimately those of customers.*” (*ibid*, p.7). Management of this process within a brokered network rests primarily with the network broker who will choose from his/her ‘toolkit’, the ‘tools appropriate to the task’ given the particular network opportunity, personalities involved and personal strengths.

Governance of the brokered network is perceived by all involved (brokers and their clients) to be the primary responsibility of the network broker. Although it is clear that any efforts to achieve effective governance are mediated by the actions of its membership and a network’s progress is subject to many unforeseen challenges (internal and external) none of the brokers interviewed regarded governance as being a communal responsibility. Governance was a task of leadership or more appropriately a paternal or maternal responsibility assumed by the broker - Wolff (1994) and Gomes-Casseres (1994) suggest networks are more like communes than marriages and pose much greater challenges to govern effectively than do partnerships. As one broker (case study 4) aptly described it “*We’re all like one big family now. You get the fallings out from time to time but we’re all in this together. And most of the time I can just sit there and let them get on with it. They’re a good bunch and if I’m in town and I’m passing by their firm I’ll drop in for a chat, ask how things are going and, of course they can ring me when they want to..and they do ! But that’s fine. That’s what I’m here for, to keep them on the right track.*”

Of the four major themes identified within the broking process (governance, identity, learning and time-dependency), governance was seen by those interviewed as being most significant in effective broking practice and the easiest to identify as being the primary responsibility of the network broker - as is clearly reflected in the case studies presented previously. However, the influence of external bodies (eg. the D.T.I., the training organisations, academics/researchers, Business Link's, T.E.C.'s and related infrastructures) in determining what is an 'appropriate' interpretation of the concept of governance and its enactment must not be overlooked - moves towards national accreditation of network brokers will no doubt result in demands for regional comparison and a standardisation over the meaning of terms.

Speaking of governance as being a fundamental requirement for the broking process to happen without acknowledging a sense of legitimacy (Checkland & Scholes 1999) for the alternative 'workings out' of the concept is negligent and fails to add to the understanding of its multi-faceted nature so bound by personal and situational opportunities and constraints. Within the case studies presented in the previous chapters it is demonstrated that each broker and network situation provides a unique definition of governance. When combined they lead towards a more comprehensive understanding of the 'definition in action' (Weick 1995; Morgan 1997) that occurs as a matter of course.

In the first case study (Peter and the "Wedding network"), it was apparent that his conception of governance related to building a team capable of bringing the network opportunity to fruition and being looked upon by its membership as a neutral chairperson - selector and chairperson. It was evident that he applauded the efforts of the membership to take control of the direction and operation of the network which enabled him to assume a co-ordination role managing meetings as his neutrality could be depended upon. However, in the second case study (Richard and the Arms Manufacturers), the concept of governance was given a more active sales and marketing interpretation more akin to 'championing a product' attending conferences as the group's representative. Richard's focus was upon the marketplace with the capabilities of the firms within his network representing 'the product' he was trying to sell. There was no necessity for representatives of the firms to meet together so in this situation 'governance' did not call for a concern over 'group atmosphere' or 'chemistry' as did Peter's network.

In the third case study (Shirley and the I.T. companies), governance was interpreted to be control over the process mechanics surrounding network formation. Shirley made it clear to all network participants that her responsibilities were limited to facilitating in their network's development - she provided expertise over the process but intended no greater role in the network's operation. There was a clear decisive professional division between managing the facilitation process and

becoming an active member within the network (even chairperson). This is in stark contrast to the concept of governance applied within the fourth case study (Mary and the School Security network) in which there was an almost maternal attitude adopted to the selection of local firms and the ongoing success of networks formed. Governance was, in effect, more concerned with 'dealing with friends' than 'managing clients' with reliance placed upon Mary's personable character to encourage and sustain involvement.

The last of the case studies (Peter and Richard, the event organisers), shows a different angle on governance as it was restricted to the broker/client relationships for the period leading up to and during the event. As with Richard's network, neither individuals nor firms had any need to meet together in connection with the purposes of the network business or network opportunity so the concept of governance was primarily the management of the event and the enticing of firms to attend. The network brokers could manage a small number of events at which many firms had involvement without needing to govern any inter-firm relationships. These facets of governance are complemented by the addition of two more resulting out of the personal action research.

- a) network driver, maintaining momentum - necessary within the I.M.G. due to the lack of ambition, drive and focus of partners to make best use of limited time available.
- b) external advisor of process - necessary within the Research Community due to a lack of belief that participants would commit energy and mental effort to the initiative.

Consequently, governance has a multi-faceted nature from which network brokers adopt the facet(s) that seem most appropriate to the personal and situational characteristics within which the network opportunity is to be realised. The primary pre-occupations amongst the brokers in the case studies presented can be categorised as follows :-

- | | |
|---|------------------------|
| 1. Selection and chairmanship | (Case study 1) |
| 2. Product championship | (Case study 2) |
| 3. Expert facilitation of process mechanics | (Case study 3) |
| 4. Maternal concern and friendship | (Case study 4) |
| 5. Event organisation and management | (Case study 5) |
| 6. Network driver | (I.M.G.) |
| 7. External advisor on process | (Research community) |

Whereas most relate to management of a network's membership others are more connected to the management of the network's strategic operation. However, all clearly depend upon good interpersonal skills and leadership ability - persuading participation, managing the negotiations,

steering the strategy and building upon a potential that needs others' resources. The network broker builds *an organisation* with others' resources but, in a similar way, within a postmodern approach to business organisation, managers have to regard other departments as if they were *separate* organisations with autonomy over the management of the business they conduct with internal and external 'customers'. Consequently, a network approach (Golding & Currie 2000; Champy & Nohria 1996; Hakansson & Snehota 1995) is deemed appropriate to the demands of the global marketplace by a great many organisations and their managers.

"Corporate entrepreneurs often have to pull in what they need for their innovation from other departments or areas, from peers over whom they have no authority and who have the choice about whether or not to ante up their knowledge, support, or resources, to invest in and help the innovator."

Kanter (1990, p.162).

A working definition of 'governance', as applied to the broking process, has arisen as a result of the research undertaken (figure 8.1). It is founded upon the recognition that due prominence needs to be given to the voluntaristic commitment to network activity of a network's membership and the consensual determination of the broker's power through the acceptance of his/her legitimacy.

"Governance is concerned with the ability to mobilise necessary resources (both physical and mental assets and capabilities), by whatever means available (control and/or influence), to satisfy present and anticipated needs and wishes for the entity or initiative. It is also concerned with the ability to manage the interpretation of activities by (and to) members to maintain their interest and commitment. Its effectiveness is therefore a measure of efficacy in the broker's ability to mobilise the resources and the management of meaning to the best interests of the network".

Figure 8.1: A working definition of governance

The definition focuses upon two themes - management over the mobilisation of resources and management over meaning. As such, it shares common ground with Lorenzoni & Baden-Fuller's (1995) "*strategic centre*" co-ordinating individual firms' activities through their connection to the central 'hub' (a lead firm or network broker) that provides governance over the management of the network opportunity :-

"A key priority of the strategic centre is to communicate effectively the 'vision' of the network and its strategic direction in such a way as to enable firms to commit themselves (in their own way) to this purpose."

Lorenzoni & Baden-Fuller (1995, p.151)

It also highlights the reality that it is *process rather than structure* that determines the boundaries and stakeholders of a firm (Zaheer & Venkatraman 1995) wherever asset specificity, uncertainty and reciprocal investments demand a greater interdependence.

8.1 Managing the mobilisation of resources

“When the entire chain is viewed, however, it soon becomes clear that it is the way in which the stages interact, and in which their interdependence is recognized, which determines how well the chain functions as an efficient value-adding process (i.e. it is possible to envisage excellent functions, poorly co-ordinated, which therefore constitute an inefficient chain).”

Lamming (1993, p.90)

“Coalitions arise when performing an activity with a partner is less costly than performing it internally on the one hand, and [than] reliance on arms-length contracts or merger with another firm on the other.”

Porter & Fuller (1986)

Brokers interviewed were fully aware that they had nothing to ‘bring to the table’ other than a level of expertise in encouraging and enabling others to provide what they could offer to the network (as representatives of their firms and as individuals) in terms of their competencies, capabilities, knowledge, experience, motivation and commitment. As one broker expressed it, *“Without them (the network participants) I can do nothing but without me it’s more than likely they would never have come together in the first place.”* Without participants there can be no network but without a broker’s governance the network is more liable to ineffectiveness - effective governance is dependent upon the broker’s management of network resources. The broker’s task is to utilise the resources available to him/her - the people, the network process and the network product (figure 8.2).

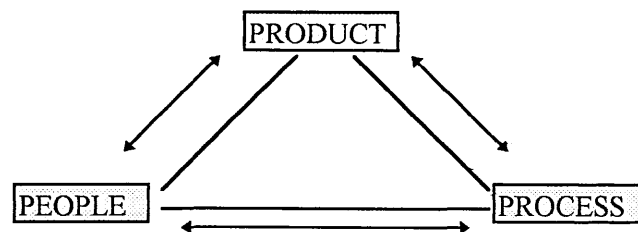


Figure 8.2: A broker's resources

The people are the most obvious and greatest resource available to the broker and key to their usefulness to the network is the broker’s knowledge of them as people and as firms. It is in respect of knowing the individual that a broker can :-

- assess their interpersonal strengths and weaknesses as team members,
- assess their capabilities (which the members themselves may be unaware of),
- determine how best to ensure the mobilisation of their (and their firm’s) resources and
- determine their individual and organisation’s needs and wishes, the timescale in which these are expected/need to be met and the extent to which there is room for negotiation.

It is through knowledge of a person's individual and organisational circumstances that a broker can distinguish between real, felt and observed needs (Schuman 1996) and assess their impact upon the network's progress. Such knowledge gives more credibility to the assumed empathy of the broker to his/her clients' situations and concerns as well as providing an awareness as to the approach to adopt in subsequent dialogues relating to the needs of the network. In Schuman's words (1996, p.138) "*Although sureness can be seductive, better that the facilitator should exercise doubt.*"

And it is only through gaining an empathetic understanding that it becomes possible to discover the best means by which to motivate the individual to act in accordance with the needs of the network. Interpersonal skills and personal characteristics help facilitate the network process by promoting enthusiasm, providing clarity, ensuring deadlines are met. As a consequence of the broker 'building a team' participants assume new roles as network members and it is down to the broker to determine how best to utilise the personal capabilities of the group (in addition to the capabilities of their firms), to the best advantage of the network - one of the most obvious roles to fill, yet also often the most difficult being that of a potential leader.

The process is a resource in that network participants are required to engage in new activities, discover new competencies and become envisioned within a different competitive landscape to the one they were formerly accustomed to seeing - they are in the process of "*becoming*" (Prigogine & Stengers 1984) and as such, are dependent upon the broker to effectively guide them through this new adventure. S/he has 'control' over the dynamism and structuring of the process and can utilise this power to impose a more democratic and familial feel to the network discussions or to enable greater structuring of the proceedings (Schuman 1996; Broome & Keever 1989; Egan 1994).

The network entity is a resource in that as 'a product' it can engender enthusiasm within (and beyond) its membership and pull or push the membership into considering other opportunities their joint capabilities entitle them to pursue. The definition of the network product determines the appropriate way forward with regard to the resource capabilities needed and the approach to be adopted - it is a mobilising force available to the broker to create and sustain momentum.

Managing the mobilisation of the people

"Beyond making the interaction pleasant (not a minor consideration), the ability for people to get along and truly communicate strongly affects the outcomes of the collaborative. Facilitators must be aware of the ways that personalities affect group communications, behaviors and decision-making."

Sink (1996) as cited in Huxham (1996, p.106)

Although there was a willing supply of firms seeking to be admitted into the wedding network (case study 1), defence contractors network (case study 2) or into one of the network initiatives (case study 5) it is important to note that there was much greater reticence amongst many firms early on in the development of these networks. Consequently, the broker has a limited 'pool' of available firms from which to build the complementary and necessary set of resources for the network idea he/she is progressing. It is often a problem encouraging firms to share an interest and commitment in collaborative networking schemes (Kawalek et al. 1996). In this respect, the issue of determining who to involve (stakeholders) and then persuading them to become involved (Gray 1996) in a manner that can lead to the attainment of meta-goals (Vangen et al. 1994) as well as individual goals is as common to the broking process as it is to community initiatives - a major difference being that the network broker's legitimacy in the choices he/she makes is not open to challenge from other potential stakeholders arguing their 'right' to be involved. The brokered network is the broker's 'baby'.

The 'resource base' that is the network's membership determines the network's capabilities to pursue opportunities and consequently defines a network's limitations or provides a rationale for a new membership. As such, it is the broker's responsibility (in respect of governance of the network) to recruit and retain whatever capabilities (ie. members capabilities) s/he deems to be necessary to achieve the network's primary purpose. There is also the need to be able to cope with unforeseen challenges or opportunities that will arise in the course of the network's evolution. Network relationships depend upon the goodwill of participants being maintained through good and bad times - it is the broker's responsibility to utilise the stabilising resource of group solidity for the good of the membership as a whole. In case study 4, Mary founded her networks upon the almost familial relationships that existed between existing clients and herself; Peter, in case study 1, believed that building a good 'atmosphere' amongst the membership laid the critical foundations on which a network could be constructed.

In this Information Age, knowledge is power and it is fitting to widen the understanding over 'the means available' to acknowledge the growing power of specialist knowledge in advising over and legitimating as to the best use of resources. The network broker provides specialist knowledge in the management of relationships and can offer a unique perspective as to the network potential from a non-partisan viewpoint. In respect of his/her governance role it is incumbent upon the broker to act in the best interests of the network not individual members.

However, managers are well aware that collaborations have finite lives and it is incumbent upon them to remain aware that potentially better deals may exist given that, as circumstances change the relative value of their and other firms' contributions will vary (Doz 1988, p.324) prompting

reassessment of the relationship. Even though it may be supposed by the broker and others in the network that the relative contributions will be evened out (over the longer term) there will always be temptation and opportunity for members to enjoy the benefits without enduring the full costs of membership (Dussauge & Garrette 1998; Bleeke & Ernst 1995; McKinsey 1991). As such it is the broker's responsibility to the membership to persuade members to commit beyond the short-term - 'managing the message' received by the membership.

Managing the mobilisation of the process

"The convening function has been found to differ substantially from one collaboration to the next (Wood and Gray, 1991). Convenors use a variety of tactics to exert influence over stakeholders and to control the process of collaborating."
Gray (1996) cited in Huxham (1996, p.63)

Although various attempts may have been made by the training organisations, the management of the D.T.I., Business Links, T.E.C.s and leading academics within this field to exert influence over broking practice they have failed to deter brokers from a reliance upon their own appreciation of what is appropriate action for their networks - pragmatic solutions to developments agreed amongst the fledgling network's membership, take precedence over the best laid frameworks conforming to a generic approach (G.H.K. 1997). Each network situation is argued to be unique and as Gray points out there is an inevitable difference in the circumstances surrounding an intervention for a collaborative effort brought about by the broker (convener) as opposed to one where participants invite a broker to assist them in the process. And there are differences related to the degree of formal or informal involvement demanded, expected or required of the broker. However, the key issue relates to the recognition that brokers can utilise the process of broking in a manner to benefit the network itself optimising upon the broker's and members' personal and interpersonal abilities as well as the needs of the network opportunity.

"Congruent expectations [are] a cumulative product of numerous interactions; through these interactions emerge trust in the goodwill of others and an understanding of constraints on the relationship that may be imposed by a person's organizational role."
Ring & Van de Ven (1994, p.100)

Peter's wedding network (case study 1) involved bringing together firms (individuals) that had never been in a collaboration before (and certainly not with each other) so he saw his primary task as being to develop a good atmosphere for building a team that could work well together as well as determining that there was sufficient commitment to make the network a viable business. According to Ring & Van de Ven (1994), "*excessive legal structuring and monitoring of the relationship*" is one of the four reasons why collaborative inter-organisational relations may dissolve as a result of conduct. It was Peter's judgement that his inexperienced collaborators

needed greater confidence in themselves and in each other before they could accept formality being introduced into the network proceedings. He also believed that the leadership role would be filled as a consequence of encouraging other participants to contribute to the discussions on the network's strategy and operation. By seeking to be heard, participants would establish for him, themselves and the rest of the group their relative ability to lead, organise and so on,... In other words, the process provided an opportunity to learn about the relative abilities within the group. Finally, it was the style of governance that suited Peter's personality thereby enabling him to engage with the group in a highly natural and convincingly effective manner.

"As an identity is acquired the domain begins to take a direction which makes a path into the future... Once a referent organization appears, purposeful action can be undertaken in the name of the domain..." Trist (1983, pp.274-275)

Richard's defence contractors (case study 2) being more familiar with collaborations sought to establish greater 'scale and scope' by joining other firms to enable them to compete for larger contracts, so atmosphere and team building were not issues on the agenda, they were irrelevant to the needs of the network. However, it was clear that Richard's perspective on network broking was based around capability matching and asset complementarity (ie. at the level of the firm) and he regarded bureaucratic procedures (ie. paperwork and computer systems) as anathema to *doing* business. Richard facilitated in the marketing of 'the product' (ie. the network) generally downplaying any need for a broking process as it would prevent people from focusing on the business they were engaged upon and thereby affect the 'product' he was intent upon selling at exhibitions. By focusing upon the appreciation of a meta-problem (achieving a critical mass for international contracts) a common purpose was defined that called for an active leadership - Richard's instinct led him to take on the mantle of leader and to champion the product.

Both Peter and Richard worked for the same Business Link and the same manager but brokered their networks in highly contrasting manners. Their reasons for doing so resided in the different types of network opportunities, the different types of member firms as well as the differences in their own personalities that determined how they interpreted and performed their governance role in the formation of the network. By adopting a more formal or informal leadership role, by encouraging more or less debate over defining the network's strategy and operation amongst the membership and by 'playing to their strengths' (ie. their own personalities and capabilities) both of them could influence network developments under the auspices of 'due process'. To the membership it was appropriate that the broker should govern the mechanics of the process, this was an assumption of his/her role. The personal action research - IMG and Research Community - reaffirmed the necessity to build the process pragmatically around the people involved in order to ensure commitment and true ownership of the process by the membership.

“An opportunity is as real an ingredient in business as raw material, labour or finance - but it only exists when you can see it... Just before it comes into existence every business is an opportunity that someone has seen.”

DeBono (1980)

The network opportunity is itself a resource that has to be mobilised. The majority of networks encountered within the research were largely designed by the broker involved even if members did have some involvement in their subsequent strategic definition. It is suggested that it is the network broker's personal ambition to see their vision of the potential for this network being transformed into a reality that provides them with the impetus and drive to persuade others to 'buy into' the dream. Consequently, 'the product' can be seen to activate its own membership. It is in the 'defining of the product' that the appropriateness of its membership is determined and during the course of the network's evolution there are pressures to reconsider and redefine the product and its membership - this is another key aspect of governance for the broker. It is their responsibility to assess what the network needs are and to engender amongst the others sufficient trust in their judgement for others to postpone acting upon any negative assessment they may have come to regarding network potential or others' motives or involvement.

“The relative values of the respective contributions of the partners vary over time and may be very asymmetrical at almost any given point in time. There is a need, then, to keep in perspective the contributions over the life (potential) of the partnership and not to be swayed by what currently looks like a serious imbalance.”

Doz (1988, p.324)

According to many brokers, it was necessary to retain a keen awareness of any of the 'seeds of dissatisfaction' and to respond positively in one-to-one conversations whenever clients rang to express their disquiet. Brokers acknowledged that initially the network was theirs to manage and remained so until it had become a product they could safely transfer to the membership - the network brokers acted as a fostering agency determining when they could 'hand over the baby' to its new parents. However, this analogy, though relevant to the first wave of network brokers was not as applicable to subsequent trenches of brokers due to changes introduced into the training programme that warned against a natural personal interest becoming an obstacle to network 'hand over' (ie. planning for an 'exit strategy').

The inherent dynamism of the network organisation particularly within the turbulence that is characteristic of the postmodern business environment necessitates the management of change (eg. Senge 1999; Sheth & Parvatiyar 2000; Stacey 2000; Champy & Nohria 1996; Osterle et al. 2000; Osterle 1995; Teece 2000; Hirschhorn 1997; Pettigrew et al. 1992). Hamel & Prahalad (1989) recommend that firms 'reconceive themselves' with respect to their competencies rather

than their functions and Teece (1986) recommends firms consider where 'complementary assets' exist with other firms. The power of the network form lies in the ease with which it can redefine 'the product' it can provide to achieve a better fit to its environment but therein can be found its problematic nature in respect of its governance.

"The structure of the organization can then be symbolized by a man holding a large number of balloons in his hand. Each of the balloons has its own buoyancy and lift, and the man himself does not lord it over the balloons, but stands beneath them, yet holding all the strings firmly in his hand. Every balloon is not only an administrative but also an entrepreneurial unit."

E.F. Schumacher

The balancing of the centripetal and centrifugal forces at play within a network is the task of effective governance - members are the 'spokes of a wheel' held together by a central 'hub' (the broker) providing possibly competing visions as to how the network development should be progressed (ie. its strategic direction) and it is the broker's task to harness and focus all of this creative energy to ensure the network, as a whole, moves in the right direction. However, given that it is the member's perception of 'the product' that ensures both their involvement and their commitment it is the broker's task to ensure that the image of the product retains appeal to the members throughout its evolutionary life cycle.

The members' perception of 'the product' (ie. network opportunity) is a resource that the broker can utilise to create enthusiasm and a sustained commitment to the network's progress. However, to do so effectively demands that the broker 'manages the meaning' of network developments to the membership - a task that calls for interpersonal skills and an awareness of the need to market the 'product' to those who are its primary components.

8.2 Management of meaning

The phrase "management of meaning" should be taken to refer to the need to portray an image of the organisation and its purposes to which its membership (and stakeholders) can willingly commit in addition to providing an interpretation of events that enables a unified focus and a clarity of vision. It is suggested here that the network broker bears the primary responsibility to 'manage the meaning' for the benefit of the network and can do so in the following ways :-

- the selection of firms s/he invites to participate,
- the marketing of the network idea and the brokered network concept,
- the management of group meetings and
- the provision of reassurance to members

Selection of firms

The majority of brokered networks witnessed in the course of this research were 'broker-led' (eg. wedding network - case study 1, school security - case study 4 and the broking initiatives - case study 5), some were 'broker-inspired' (eg. defence contractors - case study 2) whilst only a small number were what could be termed as 'broker-responsive' or 'client-led' (eg. I.T firms - case study 3). In truth, most networks 'belong' to their originator and in most instances this happens to be the network broker - it seemed apparent that it was only where firms recognised a potential threat or an opportunity to achieve 'a critical mass' through collaboration that they would seek out the services of a network broker and generally speaking this seemed very rare.

Consequently, it was usually the broker who would initially stamp his/her impression upon the network idea, determine what capabilities would be needed and then seek out those firms and individuals he/she envisaged would be capable of transforming this conceptual opportunity into a viable business reality. It is only as members are invited into this vision that 're-vision' becomes more of a reality. A network's membership can be seen as providing the necessary 'building blocks' to bring the broker's conceptual creation to life - brokers design, lead and eventually become caretakers of networks (Snow et al. 1992) :-

"I keep telling them (membership), this is your network I'm not doing this for me and it will only work if you pull your finger out and make it happen. A big part of my job is making sure they keep it (network idea) out of 'the bottom drawer'. Sure they've got loads of other things on their minds, concerns relating to their own businesses but if they don't get cracking on this it's not going to happen...there's a golden opportunity and yet they still need me to 'give them a kick up the backside' to do something !" Broker - case study 1

The membership are selected by the broker on the basis of how well they will fit into his/her conception of the network's progress. It is only when the individuals start to discuss their vision of the network idea and opportunity that it becomes 'a shared vision' to which all can commit (ie. membership commitment involves compromise on the part of the broker with respect to his/her initial conception). However, it is incumbent upon the broker in his/her position as chairperson to 'manage' this negotiation in the interests of the group as a whole - in this respect, the broker is responsible for effectively managing each of Schumacher's "*helium filled balloons*", determining the relative power and influence of the stakeholders (members) involved (Eden 1996) and steering a course to which members can commit (Kofman & Senge 1993).

Marketing of the network idea and the brokered network concept

"small businesses around the world are creating networks, partnerships, consortia, and federations - all designed to give them the functional equivalent of bigness."
O'Toole & Bennis (1992, p.84)

This potential membership has to be persuaded of the viability of the network opportunity and of the reasons why they want to commit their firms and inevitably themselves to its formation. For many SMEs there is reluctance given the time, effort and resources it could take from their core business, for others there is distaste and distrust in collaborative ventures (Kawalek et al. 1996). To many the 'free service' of the broker is not as obvious a financial incentive as a Government grant or subsidy. Consequently, the broker needs to be proactive in his/her selling of the network idea to those s/he wants to be 'on board'. Managers who are entrepreneurially minded can not be managed they have to be led (Hirschhorn 1997; Handy 1995) and leadership of equals demands high interpersonal skills and great charisma.

Each individual arriving 'at the table' is armed with pre-conceptions, attitudes and beliefs (Weick 1995; Checkland & Scholes 1999; Land 1967) concerning the network opportunity, the concept of collaboration, the business networking programme and the personalities of others involved (both as individuals and as owners/managers of firms). The broker needs to develop an understanding of this in order to convince the potential participants to get involved and has to be aware that, as members, they will frequently re-assess their membership of the network. In consequence, the broker needs to understand how they think and how they will probably react and interpret events and then attempt to 'manage the meaning'. This is not inferring a 'manipulation of information' so much as a 'structuring of information' to enable sensemaking that is *supportive* of entity development to ensure the continued support of its membership - it is implying the need for clarification, enabling a unified (and unifying) vision out of a potentially confusing kaleidoscopic picture of events and their meaning.

Management of group meetings

"Top-level managers view themselves as the designers of the strategy, the architects of the structure and the managers of the systems that direct and drive their companies."
Bartlett & Ghoshal (1994, p.79)

Not all brokers are equally suited to chairing meetings amongst the membership just as not all brokers are equally as assured at assuming a leadership role within the network - brokers tend to 'play to their strengths' (eg. contrast the approaches of Peter and Richard (case studies 1 and 2)). However, a group meeting is a situation that demands the effective management of meaning as well as the development of member involvement in discussion and commitment to action (Greenbaum 2000). Peter, utilised this situation to encourage the more reticent of the members to put forward their views and he also allocated tasks that needed to be performed with a view to determining which of his members could be accepted by the membership as their leader.

“the new leaders of the emerging federal corporations are leaders of leaders who, like Percy Barnevik and Robert Goizueta, are willingly followed by other leaders who have subscribed to their ‘vision’”.

O'Toole & Bennis (1992, p.87)

With an increasing emphasis upon the power of information and knowledge (eg. Teece 2000; Stacey 2000; Austin 2000) there is a resultant requirement for effective management of these resources in respect of their interpretation. It is only in respect of the use that can be made from information and knowledge that they can be seen to have value to the organisation. The key issue relates to the need to encourage challenge to existing beliefs and 'ways of doing things' whilst insisting that this 'creative destruction' is leading to a new perspective to which all must pledge allegiance and commit to. *“Living at the edge of chaos”* (Stacey 1993) is where organisations need to be to enable effective entre-/intra-preneurship to provide the innovations for future operations and continued competitiveness (eg. Senge 1999; Nonaka & Takeuchi 1995).

“They [Barnevik and ABBs top-level managers] wanted to create an organisation in which entrepreneurship could flourish in the frontline operating units, in which the competence and competitive strengths in those small units could be linked across organizational boundaries, and in which an ongoing renewal process would keep today's best practice from becoming tomorrow's inflexible dogma.”

Ghoshal & Bartlett (1995, p.86)

Provision of reassurance to members

Brokers consider their governance role to extend beyond that which could be witnessed by a researcher 'sitting in' on a group's discussions - a great deal happens away from public view :-

“... the most important aspect of broking practice is that which you won't see.. and that's me sorting out members concerns as and when they 'occur to them' many of which they'd never raise in a meeting.”

The group meeting is the formal setting for group business but not the place where grievances or anxieties are commonly aired. Obviously, it depends upon the broker's approach to broking, the needs of the network situation and the personalities of the membership as how much criticality is to be placed upon member reassurance but it is a factor of the governance role. Members may need clarification as to what has been decided or feel the need to express some disquiet about the behaviour (or even involvement) of other members. Whatever the member's concern may be and whatever its severity, governance of the network is made easier if the broker hears of it before its consequences became clear to the group. This places the onus upon the broker to foster personal trust as well as professional competence within his/her relationships with members so that they can speak freely of their anxieties and expect their considerations to be taken seriously or better still resolved.

Although the definition of the concept and adherence to ‘the model’¹ was paramount to those involved in administering the implementation of the scheme (and was apparent as the ‘official yardstick’ against which governance of the brokered network was to be tested) it was seen as having no obvious relevance to the network brokers nor the participants of their networks for whom the particularistic nature of their network predominated. Participant assurance of their broker’s competence, in respect of governance, depended upon the extent to which they felt involved in developments, in control of their contribution to the network and satisfied that the broker’s neutrality and equity in managing proceedings was genuinely aimed at ensuring the greatest benefits for the network as a whole. Re-assurance rested on a judgement of personality and evidence that opportunities for network business did exist beyond the vision of the broker.

¹ The “Danish model” of network broking.

Chapter 9 Identity and the broking process

“When groups and organizations begin to embrace collaborative processes to engage in intra- or inter-organizational strategic management and change, they are in essence, inventing a new type of organization. Yet these actors bring assumptions of decision-making, interpretation and ownership that are at the very least, unsuited to this process.”
Finn (in Huxham 1996, p.152)

“Organized anarchies are unique (and of limited generality, according to Hickson, Butler, Cray, Mallory & Wilson, 1986, p.251) because they are guided by ongoing choices rather than by historical precedents. Precedent plays a less important role because memory is poor, personnel are more transient, and fortuitous timing rather than intentional coordination determines outcomes. With less guidance from precedent, people have to reaccomplish the organization more often and make continuing choices as to what it means, what it is, and what it will do.”
Weick (1995, p.160)

The development of identity and its related theme of identification are fundamental elements in the formation of a brokered network relationship. The network entity's strength and stability is consequent upon its members' recognition and acceptance of the changes it is bringing (and will bring) to their understanding of who they are, what they do and what they are capable of doing, both as individuals and as a collective group. However, this recognition and acceptance becomes a reality only in the light of experience and calls for a revision of personal and group identities. By its very nature, identification is an issue of cultural association. It is through acceptance of a group's culture (ie. ways of thinking, doing and understanding) that personal identity evolves and identification with a group's cultural norms becomes more natural - conflict is a natural part of that growth cycle.

Weick's reference to 'organised anarchies' has some significance to the brokered network - it is the centripetal forces exerted by members developing the network initiative in ways that are most closely favouring their own agendas that provides both the members' commitment and the network entity's momentum. Furthermore, there is a sense of 'continual renewal' in which any concept of an organisational 'history' seems misplaced and would in any event be subject to a myriad of interpretations :-

“No longer do things carry their sense written all over their face. Now they must be made sense of. There is as much order in the world, and no more, as we manage to put into it.”
Bauman (1995, p.146)

Identity in the broking process can be characterised as the interaction and congruence found within the formative definition of the network idea, the existing and/or invited membership and members' personal identities - all of which are dynamically evolving in their possibilities and in

relation to each other. A potential member's identity determines their propensity to be interested in an officially sponsored scheme encouraging collaborative activity independent of the presumed merits of the network idea itself. In the same way, recognition of who else is to be involved may influence their perception of the network (and how others will perceive them if they join the group) and finally, engaging in the process inevitably broadens the horizons of their presumed business interests and activities, as it raises possibilities beyond the bounds of individual consideration but not beyond those of the group.

Consequently, it is not only the network idea that is fashioned and refined as a consequence of its membership but its membership also that undergoes a fundamental change at a behavioural and conceptual level as a result of engagement in the process - a product of the sensemaking activities (Weick 1995) and the embeddedness of their behaviours in a culturally determined context (Granovetter 1985).

“Action’ is not a combination of ‘acts’: ‘acts’ are constituted only by a discursive moment of attention to the duree of lived-through experience. Nor can ‘action’ be discussed in separation from the body, its mediations with a surrounding world and the coherence of an acting self.”
 Giddens (1984, p.3)

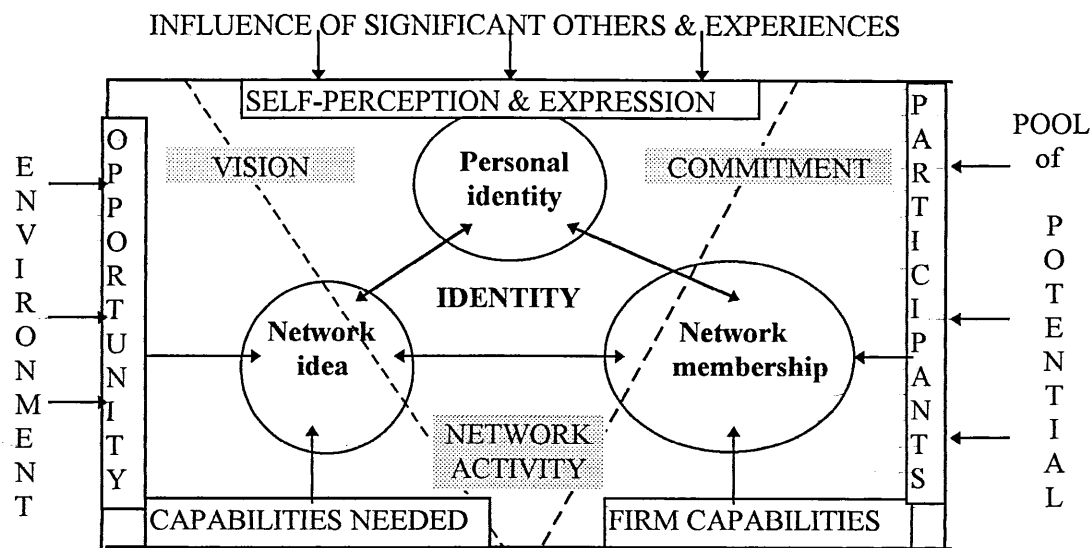


Figure 9.1: Identity in the broking process

As illustrated in figure 9.1, “the network idea” is a product arising out of the recognition of an opportunity within the prevailing business environment for which the capabilities needed can be identified to enable it to become an active business proposition. The “personal identity” of network members (or potential members) is a product of culturally influenced (Carr 1998; Carr & Zanetti 1998) personal beliefs and attitudes (Land 1967) that have resulted from previous experiences viewed and understood with reference to their individual and unique ‘cognitive filter’. The “network membership” is a product arising out of the ‘pool’ of potential firms and

individuals that are willing to commit themselves to a broker-led collaborative venture without whom the broker is helpless. Vision, commitment and activity are ‘the three legs of the stool’ upon which network development is founded - it is by envisioning the network that a broker creates an embryonic identity to which its potential membership can identify, it is through their network activity that their commitment becomes evident and it is only through this active commitment that network members can personally identify with the ongoing business of the network entity. Identification leads to commitment.

“Organisations exist because people within them and outside them are willing to support them in financial, political and legal terms. Successful organisations are those that do reasonably enough what those inside and outside principally expect from those organisations or will accept from them. Success can be then judged only in terms of the nature of the primary task that the community sets for an organisation. Failure of that task leads to the withdrawal of support.”

Stacey (1993)

Lorenzoni & Baden-Fuller (1995) argue that it is a key priority of the strategic centre (network broker) to communicate effectively the ‘vision’ of the network and its purpose in such a way as to enable firms (members) to commit themselves, in their own way, to its purposes. Obviously, a clear definition of the network entity was a necessary precursor in all cases as was some form of consciousness of a group identity and the willingness to encounter new business horizons. It is important to stress however, that the particular circumstances pertaining in each of the cases led to differences in brokers’ perceptions as to the primary concern(s) to be addressed in respect of the issue of identity within the broking process. Each providing an insight into the concept.

In the first case study, the “wedding network”, more than anything else the primary concern was to establish an effective team which was seen to depend as much upon the individuals involved as the capabilities of the firms they could bring ‘to the table’ - the development of group norms and a network culture was judged to be the ‘foundation stone’ upon which further development of the network depended. Building a team out of a membership that comprised some individuals working for themselves to another representing a multi-national company (ie. Marks & Spencers) was the primary goal to the broker in respect of identity.

In the second case study, the “arms manufacturers”, it was not individual but firm capabilities that were important and there was no need nor interest in developing group norms between a membership that may never need to meet. Consequently, the priority for the broker was to be able to so clearly define the entity and its purpose that its membership would ‘sign up’ to his invitation to be involved - the primary goal was one of definition and marketing of the entity.

In the third case study, the “I.T. firms”, accepted group affiliation alongside their individual, autonomous identity as separate firms - in other words, the group identity was a marketing tool as well as a source for ‘member referrals’ but the formation of a network actually strengthened their understanding of their core capabilities. This clarification of the individual firms ‘core’ business activities was fundamental to the broker establishing the boundaries within which any of the participant firms could function without encroaching into others’ areas of expertise - the ‘grey’ areas needed to be negotiated as a primary task prior to operating effectively as a group. In essence, it was defining areas of competition and areas for collaboration within the network.

In the fourth case study, the “school security”, many of the firms involved knew (or knew of) each other locally and did not ‘overlap’ in the services they provided but there was a greater need to develop a respect and trust in each others capabilities - a school would judge ‘security’ as a package and each firm’s reputation would be dependent upon the success of the package. Given the potentially huge market that was on offer this was a key responsibility of the broker and seen as critical to the effectiveness of the network’s and its membership’s success. Another issue of great significance was how to motivate members to engage in a venture that potentially would necessitate them to re-envisage the business horizons (ie. ‘comfort zones’) with which they had become accustomed - exponential growth fuelled by market demand can be daunting.

In the fifth case study, “schools and I.T. events”, there was no sense of group identity beyond that of individual traders at a craft fair and through the careful selection of participants at each event there was no real issue of competition between participant offerings. There was only the ‘identification’ of firms with a collaborative venture that posed no risk, provided good P.R., a possibility for new business and a chance to see what other I.T. firms were doing in the area. It was an invitation to try collaborative activity in its minimal sense and to gain a foothold in a new and potentially lucrative marketplace. The primary concern of the brokers involved was to attract a representative sample of firms capable of providing a complete package to each event and to ensure a sufficient audience attended - bringing together buyers and sellers in a market they had sought to create. Instead of servicing a network entity they serviced a network event.

In each of these case studies, there was an awareness and significance (to varying degrees) to a development of a group identity, the opportunity and necessity to ‘push the envelope’ (ie. face new opportunities and challenges) and to confront the possibility of having to expand existing business horizons to encompass the development and growth of network related business. The experiences of broking the “Information Management Group” reaffirmed the interconnectedness of defining a network’s identity and bringing a clarity of focus to its purpose which is moulded (and discerned) in and through activity (Hakansson 1987; Hakansson & Snehota 1995).

Although the IMG's primary concern was marketing a collaborative approach to academic research as 'an effective tool' by which to advance enquiry into the field of Information Management through the creation of a separate identifiable entity, it encountered to varying extents many of these issues of identity raised within the case studies. Summarising the primary concerns of the brokers involved in the case studies, they perceived the concept of identity in the broking process as relating to :-

1. the membership with each other (case study 1)
2. a marketable network idea (case study 2)
3. determining operational boundaries - competitive and collaborative (case study 3)
4. discovering and embracing new markets (case study 4)
5. collaborating even at a minimal level (case study 5)
6. choosing collaboration as 'an effective tool' (IMG)

The interdependency of vision, commitment and activity is reflected in the following working definition (figure 9.2) of 'identity in the broking process' - its primary themes being *stakeholder definition* and *business horizons*. These two themes have been identified as being consistently critical to network broking effectiveness in the research undertaken and are evident concerns within each of the case studies presented. Selection of an 'appropriate' membership is dependent upon the assumptions made as to the capabilities needed to transform the network idea into a reality but the network that emerges is consequent upon its members development of the initial concept put to them by the broker - it is the emergent conceptual growth fuelled by purposeful activity that determines a strategic identity for the entity and business possibilities for its membership.

"Identity is concerned with the defining of appropriate stakeholders and their respective roles and responsibilities to meet the present and emergent needs of the network entity. It is also concerned with assisting stakeholders in the identification of themselves with the network entity's development and in the redefining of their existing business horizons (and boundaries of concern) to take account of the new realities that are consequent upon an involvement in the network entity (ie. envisioning)."

Figure 9.2 A working definition of identity

9.1 Stakeholder definition

"Stakeholders are all those interest groups, parties, 'actors', claimants and institutions - both internal and external to the organisation - that exert a hold on it. That is, stakeholders are all those parties who either affect or who are affected by an organisation's actions, behaviours or policies."

Mitroff (1988)

“To acquire the power to bestow identities, communities must talk themselves into reality, whilst silencing the talk about this reality being but the reality of their talking.”
Bauman (1995)

When discussing stakeholder definition the key issues relate to *who* the stakeholders are, their *relative importance* and how they perceive their *roles and responsibilities* within the network’s development (Finn 1996). Primary focus of attention was upon those directly concerned in the development of the network entity as it was the active participants that determined the broking process. The attempts of others outside of this ‘inner circle of activity’ to express an interest and exert an influence over the process was largely ineffectual. Most notably, it was only in the defining of the concept and in determining guidelines for best practice that non-participants’ opinions could be seen as having any significance - mostly in terms of casting doubt over brokers’ achievements or their potential for success. The D.T.I., the training organisations and academic researchers all sought to ‘contribute’ to the ‘blueprint’ for effective broking practice but their efforts had a seemingly negligible effect upon brokers’ actual practice (as is signified by the wall of broken lines in figure 9.3 below).

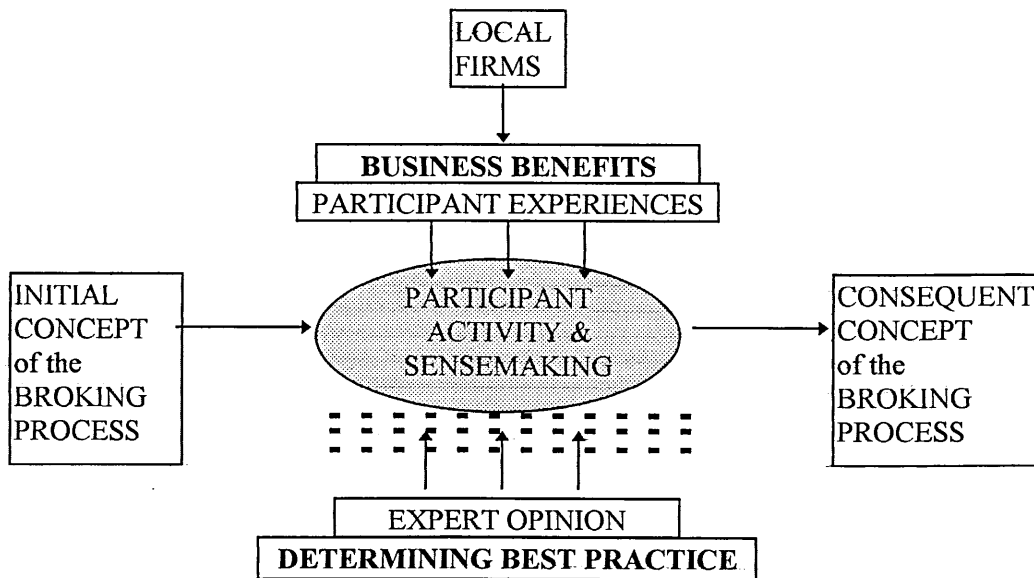


Figure 9.3 Participant sensemaking of network broking

Whereas the focus of attention for ‘the experts’ was upon developing a generic blueprint for effective broking practice that could be replicated across the country, the focus of attention for local firms was upon the immediate business impact an involvement in the scheme would have. Whereas the research drawn from studies carried out in other countries was utilised within a development of schematic models of ‘best practice’ by those sponsoring the programme, the only ‘research’ that was significant to local firms was that involving local firms they could identify with. Consequently, businesses responded to what they could see happening locally in respect of

the business potential arising out of collaborative activity - only this could determine their willingness to be available to the broker's invitation or even to provoke it.

The significance of 'expert opinion' to brokers' activities was severely restricted by the common attitude adopted by network managers to diffuse and deflect 'official opinion' by remarking on the satisfaction of local firms with brokers' activities. With respect to Eden's (1996, p.46-47) categorisation of stakeholders into those with "*an interest in the strategy-making organisation*" and those with "*perceived power in relation to the strategy realisation of the strategy-making organisation*", it was clear network brokers and their clients located the 'experts' primarily in the first category. However, the latter, being 'custodians of the programme', were anxious to redress this common perception and to increase their significance by initiating reviews of progress and by advancing the idea for a system of broker accreditation that would necessitate brokers to adhere to official guidelines of 'best practice'.

Perhaps the most interesting stance was adopted by network managers who, en masse, *chose* to perceive themselves as administrators and largely powerless to influence broker behaviours in the pursuance of their craft though this was just one of the options that the situation afforded to them. For some firms, *not* being invited to take part in brokered network initiatives strengthened their suspicions of favouritism by the broker for those invited. However, this did not result in a determination to be chosen as much as a resignation that they were not among 'the chosen few'.

"For many business owners, growth of their business is not an objective... they do not see taking on additional employees as an objective... Overall Hakim reports the results of the aspirations for growth of 747,970 firms. Of these 55 per cent had no plans for growth, at a time when macro-economic conditions in the United Kingdom were certainly at their most favourable for at least a decade."

Storey (1994, p.119)

The 'pool' of potential participants for the broker is inevitably a small group of firms of a size and maturity sharing an appetite for additional business growth. Particularly for the brokers in the 'first wave' of broker recruitment their task was magnified in its complexity by an expectation that they could attract micro-firms (1-5 employees) into their brokered networks. Inevitably, to the majority of such firms, their assumed appetite for growth was tempered by anxieties that this would lead to a need for larger premises or an increase in the number of their employees¹. Furthermore, such small firms rarely had any excess capacity in those scarcest of resources of time and money. For such firms, it was only if they could see extra business emerging without a corresponding need to grow that their interest could be galvanised into an active commitment. However, this 'pool' swells as soon as a definable business entity can be

¹ this will vary depending upon industrial sector as certain industries do not typically require an increase in their workforce in response to increased growth (eg. many high tech. firms employ very few people).

seen to emerge (Lindquist 1996) but it is the defining of the idea (ie. the problem or opportunity) that proves most problematic at the outset :-

“Within a problem that requires collaborative processes to attain solution, however, the act of defining of the problem becomes even more complex than the problem itself would suggest. This is because, within the context of this much uncertainty, it is probable that the problem is not well enough defined to ensure that all necessary actors are actually ‘at the table’”

Finn (1996, p.154).

There is also a defineable attitude characteristic of small business owners that places autonomy as a goal too highly prized to be easily surrendered or compromised to the idea of collaboration. It is easy to dismiss network gatherings (ie. focus groups) as attracting those owners who “*need an audience*”, “*want to be heard*”, “*have an ego to massage*” or obviously do not have “*what it takes to make it on their own*” (Kawalek et al. 1996)². Furthermore, as firms are competitive and not normally altruistic they do not involve themselves in business arenas that they do not understand well, therefore they can not be expected to attach themselves to ‘a problem’ unless they can see a definite self-interest, are confident in their ability to deal with it and can recognise that it is ‘theirs’ more than anyone else’s (Finn 1996, p.153). Consequently, the broker needs to identify first who would be appropriate stakeholders for the network idea then secondly find the means by which to persuade the potential participants of the ‘business reality’ of the network idea and its significance to them (ie. why they should want to be involved).

Attempted definition of the ‘problem’ yields an understanding (however limited) as to who to ‘invite to the table’ but in order to attract interest the broker has to identify a suitable theme of significance to his/her intended audience. Once a theme has been identified that provides an ‘overarching’ goal to which any potential member can relate as corresponding to their concerns and/or aspirations, the marketing of the concept becomes more straightforward. Determining a “*meta-goal*” (Huxham with MacDonald 1992; Drummond 1997) provides a commonality of purpose to which a membership - that is in reality a disparate grouping of individuals (i.e. the brokered network) - can find a consensual accord and hence a rationale for involvement. It provides an opportunity for invited participants to redefine and ‘flesh out’ the network idea whilst preserving the group unity and the broker’s ‘consensually-accepted’ leadership as they strive towards achieving a common understanding of the network’s purpose.

In the first case study (“the wedding network”), it was identification with the central concept of wedding preparation that was key to these varied businesses finding commonality of purpose with the network. In the second case study (“arms manufacturers”), it was identification with a

² these are some of the comments made by owners of the SMEs involved in the research project when asked for their opinions on firms that chose to become involved in collaborative ventures.

common desire to compete for international defence contracts. In the following case studies it was identification with the concepts of total I.T. systems (products/services), school security and I.T. in schools. From this initial concept, the broker could identify necessary capabilities for the network which in turn suggested the selection of certain firms capable of performing the tasks required - the appropriate stakeholders capable of 'bringing to life' the network idea. It is only when the initial selection of stakeholders has been brought together that the substance for the network potentiality can be fully assessed and developed through purposeful negotiation of network (and member) activity. However, it is *in action* that member commitment becomes a reality and identification with the network's concerns (and awareness of other members) can be assimilated into the 'normal' business environment of its membership.

"Once the network was up and running, suddenly everyone wanted to be a part of it... but that's human nature for you ! After all the hard work had been done and they could see there was something worthwhile happening, suddenly there was a rush of firms wanting to be involved. But given all we'd gone through together to get where we are... there's no way we'd let them just 'come on board' unless they could bring something new to the network that we might need. After all, we were the ones taking the risks, they know what they're getting into."

Network Broker for "wedding network"

Gray's (1985) framework classifies collaborations along the two dimensions of "*factors that motivate the parties to collaborate*" and "*the type of outcome expected*". Given the reluctance of businesses to attach to 'problems' or to appreciate their role in 'opportunities' it is evident that not all those invited to an initial discussion (ie. focus group meetings) will appear and that others will remove themselves from the list of firms looked upon as potential participants by the broker (Lindquist 1996). It is more likely that firms will respond to a perceived threat than the possibility of an opportunity - the former obviously affects their business, the latter (in the short-term) does not. So, a broker needs to find 'a hook' by which to attract 'the fish' s/he is really after - this may be the presence of 'a big fish' (indicating that this opportunity should be taken seriously), an involvement of industry leaders to determine issues of greatest concern to members or the exploration of the 'expanded' market potential of the network idea some time down the line.

"It would make a real difference if we could get them on board... they really are a world class company with a truly remarkable product... but I don't think we'll get them."

Broker organising "schools and I.T." events

A broker may have to be satisfied with a less than perfect situation but this need not negate the potential of the network. Peter's "wedding network" needed a company to provide luxury cars for the big day and were delighted to have a well-respected, high quality local company 'on board' as a member of the network. Unbeknown to the other members, but evident to the broker, was the likelihood that this firm would be unable to continue in the network business for very

long due to pressures upon its core business. Had this been known there would have been serious doubts over the development of the network, but because it was not revealed the network's belief in itself and its identity developed a pace so that when the firm withdrew, it was not that devastating a blow and a suitable replacement firm was found. In a similar vein, the brokers organising network events for "schools and I.T." could not guarantee the numbers of parents and teachers that would attend resulting in some I.T. firms gaining greater benefits than others depending upon the event location - however, it did not invalidate the value of the events to the local community as the *potential* for involvement was the key issue.

"It's difficult when people choose to back out ... sometimes things happen... business is like that ... but it does slow progress, that's for sure. And it is different with somebody new in the group... but that's their choice so you've just got to get on with it best you can."

Broker for "I.T. firms" network.

One of the most difficult issues for a broker to deal with is the substitution of an owner of a firm for a representative of that firm within the network membership - inevitably this change of personnel affects the group dynamics³ and can affect the significance of the firm's presence (ie. it is probable the representative will not be authorised to act independently of the owner regardless of the enthusiasm s/he may bring). However, 'satisficing' has to take place in order to guarantee the network's momentum without which the self-belief of the membership over its significance to them will falter - if no progress is evident then the network can not demand the time and effort from its members that could otherwise be spent on core business activity.

"I suppose I could have known at the time that they [car hire firm] would be unable to sustain a long-term involvement in the network given their hopes to expand their own business but it was important for us to have them on-board at the time... they had the prestige and reputation we needed and as they were willing... but, I guess I had a good idea they'd have to pull out from the start."

Broker for "wedding network"

Failure to include all those necessary (or desirable) to the success of the network idea leads to the problematic inclusion of additional members at a stage when a level of bonding and group identity and cultural norms have come into being. It is problematic for the simple reason that new members will insist on 'negotiating' their understanding and inclusion within the problem definition and solution to the process - in other words, they initiate a revision of understanding that has common assent amongst the existing membership.

However, this situation is quite likely as *"Neither the problem itself nor the actors needed to work towards solution are necessarily self-evident at the outset"* (Finn 1996, pp.155-6).

³ McAllister (1995, p.26) points to the fact that 'affect-based trust' is founded upon emotional bonds between people and is therefore dependent upon a level of interpersonal chemistry.

Consequently it was common for the broker to ask the invited membership to identify who else should (or might be) involved to the benefit of the network. Not only does this signify that those 'at the table' are to be active in the development of the network (ie. the network belongs to them) but also that their knowledge as to the capabilities and reputations of other firms is welcomed - it is more likely they will have greater influence over other firms' decision to become involved. They will be further encouraged to promote an involvement if it is evident that the broker manages the discussions effectively and equitably ensuring each of the participants is equally encouraged to contribute their suggestions to the benefit of the group as a whole.

"The central attribute of the convener is trustworthiness, because the convener has no formal authority to establish the collaboration, enforce the rules, or ensure outcomes and must depend on the trust of the participants to be effective."
Wood & Gray (1991, p.152)

In the same way that the firms represented 'at the table' can be assessed in respect of their importance (in terms of the ease with which they could be replaced) the individuals representing the firms can be assessed in respect of the *personal* contribution they can make - the task of the broker is to optimise the effectiveness of members' contributions to the benefit of the group regardless of the relative significance of the firm they represent. Managing the group dynamics with a sensitivity to the individuality of members encourages their fuller participation which, in turn, results in their personal identification with the network's decision-making. Consideration of individuals' strengths is important to the broker when determining the division of network tasks amongst the membership as each task carries with it an expectation of 'peer review' and a consequent determination of members to impress in its performance. When asked if there was ever any concern over the failure of a member to see through the task given them, one of the brokers responded by saying :-

"most times they put twice as much effort into doing the task than anyone else would think of doing. The point is they don't want to look bad in front of the others... so they make sure they won't it's as simple as that !"

Identification with the network is identification with the network membership and this has to be seen as extending from an identification with the individuals involved to identification with the firms they represent - with the "wedding network" to have Marks & Spencers as a member caused a reassessment in the estimation of other members as to the significance of the network to them and within the marketplace. In essence, it made them feel a part of something bigger than they had previously assumed and gave them added confidence to expand their ambitions into new avenues - many of the same firms have since entered into another brokered network dealing with corporate hospitality.

Stakeholders legitimately demand the opportunity to contribute to the formation of the idea presented to them by the broker - should this be denied them they can never make a personal commitment to the development of the network and will be incapable or unwilling to identify themselves with its progress. Identification with the network's progress is a consequence of a member's realisation that it has become a part of their business reality. What it signifies is an extension of their previous 'boundaries of concern' for their business to include new concerns connected to the business of the network - in effect, their business horizons have shifted and they have tacitly accepted that *it belongs to them*, they are responsible for its development. They are in the process of becoming "*communities of commitment*" Kofman & Senge (1993).

9.2 **Business Horizons**

"In at least one meeting, I carefully planned the agenda, only to find the group had leaped completely past my thinking as the evolving sense of who they were opened new vistas of opportunity for them. In essence, I found that as an individual, I could not forecast in advance regarding the definition of the organization as I lacked the capacity the group developed by the exercise of 'collaborative advantage'."

Finn (1996, p.163)

This is the expectation and hope of all network brokers that the membership they have brought together for bringing to life the network idea as an operational business entity will start 'driving the vehicle' themselves and enable the broker to take 'a backseat'. The broker works towards becoming unnecessary by the encouragement and coaching of members to assume control in respect of the leadership of the enterprise - this is essential if the broker is to be able to move on to new brokered network opportunities. However, it is only as the business of the network is accepted by members to be *their* business (ie. when they identify themselves with it) that the network has finally changed hands and moved from the broker-directed momentum to the momentum of members pursuing market opportunity. As one of the brokers in the research expressed it, "*perhaps the most irritating thing about the process is having to remind them [network participants] that it's their network, their business they're spending time on... it's definitely not mine ! And the sooner we can get that across the better.*"

Initially, participants harbour concerns and attempt to estimate how much time, energy and resources this new collaborative venture will take away from their normal business activities and what benefits it is likely to bring to their 'bottom line'. In this sense, it is a calculation of the consequences of their moving into unfamiliar territory that will necessitate new learning to accommodate the new challenges that will inevitably await them. In a small scale study of small business owners (Kawalek et al. 1996), the general reaction was one of "*needing to turn work*

away” and a consequent lack of appetite for additional sources of business opportunity - it is possible however that this attitude was more related to the impression they wanted to provide than an evident reality. The point remains however that it is dangerous to assume opportunities for new business will be widely welcomed - many firms are content with the level of business they currently have.

“The act that never gets done, gets done too late, gets dropped too soon, or for which the time never seems right is seldom a senseless act. More often, its meaning seems all too clear.”
Weick (1995, p.37)

Porac et al.’s (1989) study of knitwear manufacturers in Scotland suggested a framework for mental sensemaking based on a combination of enactment (activity) and selective perception (individual bias). They suggested that this produces a “*cognitive oligopoly*” taking the form of “*a limited set of competitive benchmarks that is mutually defined to simplify and make sense of the business environment*” (*ibid*, p.413) and that these benchmarks are the frame within which identities and strategies materialise - “*Beliefs about the identity of the firm are a key part of the mental model.*” (*ibid*, p.399). Within a particular industry or within a particular community of businesses they add, it is the “*socially shared beliefs which define the relevant set of rivals and guide strategic choices about how to compete within this set.*” (*ibid*, p.400), not least decision making with respect to collaborations with competitors. However, it would be disingenuous to suggest other than that identity formation is an ongoing process involving reflexive, recursive processes (Weick 1995) and as such is open to disruptive revision whether in the normal course of events or in response to an external stimulus.

“We now live in a world in which no-one is in charge.” Bryson & Crosby (1992)

Within a postmodern perspective, identity is largely a matter of self-determination or even a matter of self-perception - companies repositioning themselves within their supply chains (eg. Normann & Ramirez 1993) by focusing upon their core competencies (Hamel & Prahalad 1990) or through a redefinition and refocusing of what they do and the markets in which they operate (eg. Electricity Companies redefining themselves as providers of energy and consequently becoming competitors in the provision of Gas, the decision of building societies to become banks and financial institutions operating their businesses on the internet as well as on the highstreet, etc.,...)

“I still find it hard to believe that I’m in business with Marks & Spencers !”
Participating member on the “wedding network”

For many small firms, their involvement in a collaborative opens the door to a reassessment and redefinition of who and what they are and where they might like to be - it is to some akin to opening ‘Pandora’s box’ providing a level of uncertainty and challenge they do not want. To

some, it represents an extension and possible formalisation of an activity they already engage in (ie. networking), to others it seems they are being asked to engage in a *new* business activity that demands they become different people and risk ‘muddying’ the clarity of focus people have as to what business they are in. People typically identify themselves as networkers or not and as a consequence attach either positive or negative connotations to the concept. Tither (1994) suggests that the success of any collaboration significantly depends upon the ability of the people involved to collaborate effectively and as Forest & Martin (1992) argue cultural incompatibility is the greatest cause of network failure - ‘soft’ networking issues are being recognised by many to be the most critical to the sustainability of a network’s progress.

“It is unlikely that the top managers of the organizations in a network will agree on a common culture. Usually they will be reluctant to give up their own cultures, which probably serve them quite well in a variety of business arenas. Such reluctance will be strengthened by the knowledge that their participation in a particular external network is not necessarily a long-term proposition.”
Medcaf (1996, p.49)

Bartlett & Ghoshal (1994, p.81) speaking of the effective organisation focus upon “*creating an organization with which members can identify, in which they share a sense of pride, and to which they are willing to commit.*” - it is the call for a clearly communicated set of values that people want to ‘buy into’ (ie. it is an organisational culture). And this includes the discipline to which all must commit :- “*The company’s philosophy is clear: everyone is expected to agree or disagree but eventually to commit.*” (Ghoshal & Bartlett 1995, p.91 speaking of 3M). The brokered network to be effective needs to abide by the same rule insisting on group solidarity over the legitimacy and finality of a commonly arrived at decision. Strategy requires focus.

Joyce et al.’s (1995) research suggests such networking is an integral and necessary aspect of operating a small business and that, as such, it happens as a matter of course. However, it is important to note that the term ‘networking’ is used both to describe the necessary and normal contacts a business owner keeps with the bank manager, accountant and suppliers and also to describe inter-firm collaborative activity (eg. garages sending their customers to each other when they are too busy to do the work themselves). Whereas the latter relates to a collaborative networking between firms it is clear that the former relates to a normal and necessary networking for a firm’s *own* business operation. The research of Jones (1996) into boat building adopts an interpretation of ‘networking’ that focuses on the gaining of useful and vital market information, primarily from suppliers and customers.

Jones (1996) draws attention to the conclusions of Best (1990) that inter-firm co-operation is a condition of small firm success, arguing further that such co-operation is dependent upon the

choice made by owners over adopting either an individualistic or a collaborative mindset⁴ - he suggests that those boat builders who chose to see their customers and suppliers as possible sources of market information and invited their opinions were far more innovative as a result. Furthermore, an individualistic mindset encourages isolation, insecurity and a widespread lack of trust leading to a 'distancing' of the owner from valuable sources of market information (Jones 1996). A number of other studies on SME collaborations reaffirm the basic conclusions that there are significant advantages to be gained from trusting co-operation (Cooke & Morgan 1998; Keeble 1998; Inaba 2000; Pyke, 1988; Pyke et al. 1990; Lyons et al. 1990; Han et al. 1993), not least of which is the ability to reflect and review the many 'taken for granted' assumptions that surround a familiar subject. However, as the research of Langley (1995) and Inkpen & Crossan (1995) suggests, it is difficult to confront the appropriateness of previous decisions and to face up to the consequences of having previously erred in the personal judgements made - it is easier to locate the fault to another's incompetence than your own or to ill-fortune (Wagner & Gooding 1997). How we perceive others is not totally unrelated to how we perceive ourselves.

"people project their own anxieties, fears and negative values on to others; subconsciously anticipating behavior which they themselves are likely to exhibit."
Carlisle & Parker (1989, p.53).

An understated benefit, that is impossible to assess, from involvement in a network is the presence of a peer group able to provide new perspectives onto a member's understanding of his/her business reality - relating to the business of the network, a member's business, a new business opportunity or even an insight into human nature or themselves. Brokers referred to the confidence members gained through being actively involved, discovering competencies they had never realised before or had never utilised as fully. It was generally expressed in the manner of Peter Senge's comments with regard to 'the learning organisation' :-

"where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together."
Senge (1990, p.1).

This sense of freedom to share in the development of new patterns of thinking is linked to the creation of a related sense of *belonging*, fundamentally, a respect for and trust in the membership of the brokered network. It is at this point that the network begins to discover fully its true capabilities and takes on a momentum of its own. It is at this stage of network development that the changes in members' attitudes and beliefs as to who they are, what they do and what they can accomplish can be seen to be open to radical and fundamental change.

⁴ Table 1 in the article taken from Jones & Kustin (1995) contrasts the characteristics pertaining to both progressive and traditional supplier relationships in a very clear and concise manner. Attitudinal approach is highly significant to the success of a collaborative venture.

Bessant's (1991) "four way perception assessment" (figure 9.4 below) presents the defining of an identity as a continual process that involves an assessment of one's own and others' (ie. other members and significant others) perceptions of one's own and others' actions. It is making sense of developments (Weick 1995) through a preconceived anticipation of behaviour and a reality that is emerging in activity.

Their perception of our actions	Their perception of their actions
Our perception of their actions	Our perception of our actions

Figure 9.4 Four way perception assessment

Both business horizons and related 'boundaries of concern' are subjected to a learning process that prohibits both standing still or retreating to a previously well defended position - they are on the march from *being* to *becoming*, revealing a landscape of collaborative opportunity and a confident awareness as to how to proceed.

Chapter 10 Learning and the broking process

“Given the challenge of trying to find and develop a new paradigm, this ability to learn may become the critical skill that will determine competitiveness in the future.”
Bessant (1991)

“An entity learns if, through its processing of information, the range of its potential behaviors is changed.”
Huber (1991)

“Organizational learning occurs through shared insights, knowledge and mental models... [and] builds on past knowledge and experience - that is, on memory.”
Stata (1989)

Pedler et al. (1991,1997) have provided a model to illustrate “*Organisational Energy Flow*”. The “*E-Flow model*” (figure 10.1 below) illustrates the means by which synergies can be gained (and assessed) through the interaction of policy, operations, ideas and action - they are clearly interdependent activities in that the concepts are defined through experience and experience is understood in the light of prevailing concepts (eg. Glaser & Strauss, Berger & Luckmann, Weick, Giddens, etc.,...). Interlinking the spheres are the concepts of learning, participation, directing and management which need to be effective in order for synergies to result.

“Individual purpose comes about through shared identity, which, in turn, fires our collective purpose. Equally, collective purpose gives meaning to our lives and our place in the company... Inner searching, which leads to company policy, is realized through collective operations and individual actions realize the learning and development of the people in the company. We never stop learning and developing and, in that sense, we are all of us searching for the next expression and realization of our identities... The Learning Company does not arrive except temporarily.”
Pedler et al. (1991, pp.31-32)

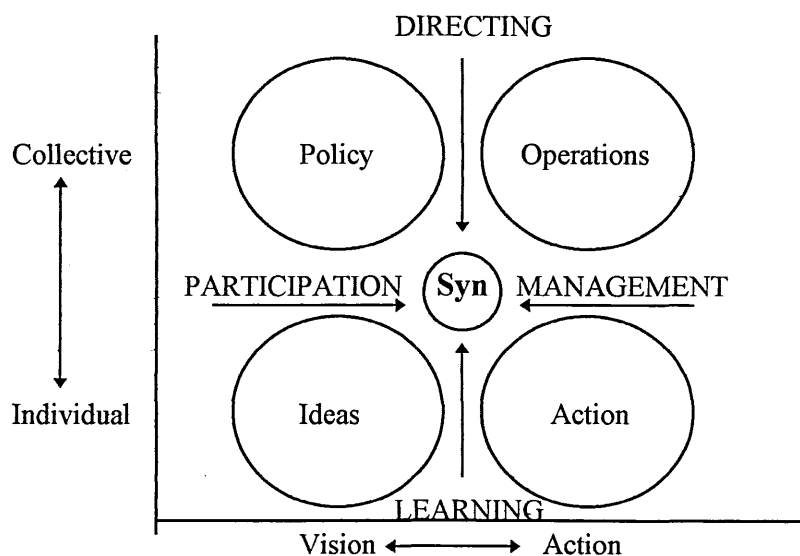


Figure 10.1 The ‘E-Flow Model’.

In relation to the broking initiatives and regional implementations of the business networking programme the model can be seen to highlight how serious a deficiency the lack of effective communication has been between those developing the programme and those involved in its implementation on the ground - it clearly indicates that a wider systems approach would help to ensure a more effective programme. In respect of the broking process it points towards the potential and challenge of ensuring the correct 'blend' of learning, participation, direction and management to release the latent synergistic potential contained within the network entity - it points towards the complexity of facilitating learning in the broking process.

"Networking requires a split personality - you have to be subordinate and a leader at the same time. You must be able to take criticism. You need to have strong views, but always remember that it is not your business. It takes self-discipline." views of a broker taken from GHK (1997, p.21)¹

The concept of the post-modern organisation is invariably linked to the concept of organisational learning (Senge 1990,1999) and the importance of knowledge creation (Nonaka 1991; Nonaka & Takeuchi 1995). The argument being that within this "new competitive landscape" (Bettis & Hitt 1995) the ability to learn has become the most critical of all capabilities (Teece 2000) for an organisation to possess as it provides the *only* source of sustainable competitive advantage. Networking and the networked organisation represent an organisational process and form that encourages an active appreciation of learning (Hastings 1993). They provide greater awareness and access to information that may prove relevant to the current or future activities of an organisation enabling it to stay ahead of the game. As an organisational form and as a form of organisation it is suggested by many (eg. Senge 1999; Ford 1997; Hakansson & Snehota 1995, 2000; Ebers 1997; Bartlett & Ghoshal 1994; Ohmae 1994; Miles & Snow 1986; Johnston & Lawrence 1988; Powell 1990; Hastings 1993; Jarillo 1993; Hinterhuber & Levin 1994) to be a most promising means by which to secure this most prized of organisational capabilities.

A post-modern organisation's operational effectiveness is dependent upon its responsiveness to opportunities for "collaborative advantage" (Huxham 1996), its effectiveness in managing its organisational relationships and its ability to develop along with its business partners a learning culture (Senge 1999; Pedler et al. 1997; Hastings 1993; Garvin 1993) that encourages the more effective use of information with respect to organisational purpose (Huber 1991). Collaborative mindsets are fundamental to this development and networking represents the simplest (Jones 1996) and most commonly adopted form of collaborative arrangement (Joyce et al. 1995) by which new information can be made available. Effective learning ensures mutual-benefits can arise from networking relationships and it is the broker's task to facilitate this learning process

¹ Hirschhorn (1997) identifies the same requirement for leading the post-modern organisation.

within the brokered network, the focus being upon benefit to the network and consequently shared benefits for its membership.

"[The learning organisation is]... where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together."
Senge (1990)

Senge suggests that the nurturing of 'new and expansive patterns of thinking' is an essential aspect of the learning organisation and Nonaka focuses upon knowledge creation in a similar vein, seeing the 'knowledge creating company' as a place where *"inventing new knowledge is not a specialized activity... it is a way of behaving, indeed, a way of being, in which everyone is a knowledge worker."* (Nonaka 1991, p.97). Both stress the importance of an appropriate attitude to learning - it has to become *"embedded"* (Granovetter 1992) into the organisational culture and understood by all to be an individual responsibility to engage in learning. Globalisation mandates collaboration and it is collaboration that ensures learning takes place at all levels of activity - the key issue is in motivating its participants and harnessing their potential.

With respect to the brokered network, the capability of the entity and its members to learn is fundamental to its chances to improve upon the effectiveness with which it operates and the appropriateness of its strategic decision-making. It is therefore a critical aspect of the broking process providing the means by which the ongoing development of the brokered network can be effectively managed by its membership. A broker needs to ensure that s/he has empowered members in accordance with their capabilities and 'coached' them to function effectively as a group (Hirschhorn 1997; Schein 1987,1999; Egan 1994) so that they can steer an appropriate course for the network - the broker's aim being to become redundant like a good tutor :-

"...it is inappropriate for a pedagogue to attempt to deposit putatively privileged recipes of knowledge into a learner. Education must develop those subjects' ability to assess their circumstances through developing a self-conception in which they are epistemic subjects who are able to determine and change their situation, as opposed to powerless objects determined by an immutable situation."
Johnson (1995, p.501)

The network entity (and its membership) continues to discover and define its environment as it evolves and the broker, as 'tutor', needs to provide members with the appropriate skills to navigate and negotiate new situations - the more dynamic 'the landscape' the more critical it is that the broker facilitates members in the process of 'learning how to learn'. Members can then become their own (and others') tutors, identify with other learners and appreciate the relevance of what they know. Consequently, learning provides a bridge for bonding (Faulkner 1995a) and opportunities for 're-vision' which open up a new understanding of who we are, what we are about and of what we are capable - it facilitates a process of envisioning, building upon and nurturing the growing sense of empowerment that comes with knowledge. This was evident in

the case studies and experienced in the forays into broking practice with the IMG and the Research Community.

“All we need do is start writing a paper on something connected to ‘Learning organisation’, invite him to have a browse through it and give his comments. Then if we ask him to join with us to make it suitable as an article for one of the better journals, I’m sure he’d be willing to submit it for the ‘XXX’ I think he may even be a member on their editorial board. In any event his name on the article would give it greater credibility that’s for sure.”

Founder member of IMG.

However, it is important to contextualise learning in the broking process by reflecting upon the different situation facing brokers depending upon when they were recruited (ie. first wave, second wave or post-second wave). Not only did they encounter different economic situations they also received a different focus within their training and varying numbers of case studies to which they could turn for advice, support or promotional material for the concept in action. It is inevitably an over-simplification but the three waves of broker recruitment can be seen as focusing upon *concept promotion*, *process management* and *market management* respectively with a related degree of involvement by the broker in the network, its process mechanics or the creation of a marketplace. This shifting focus reflected changes in the programme’s needs as well as the incorporation of insights into broking practice, gleaned from an analysis of brokers’ experiences, into the training programme. It also reflected a growing discontent at the difficulties of encouraging a larger number of firms to be involved and the problem of finding an effective ‘exit strategy’ from the small firm networks created.

The case studies will be reviewed briefly with respect to learning in the broking process and the significance of these contextually determined differences will be made apparent. The first two - the “*wedding network*” and “*arms manufacturers*” - are prime examples of networks created by brokers recruited in the first wave, the next two - “*I.T. firms*” and “*school security*” - were products of brokers recruited in the second wave and the last case study, focusing on the creation of network events, belongs to brokers recruited in the post-second wave.

“When we set out, we were approaching every firm in the locality... it’s obvious now, many of them were too small, there’s no way they could have spared the time from their own businesses to even attend meetings... and, it was obvious that firms expected there’d be a grant for being involved in the programme... they were very disappointed to find it was only our time that was free. Given that we were ‘finding out as we went’ that didn’t seem much of a bonus !”

Network broker (first wave)

Brokers in the first wave were inevitably hindered by a lack of working examples of small firm networks locally, regionally or even nationally. Consequently, they were instructed to seek out as

many firms as could be persuaded to become involved in brokered network initiatives regardless of size or market sector. This was a time when the programme's focus (and therefore broker activity) was upon *promotion of the concept's potential for extra business* - participants had to be *sold* a product they could only imagine through the eyes of a broker. So the belief in the broker's competence to deliver and his/her trustworthiness was a critical aspect in the decision to even consider participation. In this respect, participants had provided a vote of confidence in the broker both in his/her professional capacity and as a trustworthy individual - consequently, the brokers 'bond' with network members encompassed professional and personal elements. It is suggested that this resulted in brokers' difficulties and anxieties over discussing and engaging in an 'exit strategy' which they considered could be seen as a betrayal of the trust members had placed in them. Brokers' obvious reluctance to deal with this issue had potentially critical ramifications for the wider adoption of the programme and the involvement of a larger number of firms locally and therefore represented a serious failing in their broking practice.

"I'm only concerned with helping them manage the mechanics of the process... it's upto them to make the network work, it's not any concern of mine."

Network broker (2nd wave)

Brokers in the second wave were made aware of this 'failing' experienced by earlier brokers and consequently adopted the role of *process facilitators* keen to preserve some distance from the actual operational decision making of the network's membership - it was as professionals with tightly defined, limited involvement in connection with facilitating in the mechanics of process. In essence, they saw themselves and demanded others see them as *process managers*. Given that there were some networks operating successfully that could be highlighted to show the potential for the concept amongst small firms, the focus was upon providing a service that did not need the same degree of explanation as had been the case for brokers in the first wave. However, there was clearly a limit on the number of networks a broker could adequately work with at any given time - suggested as six or less - which inevitably set a limit on the number of firms that could be actively involved in the business networking programme, resulting in local disquiet as to the usefulness of the scheme and the openness of opportunity to many firms to be involved if not previously known to the TEC or Business Link.

"I'm not sure I know of any successful brokered networks, do you ? I can see a tremendous amount of time, money and effort going in, particularly on the part of the brokers... but are any of the networks capable of 'standing alone' or generating a significant amount of additional business ? I don't think so."

Network broker (Post-second wave)

Post-second wave brokers (as exemplified in case study 5) brought to their broking practice a surprising degree of cynicism surrounding the programme's success and the understanding of the concept of the brokered network. By the time of their recruitment there was a widespread

realisation that the training provided inadequate preparation for the reality of the practice and rebellion at instruction from trainers and academics who had no experience of broking practice. Added to this was a concern to be producing better results from the investment in network brokers with respect to their local impact - this necessitated involving and attracting greater numbers of firms and this called for alternative approaches to that of the brokered network.

Consequently, the concept was redefined in respect of its focus upon encouraging networking between firms as opposed to a focus upon creating networks as separate, identifiable entities. In open defiance of the 'official standard' the brokers in case study 5 chose to become *event organisers* in effect creating a market situation by bringing together sellers and vendors with the opportunity not merely to trade but also to network. These brokers focused all their efforts upon *management of the market they had created* and had no involvement nor direct interest in the transactions that took place nor in any inter-firm relationships that emerged - they chose to view the management of the event as the extent of their involvement as network brokers in the business of the firms invited to take part.

It should therefore be clear that the 'learning' of brokers and their network members has to be viewed in relation to the interpretation of the brokered network concept as understood and expounded by the network brokers involved. To members involved in brokered networks of the first-wave brokers it was expected that the broker would be an integral part of the network and it was natural to consider s/he belonged to the membership as much as any other member. It was also expected that the broker would be the *promoter* of the network idea, *manager* of group decision making and *arbiter* of disputes. However, to members involved in those networks of second-wave brokers the broker was seen as providing *a service* as would their accountant or solicitor, providing *a level of expertise* into the proceedings of network broking but only *a distant involvement* in the network's operation. And to members involved in those networking initiatives organised by the post-second wave brokers in case study 5, it would be clear that the broker's involvement was centred upon and culminated with the *management of the event*.

Consequently, the range and limits of the learning expected of themselves and from the broker was related to the interpretation of the brokered network and broking practice that they took as being appropriate and normal - the legitimacy of such interpretations shifting in response to new understandings emerging over time from experiences in the field.

"After doing this work for the past few years all I know for sure is that every network is unique - each has its own challenges and within each you've a different set of characters and abilities to work with. You'll find there is no magic formula it's just working with people to do the best you can together"

Network broker (first wave)

However, despite the differences some things were common to all broking practice such as the presence of the two related themes of 'learning by doing' and a 're-conceptualisation of business'. These form the essential ingredients to moving beyond an adoption of networking as expanding upon 'business as usual' (ie. same products/services, same markets/customers), to an acceptance of business opportunities that lie beyond what is 'known and familiar', that may involve a level of risk and vulnerability, that inevitably require new learning (not least of which being the ability to manage collaboration with others). It is the network broker's task to engender this attitudinal shift and in every case this requires the membership to be assigned to carry out tasks for the network - this provides personal affirmation of being an active member of the group with responsibilities to the group. Consequently a working definition of 'learning in the broking process' (figure 10.2 below) must attempt to encompass these issues.

"Learning is concerned with facilitating the challenge to existing conceptions of, and attitudes towards existing 'normal' patterns of behaviour with the intention of encouraging movement at a cognitive (as well as behavioural level) towards greater collaborative activity. It's effectiveness depends upon the 'normalisation' of new ways of thinking and doing, accepting 'muddling through' as a valid and necessary part of the process of active learning within the broking process."

Figure 10.2 A working definition of learning.

10.1 Attitudinal shift - the collaborative mindset

"The term 'business network' is used here to mean 'an integrated and co-ordinated set of economic and non-economic relations embedded within, among and outside business firms' (Yeung 1994)... This issue of interdependence in the social as well as technical aspects of the network is taken up by Swedberg & Granovetter (1992) when they define business networks as 'a regular set of contacts or similar social connections among individuals or groups'. Thus the conception of firm survival involves not only a sea of market relationships but also a sea of private relations."
Vagneur et al.(1995, p.58)

"The network perspective redirects our attention away from formal structure and policy to the importance of patterns of social relationships within organizations, including (perhaps especially) informal ties. It conceptualizes market processes in highly relational and socially embedded terms. Concepts of trust, reciprocity and reputation move centre stage."
Ferlie & Pettigrew (1996, p.S82)

Learning in the broking process is inseparable from the notion of the 'collaborative mindset'. It is only through a willing acceptance of the need or desirability for collaboration that there can be an effective realisation of the latent synergistic learning capability present within the brokered network. And this collaboration depends upon a willingness to trust in the abilities and goodwill

of others to do those aspects of the network's business that are seen as residing within their particular realm of expertise. Lorenzoni & Baden-Fuller (1995) speak of the need for the 'strategic centre' (ie. the 'hub' of the network - in this case being the network broker) to encourage a philosophy of "borrow-develop-lend" with regard to ideas, to develop partner competencies in an atmosphere of open dialogue encouraging partners to be creative and to use their initiative. They also need to overcome members' fears as to the potential dangers to their own businesses from 'partners-cum-rivals' (Bleeke & Ernst 1995; Hennart et al. 1999; Dussauge & Garrette 1998), to persuade them that the evolution of the network entity is theirs to develop and to facilitate them to do so. In essence, the role of the broker (or strategic centre) is to provide a conducive atmosphere for organisational learning and member development.

"The strategic centres view their role as one of leading and orchestrating their systems. Their distinctive characteristics lie in their ability to perceive the full business idea and understand the role of all the different parties in many locations across the whole value chain. The managers in the strategic centre have a dream and they orchestrate others to fulfil that dream."

Lorenzoni & Baden-Fuller (1995, p.153)

As the 'dream' is on the way to being fulfilled (ie. being a network it never actually reaches an end-point before it reconceives itself), it is inevitable that members will need to develop a new awareness of themselves and their businesses as to their capabilities and their ambitions - Arnaud de Meyer (1993) argues that organisational learning is the very essence of networking in that network participants need learning skills necessary for being a successful collaborator in addition to learning the technical, marketing and other information of use to the firm in the current network and over the long term. Consequently, firms with experience of single-partner relationships will be better prepared than those that have none and firms that have participated in networks before will be better prepared than those which have not (Dussauge & Garrette 1998; Simonin 1997). Similarly, individuals who have a positive experience of networking are more likely to become effective networkers due to their greater understanding as to what is involved and greater insight from experience as to how to assess those with whom they are networking - Tither (1994) and Catt & Scudamore (1999) list characteristics defining the ideal networker.

To paraphrase the latter's list (pp.179-180) of key requirements:-

- (a) *focus* - treating networks as important assets,
- (b) *image* - projecting best side of themselves and their firm,
- (c) *selectivity* - networking with 'the right people',
- (d) *limitations* - realising networking can only take them so far,
- (e) *two-way traffic* - appreciating the need for reciprocity of commitments and actions,
- (f) *approachability* - always making time for the people they network with,
- (g) *availability* - being easy to make contact with,

- (h) *control* - giving clear, precise messages as to what is expected (ie. no ambiguity),
- (i) *usage* - making use of their networks for advice and assistance,
- (j) *risk* - having awareness of the dangers associated with networking.

An ideal networker is, by definition, open to collaboration and consequently to learning. In order to contrast the individualistic and collaborative mindsets, Best (1990) characterises the former as displays of routinised, insular, conservative, secretive and distrusting attitudes and behaviours leading to the failure to upgrade processes and products with sufficient regularity. Sadly, this characterisation all too often reflects the perspective of many suppliers within the supply chain for whom years of ‘cut throat’ competitive tendering to win contracts with more powerfully placed manufacturers has resulted in a legacy of suspicion over notions of ‘mutual benefit’, ‘collaborative working’, ‘favoured suppliers’ etc.... Dodgson (1991) notes there are three learning processes in continuing partnerships - learning about the partner, learning about the task and learning about outcomes. Such learning is a critical aspect of the investment that is being made into the relationship (Hakansson & Snehota 1995).

“[Japanese firms exhibit] an almost fanatical devotion towards learning - both within the organizational membership and with outside members of the interorganizational network. To them, learning is something that takes place continuously in a highly adaptive and interactive manner.”

Imai et al. (1985) cited in Lamming (1993, pp.101-102).

It is suggested (eg. Fukuyama 1997; Darwin 1998; Sako 1992) that there is a greater natural propensity for firms from the East to look favourably upon collaborative ventures than is to be found within their Western counterparts as a product of the vastly differing cultural systems within which they have developed. Notions of ‘win-win’, ‘non-zero sum’ and ‘continuous learning’ remain relatively alien and confusing concepts to many small firms in the U.K. where inter-firm relationships have always been based upon issues of product price and quality. There is a long history of business behaviour rooted in competitive entrepreneurial independence and collaboration is viewed not so much as “*a learning exercise*” (Faulkner 1995b; Hamel 1991; Hamel et al. 1989) but more as a sign of weakness or weak-mindedness (Kawalek et al. 1996).

For many firms there is ‘a road to be travelled’ before they can see collaboration as a useful component in their strategy for greater competitiveness and a key element of that journey is learning to trust as much in the possible outcomes from collaboration as in their potential partners. Joyce et al. (1995) admit to scepticism over the extent of network organisation in the small firms sector arguing that this varies across industries. They also suggest that many firms do not actively seek out new avenues of business preferring to rely on existing trade and generally enter into collaborations as a consequence of adverse market conditions (ie. a reactive approach).

“There’s enough work to keep us going for ages... we don’t need to go looking for it... I’m not sure when we last had to advertise. People know what we do, they appreciate the work is good and quite frankly, I can see no reason for us getting involved in some scheme or other that is being run by the TEC. Quite frankly, we don’t need it.”

SME owner (Kawalek et al. 1996)

Best (1990) characterised a collaborative mentality as seeing suppliers and customers as being sources of valuable information and insight, looking out for niche markets, having the ability to perceive themselves differently (ie. conceptual freedom over their strategic definition) and being more innovative than their competitors. Obviously, the network broker can not depend upon the membership containing natural networkers eager to engage in collaborative ventures - even if s/he has deliberately chosen participant firms with a view to the individuals involved there is no guarantee that firms will not substitute their representatives as matters progress. It is incumbent therefore upon the broker to set in place the most conducive of environments in which collaborative relationships can emerge and to work with members in the development of trust within the membership’s relations. According to Zaheer & Venkatraman (1995) trust is a combination of rational calculation and ‘a leap of faith’, it is in the broker’s interests to maintain an influence in the determination of the former and to engender sufficient credibility to promote the latter. Sometimes this process can be aided by the history of relations between firms and their common identification of a problem situation demanding collaborative action to produce a mutually beneficial outcome :-

“While these institutions ‘compete’ in that they all provide medical care services, their history within the organization allowed for a certain level of ‘trust’, which translated into some almost shocking revelations regarding the pessimism of these units. They all knew they were in trouble and it was abundantly clear that their vision of survival encompassed collaboration with their peers. Yet no unit was at all interested in mergers and was politically constrained from doing so.”

Finn (1996, pp.161-162)

From the case studies it was clearly evident that similarity in ‘frames of thinking’ (ie. cultural compatability) enabled brokers to facilitate the development of trusting relationships amongst the membership - it would be fair to suggest that this culture was the emergent product of a membership’s shared experiences and that the principal actor sponsoring its formation was the network broker. However, a clearly definable common cause, common destiny is helpful.

“One of the basic premises in our network view is that new information leading to new ways of doing things emerges in a process of interaction with people and real-life situations. It follows that the ‘information ability’ of the firm depends critically on a scheme of interactions. The difficulty is that the generation of new information cannot be planned, but has to emerge. Thus the task of the manager is one of designing a structure which provides an environment favorable for interactions to form, and for new information to be generated..”

Imai (1989).

Developing a collaborative mindset amongst the membership is fundamental to the effective use of the synergistic potential embodied within the network. However, as Garvin (1993) concludes, this is a process that takes time and is realised through 'active' experience within an environment conducive to learning :- "[fostering] a mind-set that ...enables companies to recognize the value of productive failure as contrasted with unproductive success. A productive failure is one that leads to insight, understanding, and thus an addition to the commonly held wisdom of the organization. An unproductive success occurs when something goes well, but nobody knows how or why." Nadler (1989, Section 3, p.3). In essence, all learning is an experience to value and reflect upon - the person who never did anything wrong, never did anything ! It is a reputed feature of learning organisations that failure is not as bad a result as 'failure to try' - the often quoted exemplar being 3M's finding a failed experiment (eg. the "post-it") proving to be a most successful product. True failure is the failure to learn from experience, good or bad (Fortune & Peters 1997).

"A learning organization is an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights."
Garvin (1993, p.80)

10.2 'Muddling through' - an approach to active learning

"It is very difficult to become knowledgeable in a passive way. Actively experiencing something is considerably more valuable than having it described."
Schank & Childers (1988, p.9).

"The 'muddling through process' can once again be used as a means of identifying important strategical issues. Broadly speaking two issues emerge. The first can be labelled 'get into the mud' and the second 'get through the mud'... A network must be learnt through working within it. The reaction pattern is namely affected by the entrance of a newcomer, which makes previous in-depth studies of it more or less obsolete. This does not mean that managers should not analyse and think, but only that such activities do not compensate for the necessary experience gained by working within the network."
Hakansson (1987 p.503)

Hakansson's words echo the perspective of the brokers interviewed within the research for this thesis, it is only by being involved that a real understanding of what it means is possible. No amount of theory, no quantity of research studies can 'inform' in so direct a manner as personal experience - the primary reason for the author's involvement in broking the IMG and Research Community networks. It is the 'reality' of Nonaka's (1991) views on knowledge transfer and an acceptance of Ouchi's (1979) considerations of how to measure 'outputs' when the knowledge of the transformation process is severely restricted. Transferring knowledge that is inherently only tacitly understood (ie. Nonaka's baker) to an 'apprentice' for whom the rules need to be

made explicit is only a step along the road to a ‘personalised wisdom’ as to what the baker knows - the vital ‘ingredient’ for the apprentice being experience through which the learning is internalised (ie. rules and observed behaviours). Tacit knowledge can only be really understood through experience (Doz & Hamel 1998).

The imperfect appreciation of the broking process, broking practice and broking outputs are akin to Ouchi’s 4th quadrant (see figure 10.3 below) illustrating the problematic nature of broking with respect to introducing behavioural or output controls on network broker’s practice.

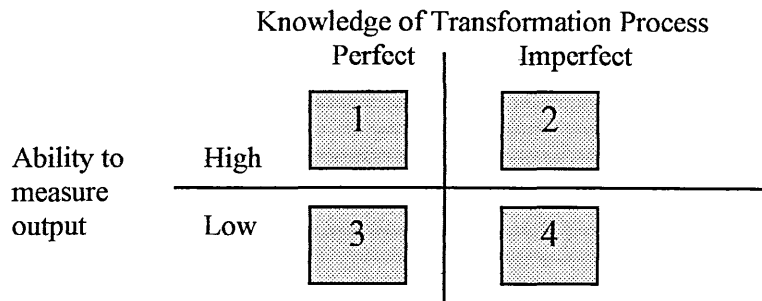


Figure 10.3 Factors affecting choice of administrative control (Ouchi 1979, p.843)

Where knowledge of the transformation process is perfect and the ability to measure output is high (eg. the production line) it is possible and appropriate to introduce some behavioural and output controls (quadrant 1). Where knowledge of the transformation process is imperfect but it is easy to measure outputs (eg. the sales activity) it is possible and appropriate to introduce only output controls as it can be assumed this is a good indication of effective salesmanship (quadrant 2) and negates the need to focus upon the sales process for which there is imperfect knowledge. Where knowledge of the transformation process is perfect but outputs are not that good a guide to performance (eg. much clerical and admin. work) then behavioural controls are much more appropriate than output controls (quadrant 3). Where neither knowledge of the transformation process nor the ability to measure outputs (as an indicator of performance) is seen as good (eg. R & D *and*, from a broker’s perspective, the broking process), then neither behavioural nor output controls will be deemed to be that appropriate or legitimate as a means of assessing practice.

It was apparent that according to brokers there were two sources from which a ‘legitimate’ assessment could be gathered - the clients a broker had been dealing with and the perception of their manager as to their honesty, integrity and professionalism to give their best efforts to the task at hand. Interference, in terms of the determination of sectors for special attention, the insistence upon documentation of practice and comparisons between ‘models of best practice’ and actual practice were interpreted as challenges to their credibility as professionals or their

integrity in pursuit of their craft. Indeed, as with other professional groups, there was no real eagerness to attempt to demystify the 'art' of their practice even should it have been possible to do so.

"I can understand why you'd want to 'shadow' me as I do my work but I'm not sure you'd find it that useful... what you'd end up with would only be a very shallow insight into what we do and not the essence of what it's all about. So much of what I do is 'unscripted', based more on how I feel things are going and what clients are capable of... it's not something you can gather through observation it's only through involvement you can begin to get an insight into what it's about...and everyone 'at the table' is there because they are making a contribution.

Network broker (case study 1).

Just as it has been argued, with respect to determining an appropriate research methodology to research a subject as 'rich' in its possibilities with regard to a meaningful research question yet confused by a plurality of "*practically adequate*" perspectives (Sayer, 1984), it is only as a result of involvement that clarity of focus and understanding emerges - predetermination is a negation of meaningful interaction if it precludes meaningful discourse with those involved. It is in the *working through* that a reality is "*constructed*" (Berger & Luckmann 1966) enabling creation of 'models of behaviour' that provide a theoretical framework to guide and inform (and to be guided and informed by) the collection of data (ie. Glaser & Strauss 1967) in a process which though based on reasoned rationality is inherently imprecise and 'muddy'. As Weick (1995, p.184) aptly expresses it :- "*Outcomes develop prior definitions of the situation*"

Whereas the understandable preoccupation of those administering the programme related to their need to set down a set of guidelines for broking practice by which they could ensure a common standard of practice across regional implementations, to network brokers there was common agreement that aspects of their practice defied encryption - quite simply they were 'fellow travellers' in the process of 'becoming' (together with their invited membership) the 'reality' that *was* their network. The guidelines they followed were *those that would work* (ie. pragmatism in action) within the particular circumstances of the particular network opportunity but this could only be known by choosing (in Hakansson's terminology) to "*get into the mud*" and work together to "*get through the mud*" - appropriate guidelines could not be prescribed *a priori*.

"If I should point out one single most important individual factor for success in product development, I would choose power of endurance without any doubt. It is never the question of how good, useful or profitable the idea is from the beginning but how to make it useful and in this way profitable by hard work. Thus product development without endurance is worth nothing!"

R&D manager cited in Hakansson (1987, p.503)

The brokered network has to become "a community of commitment" (Kofman & Senge 1993) as commitment is at the 'heart' of the learning process enabling its evolutionary development.

Chapter 11 Time-dependency and the broking process

“Time-based competition suggested an entirely new paradigm: the emergence of strategies of movement. Time-based competition shifts the focus from the strength with which a company can create and defend a position to the speed and agility with which a company can move... a manager needs to be able to accomplish both types of strategy: strategies of movement to open up new competitive space and strategies of position to cash in on the space once it's occupied.”
Stalk & Webber (1993, p.102)

“...flexibility, agility, and speed - are emerging as the strategies for competing successfully in the global marketplace... This pursuit of continuous learning is the route to achieving renewable competitive advantage through ‘anything, anytime, anywhere’ strategies. This is a dramatic change from traditional ways of thinking about strategy, and it requires unlearning preconceived notions.”
Slocum et al. (1994, pp.34-35)

“The strategic issue is not whether a particular advantage will be made obsolete; this is a given. Rather, the issue is the intensity of competition and the rate at which new sources of advantage must be found or countered.”
Werther & Kerr (1995, p.17)

Time-dependency is the concept that associates criticality to the timing of activities. It has great relevance to the broking process, particularly during a period characterised by an increasing globalisation of industries. It is a commonly aired concern by those focused upon the development of the post-modern organisation and its capability for continuous learning as the means of securing sustainable competitive advantage. Opportunities are time-dependent - the ‘windows of opportunity’ within which to act and the ‘critical moments’ challenging the satisfactory progress of an organisation’s development need to be met ‘on time’ or all is lost. Preparedness and a willingness to ‘satisfice’ (ie. choosing the ‘good’ available *now* over the ‘best’ later) are key to ensuring a network’s effectiveness at managing time-dependent issues. It is the broker’s responsibility to ensure that the network’s membership is ready and able to identify and respond appropriately and effectively to the critical moments as they occur.

“In the case of Just-in-Time implementation, the conventional win-lose approach of adversarial relationship is invalid. Instead, relationships between organizations are typical of mutual cooperation, trust and loyalty, careful selection of partner, long-term orientation, interdependence between partners, closeness of partners, openness in communications and provision of critical or supporting activities to maintain the relationship.”
O’Neal (1989, pp.61-62).

The “Just-in-time” (J.I.T.) production philosophy is centred around the management of time critical processes and, as such, is a vivid exemplar of *one* aspect of time-based competition - the production time for assembling a product (eg. a car) is a part of a complete process that includes

research, design and development, manufacture, marketing and sales, delivery and support. Throughout the complete 'product life-cycle' opportunities exist for time-based competitive advantage to be gained that typically extend beyond a single firm's boundaries to include many others in an array of differing inter-firm relationships - it is precisely the same throughout the 'life-cycle' of the brokered network.

A firm's effectiveness in managing time-dependency is directly affected by the effectiveness with which it manages its inter-firm relationships and the effectiveness of the brokered network depends upon the co-ordinated co-operation amongst its membership in 'producing the goods'. Although this is of greatest significance to those networks exhibiting a high degree of vertical integration and interdependency of activity between the firms involved it is an issue of relative relevance to most networks, for as Sommers (1993) points out, most networks can be seen to comprise both horizontal and vertical components.

"for every straightforward horizontal network...there is a more complicated structure with both horizontal and vertical components. The WoodNet group on Washington's Olympic Peninsula is primarily a horizontal network discussing the possibility of shared services and allowing members to learn techniques from each other; however, the network helps members to reach 'down' to sawmills and 'up' to small scale producers who use other members' waste material as inputs."

Sommers (1993, p.475).

In situations where there is a high degree of trust and a willingness to work collaboratively it is reasonable to expect to find a greater understanding as to how to improve upon inter-firm processes and achieve a reduction in transaction costs (Williamson 1975) - Gronroos (1994) suggests that the related parties learn better ways of interacting and decreasing relationship costs over time. Many authors (eg. Bessant, Lamming, Carlisle & Parker, Ford, Hakansson & Snehota, Doz & Hamel) point to the importance of inter-firm relationships and consider them to be critical 'resources' for the firm built up over time and through experience (Hakansson & Snehota 1995). Hallen (1980) and Hallen, Johanson & Mohamed (1987) associate relationships with providing the framework for a gradual growth of mutual trust and knowledge and Paliwoda & Bruce (1987, p.5) look upon relationships as essentially being *"a force that promotes change and development"*. However, an approach emphasising the importance of managing inter-firm relationships is one that, by its very nature, is demanding in terms of time, effort and resources :-

"In fact, it seems that low pressure, or the absence of stress, in a relationship may be a sign of decadence and potential disaster: the concept of kaizen (continuous improvement) has within it the notion of never reducing the operating pressure. In other words, the better the relationship, the harder each partner must try to improve it."

Lamming (1993, p.149)

Within the brokered networks researched it was evident that trusting relationships between members did evolve but only over time (Gersick 1988) and *in their own time* as a result of shared experiences. Although brokers sought to facilitate this process by providing members with appropriate network responsibilities in order to secure and demonstrate commitment to the membership they could not govern the personal sensemaking of experiences nor the ‘gut’ feelings of members about events - *“other people’s meanings and interpretations are highly unmanageable”* Hatch (1997, p.235). Consequently, a network broker can only surmise that participants’ expectations are being realised by their continued participation in the network’s developments and that this is providing them with a sufficient justification for giving ‘the benefit of the doubt’ when necessary to the intentions and actions of other participants including the broker. However a level of ambiguity and uncertainty over developments is useful :-

“Facilitation must ‘reflect a tolerance for the ambiguity and uncertainty which are inherent in the social learning process’ (Korten, 1981). Other than reinforcing the idea of self-existence, doubt reinforces the value of the group and their continuing search for solutions.” Schuman (1996, p.138)

Obviously, all any broker can do is to handle members’ objections and difficulties as and when (and if) they choose to raise them. The great problem for the broker is the need for ‘second-sight’ to pre-empt troublesome situations caused by feelings left to ferment beneath the surface. In terms of time-dependency, the earlier a potential problem can be identified the better it is for the broker and the network but apart from encouraging greater openness and guaranteeing confidentiality in one-to-one discussions there is little more s/he can practically do. For brokers with close links with their networks (eg. first-wave brokers), they regard ‘one-to-one’ dialogues as the most critical opportunity for members to express their concerns and consequently, see these discussions as most useful to their maintaining control and awareness of potential issues that could prove problematic - forewarned is forearmed.

“Members don’t think twice about ringing me up at all hours...if they’ve got a problem with something, are unsure about what’s going on or if they just want to ‘clear the air’, voice their concerns...they just pick up the phone and call me. But that’s fine. I’d prefer to hear it that way than it turning into something else. Many feel unable to raise their feelings during the meetings so it’s vital that there’s another outlet for them.” Broker (first-wave).

Although the “Dallas Organization” (Peters 1992, p.190) has common characteristics with the brokered network organisation - a coming together of disparate people with specialist knowledge and capabilities to work on a common problem - the *“swift trust”* (Meyerson et al. 1996) seen to be an important factor of temporary groupings is not necessarily applicable. Unlike in the “Dallas Organization” each of the members of a brokered network controls the right (and has the ability) to determine a timeframe within which they will be actively involved in establishing a network or not - the timeframe is decided by them on the basis of their perception of ongoing

developments as opposed to being determined by circumstances pertaining to the situation or the direction of the co-ordinator.

Ring & Van de Ven's (1994) process model illustrating the perceptual assessment processes underpinning the developmental processes in inter-organisational relationships - negotiations, commitments and executions, interdependent contributory factors in the ongoing assessment - points towards the continuous nature of personal sensemaking and its relation to experiences built upon over the duration of the relationship. Isabella (1990) speaks of interpretive frames of references, tasks and construed realities evolving through the four distinct stages of anticipation, confirmation, culmination and aftermath as organisational changes unfold over time. For Weick (1995) sensemaking is simply a retrospective understanding of previous experiences that evolves in present activities - meaningful, lived experience.

"The idea of retrospective sensemaking derives from Schultz's (1967) analysis of 'meaningful lived experience'. The key word in that phrase, lived, is stated in the past tense to capture the reality that people can know what they are doing only after they have done it."
Weick (1995, p.24)

Managers commonly attribute their success to their organisational strengths and their failures to the environmental situation but are more likely to attribute others' success to the environmental situation and failures to their organisational weaknesses (Wagner & Gooding 1997). Wagner & Gooding contend this leads managers to be complacent about the performance of their own organisations and to underestimate the capabilities of others. As the decision to become involved in a brokered network or broking initiative carries with it an investment to commit both personal and firm resources (ie. withdrawing resources from their *own* firm for the *common* purpose) this is an important finding. This sacrifice of scarce resources (particularly time) is open to consistent evaluation over time in relation to ongoing experience as a network participant and reciprocal action from others - as Ring & Van de Ven make clear equity and efficiency are inter-related.

As such, it is imperative that the broker facilitates a contextual setting in which each member is aware of their equal status and responsibilities within the network's membership. Process design and management is instrumental to the broker's facilitation of the broking process - this includes the broker's understanding of their role, their expectations of participants, the degree of formalisation and informality common to network developments, the management of negotiations and decision making, how often and where meetings occur and their format, etc.,... Wood & Gray (1991) have identified four "*modes of influence*" (legitimation, facilitation, mandate and persuasion) according to the type of influence exerted (formal or informal) and the source of intervention (invitation or convener-led). Others (eg. Schein 1999,1987; Egan 1994; Gray 1996; Schuman 1996) have detailed possible convener styles and variables of the process

describing their impact upon the resultant process and participants' expectations. Opportunities exist for broker influence over proceedings and there is scope for the introduction of time-dependence as an important part of that context (ie. timeframes for decision making, critical events (scheduled or environmentally determined), timing of activities, timing of meetings, etc.,....). Time is a 'tool' that can be used to exert influence and yet has to be handled with care :-

"To stimulate both rationality and efficiency in decision making, we need to design organizations and approaches that combine constructive checks and balances with effective ways to arbitrate. Given the apparent contradiction between these goals, achieving both rationality and efficiency in decision making is far from easy... Management is a dialectical process in which cycles of diagnosis and readjustment never end. When decisions are consistently driven either by irrational impulse or by obsessive number crunching, a new cycle of diagnosis and adjustment is overdue."
Langley (1995, p.74)

Langley (1995) describes the dangers in decision-making of engaging in a protracted analysis (ie. paralysis by analysis) or acting with undue haste (ie. extinction by instinct) and this concerns the decision-making effectiveness of the brokered network. It is incumbent upon the broker to govern the process whereby decisions are taken and yet it is the membership that are charged with the task of making the decision and then implementing it. This distinction is significant and needs to be appreciated by the broker and network membership for it enables participants to become 'the network' and the broker to become 'a specialist in process management'. S/he inevitably has a commitment and interest to the development of the network but participants' firms constitute the means of bringing 'the product' (that is the network) to the marketplace. It is the broker's task to facilitate them in the management of time-dependent activities in the broking process to accomplish the goals of the network.

In considering the case studies, with respect to time-dependency, it is evident that there is a consistent awareness of the importance of time with respect to network development. In the first case study (the wedding network) and in the researcher's experiences with the IMG and the Research Community, there was a constant need for the broker to provide a stimulus to provoke members into activity - other business (relating to their own firms or occupations) tending to relegate that of the network to 'the bottom drawer' save for the persistence of the broker. Maintaining an awareness of the need for network momentum was a critical factor. Within the second case study (the arms manufacturers), there was the need for a 'persistent patience' due to the long-term nature of the international arms contract procurement process. Knowledge of the bureaucratic culture of the market's customers and the (sad) certainty of a continued need for weaponry in future decades provided a satisfaction with slow progress. It was a matter of maintaining patience, preserving the network as a potential force for the time when it could enter the market as a credible and acceptable option. The following three case studies emphasised the

utilisation of local firms in networks (and networking events) with an acceptance that though they may not be 'the best' at what they did outside of their locality it was more important that they could provide the necessary complement of capabilities needed to action the network idea. In essence, 'local firm' involvement was the important factor and this almost invariably would involve a degree of 'satisficing'. On the basis of the research undertaken and wider consideration of the increasing importance of time-based competition the following working definition of time-dependency is provided below (figure 11.1) :-

*"The concept of time-dependency in the broking process is concerned with identifying and managing time-critical developments to ensure the network's preparedness for 'windows of opportunity'. The broker, by focusing upon the need to **maintain momentum** in network developments challenges members to commit more of their resources (personal and firm) and of themselves, to the service of the network. S/he also needs to be **prepared to satisfice** when there is insufficient time to wait for the best firm or market opportunity to emerge."*

Figure 11.1: A working definition of time-dependency

11.1 Creating and sustaining momentum

"As inter-organizational relationships evolve over time, it follows that first of all, owing to the time factor which is critical and constant, inter-organizational relationships are dynamic in nature. In comparing the relationships between individuals and those between organizations, Geser (1992, p.444) finds that inter-organizational relations are more 'polymorphic' and 'variable' over time. They are respecified according to changing needs and situational conditions. As they change in nature, they are capable of modifying old or generating new 'normative regulations'."

Cheung & Turnbull (1994, pg.250).

"Byrne (1993) defines virtual corporations as temporary networks of independent companies linked by IT to share skills, costs, and access to one another's markets. They tend to evolve in form because they are created to exploit evolving opportunities."

Medcaf (1996, pg.48)

When Davidow & Malone (1992) first coined the phrase "*the virtual corporation*" to describe their vision of an organisational form suited to the twenty-first century they gave rise to analogies linking the concept of the network to a loose coupling of independent operating units brought together for a common purpose and staying together only until that purpose had run its course. The network organisation is dynamic by nature and its membership reflects its perceived needs at a given point in its evolution - as the network evolves in line with its awareness and ability to approach new market opportunities so too will its membership. Change is a normal process within the evolution of a network regardless of whether such change is

planned or unplanned, proactive or reactive, relating to internal dynamics of the network's membership or operation or to the external dynamics of the market. The network is driven by a purpose and exists as a means to fulfil that purpose until another takes its place - maintaining momentum to achieve the network's evolving sense of purpose is the responsibility of the broker.

Eccles and Nohria describe the context of managing as an ongoing flow of actions and words within the organisation, often punctuated by events such as a product launch, off-site strategy planning exercise or a budget meeting. Such events provide opportunities to reflect critically upon developments, to :-

“focus and crystallize meanings in organizations...they serve as moments to take stock of ongoing actions, to spin new stories, to set in motion future actions, to formally announce beginnings, milestones, and ends, to trigger a change of course, or just to touch base and reaffirm individual and organizational identities.”

Eccles & Nohria (1992, p.48)

The events represent moments in time at which reflection of progress is a normal consequence. As such they provoke sensemaking assessments leading to an evaluation of identification with, and commitment to, the organisation's purposes and goals - the resultant degree of satisfaction or dissatisfaction with progress leading to a consequent readjustment of motivational effort to match the efforts expended with the anticipated rewards (Lawler, 1973; Adams, 1953). From the case studies it was apparent that brokers utilised the timing of events (eg. the Wedding Fair, the production of a brochure for the arms manufacturers, the Schools and I.T. events) to galvanise their memberships into activity and provide necessary “short-term wins” (Kotter 1996).

These moments punctuate the normal flow and at the same time give purpose to them - they are the stimulus for change and the reason for analysis, they provide both a history and a future, an awareness of *being* and a vision of *becoming*. Moments of reflection and creation (Berger & Luckmann 1966) that demand activity to explore opportunity or to counter threat, moments of ‘making’ sense in organisational purpose and purpose in organisation. They are a useful ‘tool’ to assist in the creation of momentum, focusing attention upon a goal to be achieved and providing an evident ‘reality’ to the network's progress. They also provide ‘a consensual rationale’ for the membership's response to this test of their effectiveness in action as a group - helping them to determine, through their experiences, their belief in the trustworthiness of other members and providing evidence by which to establish their trustworthiness to others (Kramer 1996, p.240)

Gersick's (1988) study of the development of teams over time suggests an alternative view to that of the traditional models (Tuckman 1965; Hare 1976; LaCoursiere 1980; McGrath 1984)

based on a linear sequence of definable phases (e.g. Tuckman's forming, storming, norming and performing), that places emphasis upon the timing and mechanisms of change :-

"Instead teams progressed in a pattern of 'punctuated equilibrium', through alternating inertia and revolution in the behaviors and themes through which they approached their work. The findings also suggested that groups' progress was triggered more by members' awareness of time and deadlines than by completion of an absolute amount of work in a specific developmental stage."

Gersick (1988, pg.9)

Discussions with brokers confirm this represents a more realistic view of group development. There is definite inertia at the start of the process prior to any member commitment becoming an evident requirement for the continuation of the network proposal - potential members were expected, by brokers, to be cynical and reluctant observers 'waiting to be convinced' by what they had to say, especially in the early meetings of the group. Though, as Gersick says, *"each group appears to have formed almost immediately a framework of givens about its situation and how it would behave."* (pg.17) suggesting participants have determined their perspective in advance - *"Bettenhausen & Murnighan (1985) discussed norm formation in terms of what happens when team members encounter the scripts (Abelson, 1976) each has brought to a group's first meeting".* (ibid, pg.33). During this early stage the focus is upon generating questions that will need to be settled and the greatest degree of ambiguity or uncertainty as to what it is the network can offer or of what is going to happen. It is only as the group approaches a critical event (in Gersick's research this was the midpoint between the time the trial started and its deadline), that there is a sense of urgency, focus, reflection and opportunity for revision of *"scripts"* (Abelson 1976) to enable concerted and concentrated effort upon the task in hand.

"The transition is a powerful opportunity for a group to alter the course of its life midstream. But the transition must be used well, for once it is past a team is unlikely to alter its basic plans again. Phase 2, a second period of inertial movement, takes its direction from plans crystallized during the transition. At completion, when a team makes a final effort to satisfy outside expectations, it experiences the positive and negative consequences of past choices."

Gersick 1988, p.32).

Brokers utilised the timing of events to create and recreate a sense of *necessary* momentum in the formation of the networks - in case study 1, the product launch for the wedding network was an arbitrary date but, by setting a date, the focus of meetings was centred upon activity as opposed to future strategic considerations; in case study 2, the attendance at shows and the need for a brochure for the arms manufacturers network focused members' attentions upon the existence of the network (even though it was largely inactive), their part in it and how they wished their firm to be represented in the brochure; in case study 3, the formality of meetings (and implication that much of the groundwork for the network's formation could and should be sorted outside of this forum), focused attention upon the effective use of the broker's time and

sharpened the agenda; in case study 4, the horrific incident at Dunblane provided a focus for the need for school security and legitimated the sense of urgency promoted by the broker; in the final case study, the brokers created a market to which invited firms had to be available to promote their products on a certain date and customers had to be there to make a purchase.

With the IMG, the author could rely upon the presence of conferences at regular intervals, and in interesting locations, to sustain activities (ie. drawing up an abstract to submit, dividing up responsibility for writing papers amongst members, determining who should present, etc.,...). As Gersick found, there is often a period of inertia following the event and this suggests the need for brokers to deliver 'events' at regular intervals to sustain interest and involvement. It was evident that the first achievement of the network served to establish a bonding between the membership and the creation of a culture - it was a form of initiation for the embryonic entity, encouraging and envisioning members by what had been achieved collectively. For the broker this enthusiasm was a positive sign of a deeper sense of commitment and identification of the membership to the network's aims. However, enthusiasm has to be channelled in accord with the membership's consensual agreement over the network's future strategic direction or it can result in internal division and a lack of clarity in the network's strategic focus.

"With this new frame of reference we can see that it is impossible for managers to plan or envision the long-term future of an innovative organization. Instead they must create and discover an unfolding future, using their ability to learn together in groups and to interact politically in a spontaneous, self-organizing manner."
Stacey (1993, pg.10).

Without momentum there is a palpable danger that the existence of a network will neither be known, believed or experienced either by its membership or those that could be its potential customers. Momentum is needed to sustain belief, to provide members with the rationale for their continued commitment to the network's goals and to create an entity capable of exerting influence upon its competitive landscape. This is particularly true of the brokered network as an organisational form - a form whose substance is built upon its purpose, whose dynamism is a product of its active connectedness, whose presence is evidenced in and through action.

11.2 Satisficing behaviours

"One of the slogans I have always believed appropriate in business is that 'the best is the enemy of the good'... the pursuit of the perfectionist solution takes too long, and time and timeliness are the essence of good business. By the time you have worked out a perfect solution, it has often been overtaken by events and is irrelevant."
Harvey-Jones (1995, p.105).

“Some ideas - alternatives - are tried and some of these successively become the standard solution. The reason for this may not be that they are better from a technical point of view but more that resources have been mobilized to make them useful. An alternative might have been better but as no resources have been put into the development of it this will never be known.”

Hakansson (1987, p.492)

‘Satisficing’ is choosing to be satisfied with what is available despite its not necessarily being the best that could be possible if more time and effort was given to a deeper search. There is no doubt that it is a factor within the broking process both with respect to the idea for a network, the selection of appropriate participants, the membership (in terms of firms and representatives), the timing and timeliness of network developments and changes in its competitive environment. Perseverance, committed leadership and the presence of resources that can be mobilised make *possible* network ideas into *actual* networks. All networks need to be made to work and there are challenges relating to their deficiencies as well as to the markets in which they operate that need to be faced with both self-belief and determination (Kofman & Senge 1993) :-

“I told the guy, there’s no way this is going to work. Everything is against you just now, the time isn’t right. But would he listen? Not on your life. And hats off to him, by Jingo, he made it work... despite all the odds. All he had was a belief in his idea for the network and the sheer dogged determination to prove that he was right, that it could work. And nothing was going to stop him.”

Head of Training Organisation.

Satisficing is a fact of life. The problem for the broker is in convincing network members that although in some respects they may not be ‘the best’, overall they are better than anyone else competing in their marketplace and that’s all they need to be - to use a football analogy, it isn’t the team with the best players but the best team that usually wins. The focus is upon teamwork and that suggests that it is the mixture of both firm competencies and representative members of those firms (usually owners or managers) that determines the effectiveness of the team when performing its tasks. Teamwork is the key to effective organisation in the brokered network - it is therefore not surprising the emphasis placed upon the inter-group dynamics (eg. case study 1 and case studies 3 and 4). Harvey-Jones (1995) likens the task of managing an organisation to the task of conducting an orchestra composed of some soloists but many other valuable and gifted players equally significant to the performance and without which it could not happen. Effectiveness is dependent upon the management of the interaction of all within the ensemble.

As with an orchestra, there are a similar set of implicit, tacitly understood expectations as to the ‘meaning’ attached to membership within *any* organisation - Rousseau & Park’s (1989) psychological contract - the norms, obligations, duties and rights governing relationships with other members. It is evident (eg. Faulkner 1995a; Doz & Hamel 1998; Sako 1992) that where

participants in an organisation have a common understanding (on the grounds of a previous relationship and/or knowledge of each other) as to what is acceptable behaviour there is a reduction in anxiety over misconception. Brewer's (1979) research on in-group bias indicates that people tend to view those within their own social groups in relatively positive terms with regard to their openness, trustworthiness and honesty - social categorisation enhances perceived similarity and hence, consensus among individuals within a group (Tajfel 1982) leading to a reduction in anxieties over differences in perspectives over group activity. As teamwork is critical to network effectiveness this shared understanding is arguably more important to membership than is being the absolute best in the competence that the member brings to the group. The networks first established in Emilia-Romagna, in Denmark, in Baden-Wurttemberg, in Valencia and so on... necessarily comprised some 'good' as opposed to 'best' firms in their network memberships, chosen on the basis of satisficing and validated on the basis of their contribution to the overall effectiveness.

In the same vein, the UK brokers were directed to involve local firms in their networks unless there was an absence within the immediate locality of a necessary competence for the network - the instruction was an *implicit requirement* to engage in satisficing behaviour. Involvement of non-local firms was regarded as a necessary compromise by the brokers whose efforts to find local firms capable of providing the competence had failed. For the major part, most brokered networks consisted entirely of local firms (or non-local firms with local branches), often they comprised a number of firms which had been invited along on the recommendation of other 'invitees' and had members who perceived themselves to hold equal status and responsibility within the membership. Brokers commented that the firms' knowledge of each other, of their reputation and presence within the local area (enabling them to check them out themselves) was a significant factor in building confidence and trust within the membership.

Brokers inevitably have to satisfice when the firms most suitable for their networks do not take part and firms have to satisfice with the broker and other participants comprising the network - it is a reality of time-dependent business opportunity that perhaps fosters that 'Dunkirk spirit' to transform the negatives into positives, building commitment out of compromise, trust out of vulnerability.

"Without vulnerability, trust is unnecessary because outcomes are inconsequential for the trustor" Moorman et al. (1992, p.82)

Chapter 12: Conclusions - a “GILT” edged analysis

“Both practitioners and scholars have proposed a new paradigm of management and organization must be developed... where distrust is replaced with trust as a key organizing principle if organization theories and management practice are to meet the challenges of the 1990s and beyond.” Mishra (1996, p.283)

“Turbulent times demand different responses in varied circumstances. So managers and consultants need a model of change that is essentially a ‘situational’ or ‘contingency model’, one that indicates how to vary change strategies to achieve ‘optimum fit’ with the changing environment.” Dunphy & Stace (1993, p.905)

The argument presented by this thesis is that a comprehensive understanding of the broking process is facilitated by the interpretation of brokers’ experiences of broking practice through the interconnected ‘lenses’ of governance, identity, learning and time-dependency. It is argued that each ‘lens’ provides a complementary insight into the facilitation of relationship development - a process common to experience but complex to explain given its dependence upon an intuitive and inherent ability to empathise with others (Kirkpatrick 1985). The preceding four chapters have provided the grounds for the following working definition (figure 12.1) of the broking process :-

“The broking process involves :-

- (i) the effective governance of the brokered network - in respect of the mobilisation of all necessary resources (physical and mental assets and capabilities) by whatever means are available (control or influence), to satisfy present and anticipated needs and wishes for the entity or initiative. It also requires the broker to manage the interpretation of activities by (and to) members to maintain their interest and commitment.*
- (ii) the effective creation of identity for the brokered network - in respect of stakeholder definitions for the membership that make clear their roles and responsibilities in enabling needs (present and emergent) of the network entity to be satisfied. It also requires the broker to assist members in identifying themselves with the progress of the network entity, enabling them to redefine existing business horizons and boundaries of concern to include their involvement in the network.*
- (iii) the effective learning capability of the brokered network -*

in respect of facilitating the membership in the development of a collaborative mindset seeing collaborative activity as 'normal' business activity. It also requires the broker to encourage an acceptance of 'muddling through' as a valid and necessary part of the process of active learning for the network.

- (iv) *the effective management of time for the brokered network - in respect of identifying and managing time-dependencies in the network's development with an eye to the need to maintain momentum. It also requires the broker to engage in satisficing behaviour when there is insufficient time to wait for the best firm or market opportunity to emerge."*

Figure 12.1 A working definition of the broking process.

This argument is founded upon the belief that the postmodern preoccupation with 'change as a constant' echoes the perceived realities of business practice - as evidenced by the constant need to ensure ever greater organisational flexibility and increased capability for learning to meet the challenges of the "new competitive landscape" (Bettis & Hitt 1995). Issues of identity, learning and the nature of management are issues of fundamental concern to a post-modern organisation (as undoubtedly the network form of organisation is) given the inherent lack of formal structure and stable definition of purpose characteristic of more modern forms of organisation. And, of course, within the dynamism and probable turbulence of the environment time-dependency of activity is an additional and equally critical factor of effective organisational management. These themes and their sub-themes are brought together in figure 12.2 below with the suggestion that they are fundamental elements in the management of change that underpins the broking process.

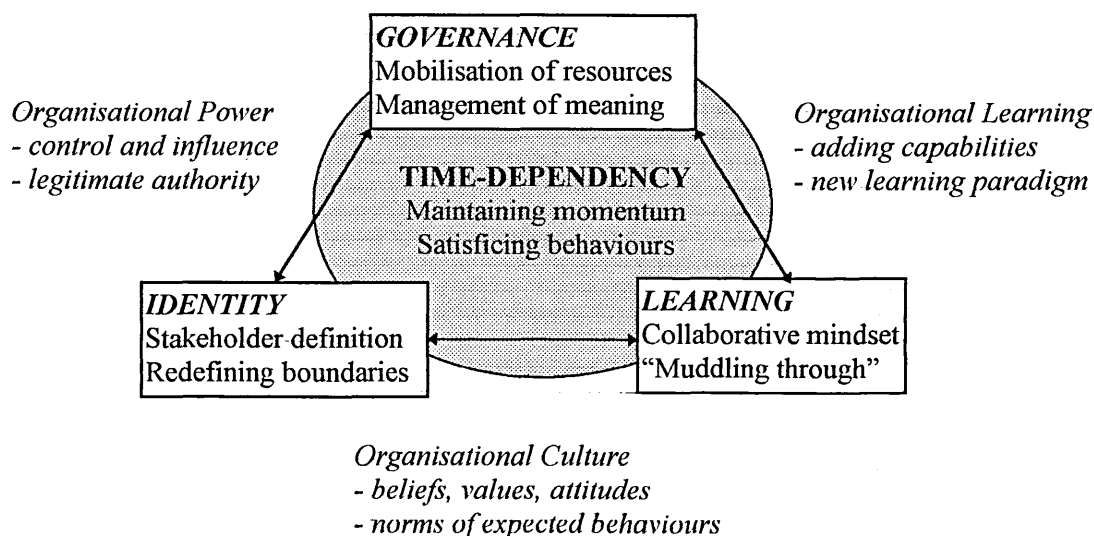


Figure 12.2 An analysis of change within the broking process

All are intricately connected factors in the management of change - a process of *governance* through which organisational *identity* can be *learned* by its membership in their management of *time-dependent* activities that reinforce the evolutionary development of new organisational norms and behaviours (ie. a new 'socially constructed reality').

However, it is in the network form of organisation, given the multi-partner relationships, that the specialist abilities of a facilitator provide a managerial tool necessary for achieving the effective organisation, replacing a reliance upon distrust with a reliance upon trust "*as the key organising principle*" (Mishra 1996). It is by gaining insight into the performance of this task that an improved understanding of the process of facilitated change in relationship is possible. This thesis has highlighted the need for further concentrated research into this entity as a way of advancing knowledge of the facilitation process within the post-modern organisation and has argued forcibly for recognition that learning is 'a lived experience' embedded in personal sensemaking - it is only *through* interpretation that experience becomes meaningful :-

"When you have assembled what you call your 'facts' in logical order, it is like an oil-lamp you have fashioned, filled, and trimmed; but which will shed no illumination unless first you light it."

Saint-Exupery, "The Wisdom of the Sands".

"It is the nature of a hypothesis, when once a man has conceived it, that it assimilates every thing to itself as proper nourishment and, from the first moment of your begetting it, it generally grows the stronger by every thing you see, hear, read or understand."

Laurence Sterne, "Tristram Shandy".

Despite efforts to seek out disconfirmatory evidence there is undoubtedly a strong aspect of an increased awareness of 'supportive' information and a 'favoured' interpretation of experience lending weight towards the satisfactory conclusions of the initial and evolving hypotheses. The attempts to cast a critical eye and adopt different standpoints when viewing information and interpreting experience are inevitably partial efforts. Consequently, there is personal bias that the reader needs to be aware of and to take into account when coming to their own conclusions at the end of this research journey. The argument put forward represents the author's linking of selected research theory and experience, personal (and reported) sensemaking experiences of events inevitably embedded within (and interpreted in relation to) the 'rational' framework of a particular paradigm of 'reality' (ie. an ontological and epistemological stance).

Within this thesis there is no claim to 'absolute truth' merely a claim that the research findings provide legitimacy to an evolving theoretical framework seeking to offer a more "*practically adequate*" (Sayer 1984, p.78) explanation of observed and reported behaviours. The evolution of theoretical constructs and the interpretation of research data has been a singular process in that

theory has been strengthened by data and data interpreted within an evolving theoretical frame (Glaser & Strauss 1967; Weick 1995). Neither could there be a claim to objectivity as involvement (ie. the IMG and Research Community initiatives) proved to be a necessary step towards gaining greater credibility, empathy and insight.

The research has been carried out within a certain ontological and epistemological perspective that precludes absolute truth and recognises the inevitable and ongoing intermingling of theory building and data collection - it is only with reference to a theory that data can be determined 'relevant' and interpreted in a way that is 'meaningful' to the research (Kuhn 1970; Gellner 1974). By having adopted a hermeneutic research approach certain consequences necessarily result :- plausibility replaces certainty, social constructionism (Berger & Luckmann 1966) replaces objective reality and the search for a comprehensive understanding of the particular replaces a search for causal relationships governing the general.

So this thesis is 'a script' that provides 'a portrayal of truth' which it hopes to persuade the reader to accept as sensible - either because it conforms to his/her sensemaking as to the interpretation of information as presented (in respect of prior knowledge and expectations) or because s/he can appreciate that the sensemaking conforms to the author's paradigmatic frame and reasoning. It is within the presentation of the argument, the rationality of its structure, the sense underpinning the connections made between theory and practice, the reasonableness of its conclusions and its presumed adequacy in providing an understanding of social behaviour that the research approach is to be assessed for its legitimacy and appropriateness. Clarity and consistency within the argument provide opportunity for conviction to the position advanced. From the introduction through to the conclusion the reader must be able to follow the pathway laid out before them confident that the journey will be worthwhile...or at least interesting.

The following sections of this chapter provide the presentation of the argument (ie. a review of the thesis), an assessment of the contribution to knowledge (ie. the academic significance of the research findings) and a personal reflection on the research experience.

12.1 *The presentation of the argument*

The *Introduction* provided a basis for the argument of the thesis - the incapability of modernistic frameworks of analysis to provide explanations for postmodern organisational behaviours. It suggested that the brokered network was an entity of relevance and importance to academics and practitioners as it provided an opportunity to gain insights into the process of relationship

facilitation in post-modern organisations. An overview of the contents of the thesis was then presented.

Chapter 1 provided an explanation of ‘the brokered network’ concept and related it to models and criteria associated with postmodern organisation. It suggested that flexibility of operation, organisation and strategy as well as an enhanced capability for innovation provided significant competitive advantage within ‘the new competitive landscape’ and that this was a consequence of collaborative approaches to business. *Chapter 2* focused upon the concept of ‘collaborative advantage’ and its adoption in manufacturing supply chains, considering how and why it was effective. It suggested that the significance of a collaborative approach towards the operation of the supply chain was in moving the model of relationship management to centre stage. This theme was progressed in *Chapter 3* which explored the various interpretations surrounding the network organisation and networking in a review of literature. It suggested that networks and networking depended upon the dynamic of trust in inter-firm relationships for effectiveness.

Chapter 4 provided a description of the research approach adopted and its justification as an appropriate method by which to proceed, given the research situation and the researcher’s ontological and epistemological beliefs. The use of case studies complemented by a personal involvement in broking networks plus the use of secondary data from others’ research studies had to be sufficient to the task. *Chapter 5* provided some contextual background information related to the case studies to enable greater empathy for the reader and to highlight differences in attitudes and behaviours relating to the ‘wave’ of recruitment and regional implementations of the programme. *Chapter 6* presented the research process to enable the reader to follow the ‘journey’ taken by the author and to gain an insight into how the research progressed. *Chapter 7* provided an overview of the findings from the case studies and identified the four themes of governance, identity, learning and time-dependency as being of significance to the case studies as well as being evidenced (and substantiated) through the author’s personal experiences of broking practice with the IMG and Research Community.

Each of these themes was further explored in the following four chapters. It was suggested that each could be seen as consisting of dual sub-themes, the exploration of which would enable a greater insight into the theme’s significance within the broking process. By reflecting upon the reported experiences of brokers, working definitions grounded in experience were produced :-

Chapter 8 - Governance :- mobilisation of resources and the management of meaning,

Chapter 9 - Identity :- stakeholder definition and business horizons,

Chapter 10 - Learning :- attitudes to learning and “muddling through”,

Chapter 11 - Time-dependency :- maintaining momentum and satisficing behaviours

In this, the concluding chapter, these definitions of themes have been brought together to form a working definition of the broking process that is grounded in brokers' experiences of practice. It provides an understanding of the complexity inherent in the facilitation of relationships and the centrality of the management of 'perceptions of reality' within the management of change and its dependence upon members' trust in the competence and good intentions of the broker.

12.2 The contribution to knowledge

The majority of research conducted into network broking in the U.K. has been in connection with determining the effectiveness of the programme's implementation at a regional level (eg. Chaston 1995a-c; Morgan 1995; G.H.K. 1997¹), commissioned by official bodies (ie. D.T.I., training organisations, Business Links and T.E.C.s) that are responsible for ensuring the effective administration and implementation of the programme. Consequently, these research studies have focused upon the 'product' (numbers of networks created, jobs created, business created as a result of the efforts of the brokers) to the neglect of the 'process' (understanding the 'hows' and 'whys' of member participation and broker facilitation).

It is suggested that these studies have served to 'divorce' theory from practice, separating the officially sanctioned approach from the first-hand experiences of brokers, creating a logically coherent model that fails to reflect the 'messy', imprecise and very human (ie. often illogical) reality of broking practice. This thesis, and the research of others (Shaw 1995; Pedersen 1995; Parker-Armitage 1996), provides a contribution to 'understanding', or at least a perspective on understanding, founded on practical and personal experience - it builds upon "*grounded data*" (Glaser & Strauss 1967) without reference to any prescriptive presumptions that have been pre-imposed *a priori*.

This thesis has conceptualised the broking process to be :-

' the facilitation process enabling inter-firm relationships to develop between the participants of a brokered network or broking initiative to the benefit of the communal entity or purpose '.

It has argued that in order to understand this process it is useful to view it with respect to satisfying concerns relating to the themes of governance, identity, learning and time-dependency. These themes are argued to be inherent concerns of this form of organisation given its emphasis

¹ GHK, although commissioned by the D.T.I. did attempt to include brokers' perspectives within their report to reflect the imprecise nature of broking practice but did so within the presumption of a generic 'blueprint' of broking practice that could equate to the prescriptive logic of the model.

upon *emergent* purpose and activity. In this respect, this thesis has provided a useful perspective through which a comprehensive understanding of the broking process can be more accessible by focusing upon the need to resolve the concerns related to these themes - an argument of considerable importance to practitioners and academics alike. Using themes is akin to adopting multiple perspectives (eg. Checkland's 'Soft Systems Methodology') or metaphors (eg. Morgan's 'images') to reveal those aspects that remain hidden when viewed from a singular perspective - consequently providing a more useful and more comprehensive interpretation of the process than a single themed perspective (eg. politics, power, culture, etc,...) can achieve.

Consideration of each of these themes has deliberately focused attention upon the significance of participants' perceptual awareness of reality (Weick's 'sensemaking') and the capability of the broker to effectively manage or exert significant influence over their understanding of the network's development :- the network's progress is often a 'broker interpreted' reality over which participants can negotiate from their particular perspectives but one to which consensus must be found. The broker is the participant most able to claim to take an objective view of the network's development given his/her presumed neutrality, integrity and competence - a presumption which is critical to the concept of the brokered network form and therefore to the unity of the group through its evolutionary development. All other participants are presumed to give priority to their own firm's interests and therefore their interpretation of network developments will be understood to be significantly influenced by the impact of events upon their own business concerns.

By focusing upon the evolutionary nature of the brokered network's development and the 'art' involved in managing an entity able to define and redefine itself in reference to its capabilities and its understanding of its environment, this thesis highlights the significance attached to the evident reality that a brokered network is always "*an entity in a state of becoming*" (Prigogine & Stengers 1984) - this is its *raison d'être*. The interaction of thoughts and actions, perception and reality, purpose and process are magnified and merged by the compression of necessary time for enactment of policy due to the relative ease (over other forms) by which the network can refocus, reconstitute, restructure and renew itself.

Following on from this, the thesis has pointed towards the component of commitment that has to be acknowledged as critical to any understanding of relationship - the broking process is *an open-ended process* seen by many participants as a commitment by the broker to the network. Even where there is acceptance among the membership that the broker role should be financed by the network there is a tacit belief that *a psychological commitment* has been entered into - it is this belief that makes the 'exit strategy' so difficult for the broker and impossible for clients to

comprehend. Brokers develop relationships on the basis of personality and on the basis of role but as the network evolves over time and experiences are shared, it is likely participants will relate more at the level of personality and less at the level of occupants of role (Ring & Van de Ven 1994) - consequently, there is a feeling of *personal betrayal* that is increasingly attached to a decision to leave the network, related to the relationship's duration and intensity.

A related finding is the extent to which network participants might be persuaded to suspend judgement as to the economic benefits of membership when social benefits provide sufficient compensation - though, inevitably, the need for and desirability for social benefits is highly variable amongst the membership relative to their personality and social situation. Although the motivation to join a network is legitimated in purely economic (or business) terms, *social benefits* can help maintain participant involvement despite disappointing short-term business benefits that would otherwise result in withdrawal. It is strongly suggested by this thesis that this necessitates social benefits be included in analyses of continued participation in networks.

Participant attitude, as much as firm capability, has been suggested as a significant factor in the effectiveness of the broking process - though this does depend to a large extent upon the nature of the network (eg. Peter's "wedding network" (case study 1) differed markedly from Richard's "arms manufacturers network" (case study 2) in respect of their dependence upon the creation of a common culture and inter-group bonding amongst the membership). Among the many researchers considering supply chain relationships (eg. Bessant, Lamming, Carlisle & Parker, Ford, Hakansson, Macbeth et al., Kanter, etc.,...) there is clear recognition that any of the potential benefits and many of the potential pitfalls are dependent upon the presence of a collaborative attitude between the parties involved - this 'collaborative mindset' is argued to be a pre-determinant of success. As too, is the willingness to persevere and to appreciate that in the course of its evolution the relationship may at times appear uneven (Doz 1988).

What this thesis contributes to the supply chain literature is increased awareness of inter-firm relationships extending beyond the confines of manufacturer-supplier relations predominantly arranged by the more powerful partner in their own interests. Although these may be the most widely cited examples of supply chain relationships, the traditional presumption of dominance is no longer as easy to determine *per se* within the shifting sands of the global marketplace. As Contractor and Lorange's business environment of "*various and shifting coalitions*" becomes an evident business reality, as organisations 're-invent' themselves by outsourcing activities or networking with others on a temporary or restricted basis to pursue market opportunities there are many significant inter-firm relationships driven as much by purpose as by power and requiring facilitation in their formation.

The brokered network is a postmodern form of organisation and as such provides insights into the essential characteristics of relationship formation within the new competitive landscape providing the flexibility and learning capability necessary for effective organisation. However, it is a relationship founded upon a presence of purpose, a presumption of partners' competence and trust in an organisational form premised upon the effective management of change that is continually vulnerable to a revision of strategy, a review of action and/or a reinterpretation of meaning. It is 'relationship' continually 'in the making', formed and reformed as a consequence of a perceptual understanding of experience and a generosity of sensemaking.

"What matters is working with a few close friends, people you respect, knowing that if times did turn bad these people would hold together."

Richard Branson, founder of the Virgin Group.

"The structure of the organization can then be symbolized by a man holding a large number of balloons in his hand. Each of the balloons has its own buoyancy and lift, and the man himself does not lord it over the balloons, but stands beneath them, yet holding all the strings firmly in his hand. Every balloon is not only an administrative but also an entrepreneurial unit."

E.F. Schumacher

"Given the propensity for collaborations to reach a state of inertia, the effective intervention of a facilitator can nevertheless make the difference between a lively, active collaboration and one that struggles to find the motivation to maintain its own survival."

Huxham (1996, p.17)

12.3 A personal reflection on the research process

"There is no more delicate matter to take in hand, nor more dangerous to conduct, nor more doubtful in its success, than to be a leader in the introduction of changes. For he who innovates will have for enemies all those who are well off under the old order of things, and only lukewarm supporters in those who might be better off under the new."

Machiavelli.

The research process has been a journey of discovery. Although often a difficult voyage it has never been uneventful in its twists and turns of good and bad fortune. It has provided both an exercise in the research of experience and an insight into the experience of research. A process that has encompassed personal learning and growth additional to the material presented in this thesis and of far greater value. There has been a change process at work, a challenging revision provoking an 'unmasking', a critical assessment of capability, motivation and commitment to the task. Despite the unwelcome shadow of hindsight that accompanies the completion of any lengthy or involved project - *"if only I'd known then what I know now !"* - there is satisfaction in

having run the course to its end and an inner conviction that the thesis will stand on merit as a contribution to knowledge albeit a grain of sand on a very sandy beach.

The research of experience and the experience of research

The initial research sites, after having expressed an interest and possible willingness to assist in the research, decided to withdraw their offer of involvement a couple of weeks after the PhD Project Proposal had been approved by the Research Committee. However, through a chance meeting with Robin Lowe (whom I subsequently asked to be an advisor to the project), there was a network of possible contacts connected with the Business Links that were interested in the research being done. At the start of the research the Business Networking Programme and the concept of the brokered network was very new - the pilot projects had only just come to an end - therefore, it had a novelty value and even though I then knew very little it was still more than most of the people I was speaking with. Neither of my Supervisors had much interest nor involvement in my research though, at the time, this was something I was quite pleased about given my lack of knowledge and anxieties over the rate of progress (not least with respect to suitable research sites). However, I now realise that this was a serious deficiency that should have been addressed.

Having established good working relationships with several brokers, network managers and the joint chiefs of the training organisation there were opportunities to 'push at some doors'. Although I had been given good 'material' by those involved there was a real concern that all of this 'data' was in the form of post-experiential recounted histories and subject to problems not only of subjectivity but also of 'increasing partiality' (ie. some of the 'richness' could be lost as a consequence of elapsed time). However, the desire for first-hand involvement was rejected by all on the basis of either a failure to obtain authority from the Chief Exec., it not being 'a good time' in the network's development to introduce an observer, too many researchers already speaking with clients or a broker's belief that "*it wouldn't tell you what 'broking' is anyway !*" Consequently, it was clear that personal involvement would only be possible in a network of my own making and through the IMG and the Research Community initiatives this came to fruition. Empathetic experience of broking practice provided a sense of understanding in discussions with brokers that was rooted in personal confirmation - I knew what they meant at a level beyond the words expressed.

Given my age and the previous position of authority I had held for many years prior to going back to University, it was important to me that my research contacts looked upon me as more than just another student researcher - becoming an active practitioner made certain they did. In the sense that neither of my Supervisors had expressed much interest in how the research was

progressing it did not concern me when they both left to take up other appointments, though I was concerned that the thesis was not coming together as it should have been. Regardless of medical problems, which were a factor, and some other ‘baggage’ (that all research students could claim to be holding them back) I was aware that a significant ‘block’ on progress was a lack of belief in my ability to complete the task. Despite my most earnest effort there was no substantive progress and the time working on the IMG provided an instant reward for efforts expended.

When Graham became my Supervisor, he helped me to focus upon what it was I was trying to argue through the thesis without being overly concerned as to the quality of the writing or the presence of supportive research. Because of this, the thesis has been completed, chapter after chapter have been submitted for comment and finally, the thesis can now be submitted. What began as an exciting adventure has become over the years the ascent of Everest - and I’m no rock climber ! However, it has been a period in which I’ve gained a deeper understanding of who I am, who and what I care about and some insight into what I am capable of becoming... and no price can be put on that kind of wisdom. At the time of writing, my broking activities are continuing with a venture to raise financial support for a local hospice - involving local professional artists donating a work of art which will be auctioned at Chatsworth House in Derbyshire for this most worthy cause - organised with the assistance of the Business Link. Broking, like collaboration and networking, is a learned behaviour, grounded in experience and consequent upon change of attitude, leading to the development of a more collaborative mindset and greater empathy with the other’s situation.

“Congruent expectations [are] a cumulative product of numerous interactions; through these interactions emerge trust in the goodwill of others and an understanding of constraints in the relationship that may be imposed by a person’s organizational role.”

Ring & Van de Ven (1994, p.100).

**Business Networking Evaluation Report
(Executive Summary)**

1.0 Purpose and remit of report

This evaluation report has been requested by the TEC to support the case for further funding of the business networking programme that has now been in operation for 18 months. Its purpose has been to assess the impact of the programme in respect of its costs and benefits to the local SME sector within Sheffield and the 'added value' it has brought to the business support services offered by the TEC.

The author of the report has been researching into business networking for the past 3 years for a PhD at Sheffield Hallam University - his particular focus being upon the processes involved in network broking activities.

1.1 Research method

Interviews have been held with representatives of 15 SMEs and 3 schools involved in network broking initiatives, the 3 Sheffield brokers and their training manager. Their views about the programme, its benefits and future potential form the backbone of the report. The author's observations and reflections of the programme supplement these views and aim to provide an analytical framework within which their importance can be fully assessed.

1.2 Findings

There are a number of findings that have resulted from this research with varying degrees of significance to programme evaluation.

- (i) **Awareness raising** - increased awareness of *other firms' activities* and *business opportunities within their sector* was seen by all interviewed to be a highly significant benefit of involvement.
- (ii) **Motivation for collaboration** - involvement in broking initiatives has further encouraged firms to look positively at *inter-firm collaborations* as a means of pursuing *new* business opportunities. It has also resulted in a healthy change of attitude towards the business service capabilities of the TEC in being able to *facilitate* such collaborations.
- (iii) **Opportunities** - interviewees indicated that they felt much more aware of the business opportunities available to them and specially *welcomed the brokers' proactivity in bringing ideas for potential collaborations to their attention*. Many of these opportunities would *not* have been seen by the firms involved unless identified by the brokers to them.

There was widespread acknowledgement of the professionalism and commitment of all the network brokers in their abilities to *identify new business opportunities*, their willingness to *work with firms to produce viable business operations* and in *providing assistance to firms in other areas of concern unconnected to the venture in hand*. As a consequence clients have a high level of *respect* and *goodwill* for the network brokers and are 'always ready to listen to their ideas'¹ for new business collaborations.

¹ this marks a significant departure for several of those interviewed who are genuinely surprised that the TEC has promoted this *proactive* business service that is not 'restricted by administrative red tape' and can make a difference through facilitating new business opportunities.

1.3 Conclusions

The programme has raised awareness of the potential offered by business networking amongst SMEs. It has also demonstrated that Sheffield TEC is willing and able to invest in proactive programmes aimed specifically at stimulating growth in the local SME sector. There are now a growing number of SMEs which have been involved in broker facilitated networking activities many of whom are considered 'new' to the TEC. These firms are working examples of the concept's applicability to Sheffield and serve to counter scepticism over the concept, the operation of the programme or the benefits to be gained by involving the TEC in assessing business opportunities that involve inter-firm collaboration.

Awareness raising has also occurred within the TEC resulting in a greater degree of co-operation between business support services - this must provide a more integrated service to the SMEs. The level of cross-referrals and cross-fertilisation of ideas can be expected to increase significantly as 'mindsets' change in the light of the extra option now present within the business support services on offer.

The network brokers have provided a new means by which to generate growth within the SME sector and it has been proven to have been of significance to local SMEs. The idea of business networking is not new but the role of the network broker is new to many SMEs (and business support personnel) consequently the brokers have had to develop their role, demonstrate how they can add value and earn the trust of both their clients and their colleagues through their actions. This has, of necessity, been a tough task but a necessary one upon which broking activities can be founded.

Broking activities have generated new business opportunities but not *necessarily* resulted in *Danish style*² brokered networks. In many respects there is no single model of practice and it is best to view the *appropriateness* of the network form adopted to the wishes of the participants and the nature of the opportunity being addressed. The increased '*operational fluidity*' that is characteristic of many of the broking initiatives in Sheffield could be argued to provide a *significant deviation* from the concept of "*a brokered network*" and one that is best suited to the needs of local SMEs in meeting the business opportunities identified.

In summary, it is clear that the impact of the brokers has been significant and positive to the local SME sector. The first year of any programme involves a 'one-off' cost of awareness raising within the business community and this is no exception particularly as it is providing a new method of doing business which is relatively untried, untested and, most importantly, unseen within the UK. This cost has now been borne by the programme and it is therefore suggested that the operational benefits arising over the coming years will 'pale into insignificance' the costs of running the programme. New clients are being introduced to the TECs services, the 'kudos' of the TEC within the local business community is improving and more opportunities for business are being identified and acted upon - all of which has to be good for Sheffield.

² the brokered network corresponding to the Danish model could be argued to have a '*defined network form*' that differs significantly from many of the '*networking for business*' collaborations operating in Sheffield which afford far greater *operational fluidity* in participation of network members and the level of long term interactivity and interdependence.

2A Conference Papers

- (1) “Working Towards an Understanding of the broking process: the truth is out there.”
- (2) “SME Brokered Networks: Do they have a role within manufacturing ?
- (3) “Network Broking: a team game ?”

2B Network Broker Forum

- (1) Presentation: “Trust in relationships”
- (2) Experience Assessment Questionnaire for Brokered Network Participants

2C Chapter for a Book

“Networking for International Development”

WORKING TOWARDS AN UNDERSTANDING OF THE BROKING PROCESS : THE TRUTH IS OUT THERE

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Abstract

In this paper, the author explores both the concept and the practice of brokered networks within the UK drawing heavily upon the perceptions and experiences of those involved in the broking process. Throughout this 'dialogue' between researcher and network participants new insights are being gleaned as to what is happening 'out there'. This is an ongoing and evolving interaction enabling participants to reflect and enhance their 'understanding' of the broking process within which they are, or have been, involved. The paper is composed of the following three sections :-

- (i) Research approach - philosophy, methodology and methods employed
- (ii) Fieldwork - broking practice and experience
- (iii) Insights gained into the 'broking process'

Given the variety in broker personalities and backgrounds as well as the widely differing contexts within which they are seeking to establish brokered networks the consequent disparate approaches adopted would tend to suggest the folly of any attempt to establish a generic 'blue print' of 'best practice'. However, the author is confident that it is possible to establish some 'common ground' across experiences, through the use of academic models and frameworks, and thereby enable the identification of key themes and issues common to most, if not all, broking experiences. It is the author's opinion that to fail to attempt to provide some beneficial analysis of the experiences openly shared between researcher and practitioners would be tantamount to a betrayal of trust.

Introduction

Network broking is a relatively new phenomenon in the UK and, as such, there is a serious dearth of good and substantive research currently available upon the experiences here since its introduction in June 1993 in the form of pilot projects in the West Country. These initial attempts to establish the concept and practice of network broking were primarily based around the model that had been developed as a result of the broking experiences in Denmark - a country that had recognised its dependence upon its ability to penetrate into new export markets. Given the high propensity of small companies there was an urgent need for the Danish government to stimulate inter-firm co-operation on a national scale to provide the 'critical mass' necessary to compete for the larger and more lucrative contracts overseas. Brokered networks provided the means to achieve this end.

A major difference between the Danish situation and that in the UK has been the amount of financial assistance and expertise provided by the governments involved - in Denmark huge sums of money and technological expertise were available, through the Danish Technological Institute, to fund what was a national initiative with all companies gaining financial rewards for being involved which was in stark contrast to the UK scheme whereby the initial plan was founded upon minimal financial support and self-sufficiency of operation within the first three years.

However, the major part of the research conducted upon the UK experience of broking activities has been 'interpreted' in the light of the phased model developed in Denmark and 'transplanted' in the UK through the Danish Technological Institute's subsidiary, Business Net which has been responsible for the broker training programme. It is questionable as to how relevant this model actually is within the UK situational context given the disparity of governmental support and, arguably, different cultural predispositions towards co-operative inter-firm activity between the two nations. A recent investigation performed on behalf of the Department of Trade and Industry strongly suggests the evolution of a 'UK model' of broking practice anchored around the broker personality and background which is at variance to the adopted Danish model. The author's own research indicates the importance of the broker adopting a highly pragmatic approach utilising to the full his/her unique set of personal, inter-personal and professional expertise and experience whilst establishing and nurturing a common bond of understanding and commitment to the needs and concerns of the business community in which they are working.

Therefore, the author is committed towards 'understanding' the UK broking experiences from the perceptions and experiences of those involved in its practice. Although network broking is still in its infancy and one may argue many 'mistakes' are still being made in the field, it has reached a stage in its development whereby several key lessons have been learned and a level of 'expertise' has been applied in enabling and/or nurturing brokered networks. Consequently, the author feels convinced that this is the time to begin to collect, collate and analyse the rich 'fruits of experience' from the 'labourers in the field' in order to share insights and enhance understanding of the key issues underpinning 'successful' broking practice. The UK experience of network broking rests primarily in the 'understanding' of those involved in its practice and it is the aim of this research to enable participants involved in brokered networks to begin to 'unpick' the myriad of tacit and explicit expectations and perceptions of events that culminate in their sense making of their continued commitment within the broking process. The 'truth' is out there but it will require the use of academic models and frameworks to enable an 'explicit' understanding that can inform and guide future broking activity. This is the central tenet of this research.

(i) Research approach - philosophy, methodology and methods employed

Research into broking activity in the UK has primarily been in connection to its adherence to the phases and criteria identified within the Danish model - this is understandable given the fact that the research was centred upon the experiences from the pilot studies which had been built around the Danish model. However, the focus of the research has primarily been geared upon the notion of developing prescriptive guidelines for practitioners as to how best they might progress the network idea from its embryonic form into a fully developed and functioning entity (e.g. Chaston, 1995). In many respects, the broker and network participants being portrayed primarily as some 'necessary pieces' in enabling this transition to take place and with 'good broking practice' being clearly identifiable by the degree of network formation and progress achieved.

The focus of my research is very different. It begins from the premise that a network is brokered for the mutual benefit of its participants and not vice-versa. Therefore 'good broking practice' is defined primarily from the participants perspectives with regard to their experiences and the situational context within which the broking takes place. Situational context should be understood not only with respect to the type and features of the network (e.g. Sommers, 1993; Gelsing, 1993) but also the type and features present in its participants (e.g. Shaw, 1995). Their perceptions with regard to their own and others' individual and organisational goals (Vangen, Huxham and Eden, 1994), competence, motivation and belief in the idea of the network will affect their involvement

within the process - process and context are closely interrelated (Granovetter, 1992). The concern of this research is to uncover those factors that are seen as being critical, by those involved, within the developmental stages of the broking process fundamentally determining the *intra-network group dynamics of the broking process*.

Throughout the broking process participants' expectations can be expected to evolve in line with the realisation of the network and in the light of changing circumstances during its evolution. How these expectations evolve and how they are 'perceived' by the participant as being met will have direct consequences upon the level of commitment given to the continued progress of the network (Adams, 1965; Mowday, 1991). Therefore, the dynamics of the broking situation can not be understood apart from the continual assessment, and sensemaking, of the participants throughout their participation in the network's formation and development. It is only within the *milieu* of their dynamically evolving expectations, perceptions, motivations and evaluations which underpin the ongoing negotiations, commitments, actions and assessments (Ring & Van de Ven, 1994) that they can make sense (Weick, 1995) of their *continued* involvement in the broking process. In order to gain a glimpse of this '*sense making reality*' it is essential, therefore, for the researcher to engage with the evolving '*understanding*' of network participants (Berger & Luckmann, 1966). This can only take place '*out there*' focusing upon the insights gained in '*others conceptual worlds*' grounded in their words and experiences (Glaser & Strauss, 1967). Out of this '*richness*' a '*situational truth*' can be gleaned which the author would contend is as much as is possible to attain (Sayer, 1984).

From the start of this research a hermeneutic approach has been adopted with an emphasis upon the 'richness' of data that can be captured through in-depth interviews. Preliminary discussions and interviews with the 'experts' in network broking in the UK (ie. those involved in the 'pilot' projects') has provided the author with an insight into the processes involved in broking. This has been developed into a 'skeletal' model - breaking the broking process into its key component parts - which, along with several other models and frameworks (eg. Kanter, 1994), is used as a heuristic tool against which participants can reframe their experiences. This results in new insights for both interviewer and interviewee and common themes across broking experiences can begin to appear.

Open	Concealed
Unknown	Blind

The "Johari window" (Luft, 1961) above can be used to illustrate the four aspects present within the broking process - 'open' representing those elements that are made explicit to all involved (eg. network goals); 'concealed' representing those elements that are hidden (eg. full complement of participant motivations); 'unknown' representing those elements that 'outsiders' may be able to see but are not seen by those involved in the process (eg. future potential of the network idea and/or participants abilities/contributions) and finally, 'blind' representing those elements that can not be foreseen (eg. forced change in direction necessitated by change in market demand or loss of a key competence of the group through the withdrawal of one or more network members).

(ii) Fieldwork - broking practice and experience

Access to brokered networks is primarily dependent upon the network broker. He/she holds the pivotal role and is generally 'protective' towards the other network participants particularly at times in which the group is in the process of forming or re-forming its identity - external factors, such as the arrival of a researcher onto the scene could seriously disrupt the cohesion of the group. Consequently, 'open' access to network participants can only be expected after an empathetic and trusting relationship has been developed between broker and researcher *and at a stage in the life of the network when the broker deems it safe to do so*. Not only does this demand patience and commitment it also means that the researcher must always bear in mind that his/her access will remain open to continuous assessment and could cease at any stage of the research. The reason for raising this issue is to explain the author's involvement and research into a number of brokered networks many at different stages of evolution - the research access is very much at 'broker *and then client* invitation' only.

The author is currently involved in researching successfully brokered networks that have grown into strong and secure businesses/groupings at the same time as being involved with 'fledgling' brokers who are anxiously looking towards their first network to broker !. Within the former most of the research is in the form of *retrospective sense making* whereas within the latter there is the opportunity to *experience* the sense being made !. The findings of this research draw upon both. Any and all access is worthwhile not only in it's own right but also as a means by which to develop the bond of trust that could result in earlier access or deeper involvement in future network broking activities.

The initial fieldwork began in August 1995 and was centred around the broking activities in Avon which was one of the 'pilot' projects. Since this time, regular contact has been maintained through conversations over the phone and periodic visits to Bristol, the most recent of which being in July. Contact has also been made recently with Sunderland and St.Helens Business Links who have taken on network brokers within the past year - both have expressed keen interest and indicated their willingness to provide access to their network clients. Fieldwork closer to home commenced in May of this year when Sheffield Business Link employed their first network broker. Since this time a second broker has been appointed and a third is soon to follow. Both the project manager and brokers are keen to involve the author in local developments. They anticipate it will be of great benefit to have someone around who has been privy to other brokers' experiences of setting up networks and can therefore be expected to be able to provide advice and suggestions that are practical - they've worked somewhere else. Contact has been established with South Derbyshire Business Link who are currently working through the proposal stages for a network broker and the author will endeavour to find a role to perform in their implementation of business networking within the locality.

Many 'secondary' data sources such as the training organisation, the support staff within the DTI and Business Link structure and a variety of people interested/involved in the appraisals of network broking have provided a level of understanding of the infra-structure and contextual setting within which the brokers are engaged. These sources could be said to inform more upon the probable obstacles and evaluation criteria facing the network brokers' broking activities within the local business community than to enlighten the process in which they are involved. However, this has provided useful contextual information that has enabled an increased understanding and empathy with the network brokers involved thereby facilitating an accelerated path towards a positive working relationship. These contacts continue to prove very useful especially as the conceptual understanding in the business community of the potential offered by network broking

and the appropriateness of the training provided is tested by the brokers experiences in their own localities necessitate a continuing reappraisal of the UK broking experiences. As perceptions change so does the 'reality' within which the brokers are operating.

Some examples of brokered networks in the UK are given below :-

- (a) AZTEC wedding services - a network of companies providing beauty/make up, cakes, dresses, hats, honeymoons, cars, flowers, hotels, music & entertainment, photography, videos and stationery. All the necessary ingredients for the couple to consider in order to ensure that everything goes well on their wedding day.
- (b) DEFCON - a network of companies manufacturing and supplying products for the defence industry. Companies that individually are too small to be considered for major defence contracts have now the critical mass to compete for them and can offer a high level of specialism and flexibility of operation.
- (c) West Country Organic Foods - a network of organic farmers providing a wide, traditional choice of cuts - beef, lamb, pork and chicken - for the growing number of consumers who are health conscious and concerned for animal welfare.
- (d) EMC (Electro Magnetic Compatibility) - a network of engineering companies came together with the School of Engineering at Exeter to provide their own testing facility without which they would have been prohibited from selling their products within the European Union due to an EU Directive which came into force on 1st. January 1996.
- (e) Embryonic networks currently being founded to provide a complete security service for schools and hospitals; to provide a complete I.T. service from hardware installation and maintenance to software development and training; to provide the necessary quality accreditation to enable small legal firms to satisfy the new requirements shortly coming into force with regard to legal aid work.
- (f) Embryonic ideas that have not yet been formalised into embryonic networks - there are countless opportunities that can be satisfied and threats/legislative demands that can be met by the combined collective strengths of small companies under the 'tuition' of the network broker.

Perhaps the most fundamental question to resolve is "when does the broking process start?" From the author's research to date the answer would appear to be that it commences directly from the onset of the idea/opportunity for a network to be brokered.

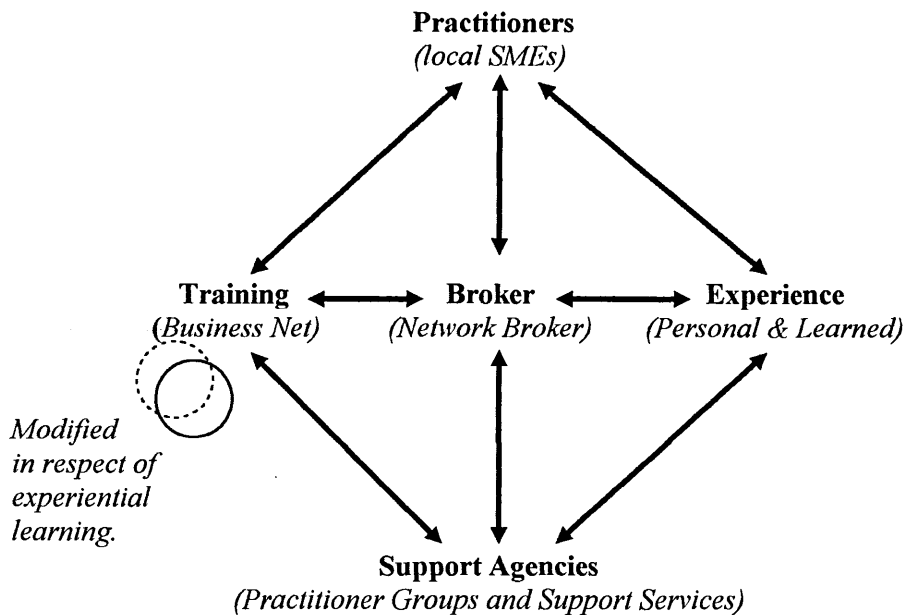
(iii) Insights gained into the 'broking process'

A number of insights have been gained from the UK experiences. Some of which can be seen as being fundamental to brokers' chances of successfully developing brokered networks in their local communities whereas others question the existing rationales with regard to evaluation and attempts to derive 'best practice' blueprints for future broking activities. It is important for the broker to be aware of each of the issues outlined below as they all have an impact upon the perceptions and expectations of the local business community and thereby affect the broking process in which these conceptual beliefs determine probable patterns of behaviour.

1) Knowledge of the Business Link and it's reputation amongst the local business community.

The willingness and ability of the disparate bodies constituting the Business Link to offer a co-ordinated, co-operative and focused service to the business community is a crucial requisite for the broker to be able to deliver an efficient and effective service to the firms involved in the networks created. It is as well to recognise also, that the existing reputations of these bodies will exert a strong influence upon the perceptions of the local business community with regard to the concept being presented and the broker's competence to deliver it successfully. Consequently, the broker must be seen and accepted as an important member of the Business Link team picking up leads from Personal Business Advisors, Account Managers and others whilst being able to utilise the wide array of expertise available from other team members. Effective use of a network broker demands effective back up and that demands a willingness of others to fully engage in the potential of this new initiative.

It isn't only the business community that have to be trained/informed into the implications of this new way of thinking it is the support staff of the Business Link also. It's important that the experience gained 'in the field' is fed back into the training programme as it becomes clearer what network broking strategies have worked in particular situations. Therefore, as illustrated in the diagram below, successfully initiating network broking into the local community requires effective communication and co-ordination of activities between all bodies involved as well as a desire to learn how best to enable its development as a means of stimulating business growth. the broker needs to be aware of how cohesive the operation of the Business Link is, what resources are available for him/her to draw upon and what is the probable perception of the SMEs as to his/her ability to generate real business benefits.



2) Self-knowledge of strengths and weaknesses

The broker has a unique combination of background knowledge, experience, personal beliefs and attitudes as well as an assortment of inter-personal/leadership/group management skills - in short

he/she possesses a mix of knowledge and abilities sufficient to have got them employed as a network broker. However, he/she is human and will therefore have greater strengths in certain areas greater weaknesses in others. The important point to be made is that successful broking experiences are developed around a style of broking with which the broker is comfortable - each broker has a unique approach to introducing themselves to the business community, discussing their *raison d'être*, following up on leads, motivating potential participants, managing the group sessions and so on... The most vital lesson to absorb is that the broker is only effective when he/she is 'settled' with their mix of strengths and weaknesses and is ready to accept that there are times in the network's development when he/she will need assistance - the group will have already determined that this is so and broker humility will encourage a stronger bond of trust to develop.

3) Ideas can come from anywhere

The job of the broker is to *action* ideas and *exploit* opportunities. What this means is that there is no reason why the broker has to have the idea themselves ! Successful networks, such as the Aztec wedding services, began with a question such as :- "*Business Networking sounds fascinating. I run a stationery business and we do a lot of trade in wedding stationery would you see any possibility for my company to find benefits with others in the wedding industry ?*" The key to a potential network idea can come from anywhere and a good broker is always aware of that fact and prepared to consider the possible merits of any ideas suggested however naive or tentative they initially appear to be.

4) Social chemistry underpins business relationships

The importance of the social side of business relationships are sometimes overlooked. However it has been clearly demonstrated within the experiences of the UK brokers that the concept of bringing people together to establish synergies of the operations of their individual businesses is heavily dependent upon the social chemistry that can be established between group members. Consequently, in choosing probable network participants the brokers are mentally attuned to the expected influence an individual will have upon the functioning of the group with regard to the inter-personal dynamics as well as what they can actually offer the group in terms of their business competence.

5) Commitment is easier to maintain when focused upon a task

Brokers have discovered that it is a good idea to allocate network participants individual tasks to be performed prior to the next meeting of the group. This is due to the fact that an idea that is not being actioned will not sustain interest or import amongst busy people with their own businesses to run. Some brokers focus their networks around a contract opportunity thereby presenting the group with a 'golden carrot' if it can provide the necessary cohesion and co-ordination of activities to meet the deadline and perform to the required specification. In the absence of a 'carrot' a substitute event such as a Fair can be scheduled to focus and maintain participants' belief and motivation in the venture.

6) It takes as long as it takes

Brokered networks evolve in their own time and sometimes in a direction not foreseen by the broker concerned. Network broking is concerned with developing trust between group members, maintaining involvement of group members and being both proactive and responsive with respect to developments in the actual/potential marketplace. The speed at which the network develops into

an effective functioning identity will be directly affected by the level of trust generated between its participants - the broker may well attempt to facilitate this process but in the end it is not entirely in their hands. If the 'mix' is wrong then the broker has to alter the dynamics in order to preserve the evolution of the group - this may involve one-to-one negotiation with several individuals or possibly expulsion from the group. With regard to the direction in which the network evolves, the broker involves participants in a specific venture opportunity but there is no certainty that the group will not substitute this for an opportunity that they feel offers greater potential for which they may still require the broker's services as an impartial adjudicator/advisor. The success of the broking exercise could be argued to rest upon the development of the network not in its adherence to its original membership or original plan.

7) Changing mentalities

Network broking is about changing mentalities. It involves people adopting a co-operative vision of future success which is developing a level of interdependency with others that they have often avoided by becoming owners of their own small companies. Furthermore there is a level of trust that is required in the broker's character and ability to deal honestly and equitably with each of the participants in the network.

8) The problem of evaluation

Successful broking practice should lead to successful brokered networks shouldn't it ? And a network is successful if it enjoys substantial business growth, stability in the market and shows a generous return on investment. Is it that simple ? In my discussions with brokers this type of crude analysis is doing them a grave disservice. Firstly, the broker can only work with the participants who agree to become participants in the network; secondly, their future horizons may be far lower than could reasonably expect to be achieved; thirdly, any one participant can de-rail the process if they have a mind to do so; fourthly, unforeseen external circumstances may negate much of the initial promise of the network idea and finally, each network broking experience is unique because of the unique set of circumstances and participants pertaining at that time. Broking experience provides an understanding of key issues and guides as to expected behaviours but improved broker performance does not guarantee improved brokered networks.

Furthermore, such simplistic evaluations do not take into account the many unseen developments arising out of the broking experience such as the level of inter-group business that is conducted, the improved status participants may enjoy through being able to compete for contracts normally restricted to larger companies (the 'feel big' factor) and even their perceived level of benefit from the social contact with their peers, their excitement at entering into a new venture and the future use of increased learning that arises out of the experience.

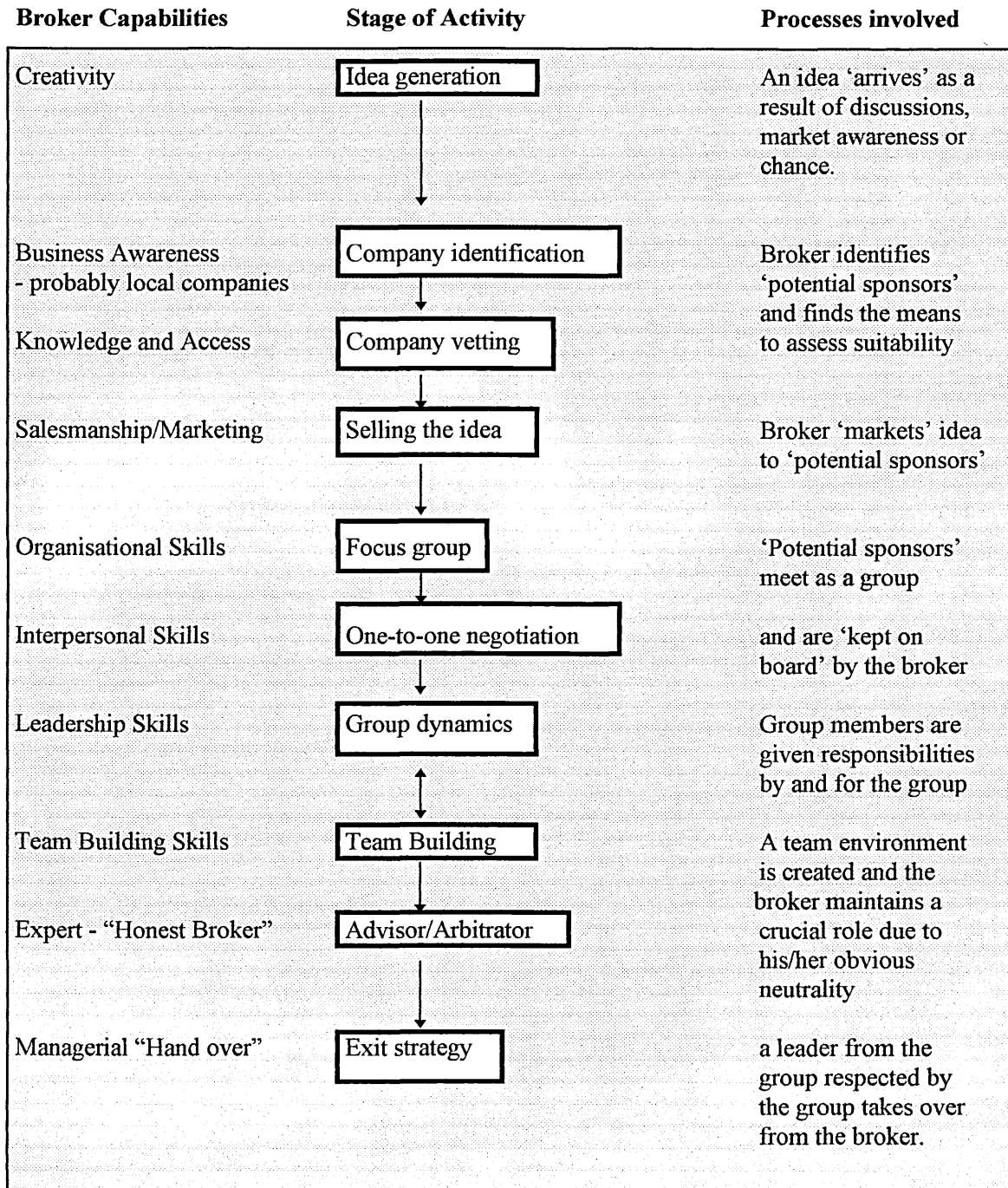
Finally they raise intractable problems relating to definition of terms - what constitutes a network ? What signifies that a network has been brokered ? Should brokers concentrate on creating a large number of small networks with minimal involvement or a small number of larger networks with substantial involvement ? Should each network carry equal weighting or should extra merit be given to those in certain industrial sectors ?

Evaluation is quite rightly a key concern for the DTI, the Business Links, the training organisation and indeed for the brokers and their clients but it demands a great deal of thought and significant involvement from all it concerns particularly network brokers and representatives of the business

communities they are working with. These two groups will have the keenest appreciation of the probable consequences of the evaluation measures being suggested upon future broking practice.

The Skeletal Model

From some preliminary interviews and general discussions held with brokers involved in the 'pilot projects' and others with reference to their understanding of the processes involved within the broking experience the author has developed a 'skeletal' model which is shown overleaf. It has been derived inductively from the experiences recounted and has been subsequently validated by other brokers as an accurate representation of the processes involved in the broking process.



Conclusion

The concept of brokered networks is a relatively new phenomenon in the UK and there is severe doubt over the transferability of the experiences gained overseas to this situational context. The initial inferences from the research to date suggest that there are definite regional approaches to the implementation of the concept; that the broker is heavily dependent upon the cohesiveness of the business support infrastructure provided by the Business Link; that brokered networks evolve at their own pace and in their own ways; that consequently, they provide real difficulties with regard to evaluation and that it has to be acknowledged that all involved within the broking process are involved in a dynamic interactive group learning process.

Academic models and frameworks have been used to demonstrate their potential to provide 'new ways of seeing' previous broking experiences thereby presenting opportunities for new insights to be gained. It is through the use of such techniques that the broking process will begin to be better understood.

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BROKERED SME NETWORKS : DO THEY HAVE A ROLE WITHIN MANUFACTURING ?

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Abstract

In this paper the author introduces the concept of the brokered SME network, presents arguments supporting its introduction within the small business sector, highlights some of the most prominent concerns expressed by owners of small businesses, outlines the research approach adopted and some initial findings before considering to what extent the concept is of relevance to manufacturing companies. Do they provide a special case or is there a pool of latent synergies that can be released through the activities of a broker ? Although 'brokered networks' are a relatively new phenomenon to the UK (first pilot projects began in 1994) the author argues that there is already sufficient evidence to suggest that the broker should be seen as a potentially significant catalyst of increased business networking and growth both within and across sectors of economic activity. Several examples of brokered SME networks involving manufacturing companies are provided to support this contention.

Introduction

Globalisation and the recent advances in communications technologies have resulted in ever increasing consumer expectations with regard to the quality and range of products and services delivered relative to their price (Bettis & Hitt, 1995; Slocum Jr., McGill & Lei, 1994). Not only do consumers' expectations demand a range of high quality/low cost products/services they also expect them *now* ! Time is a commodity that companies have to manage in order to secure competitive advantage - in production, new product development and introduction, in sales and distribution (Stalk Jr., 1988). Consequently there has been a consistently accelerating pressure upon companies to seek greater efficiencies in the production of goods and services both within their company and increasingly throughout the whole supply chain (Johnston & Lawrence, 1988). Supply chain management is fundamentally dependent upon the effectiveness of the management of inter-firm relationships and this has become a key concern for many leading academics in this field (Bessant, 1991; Carlisle & Parker, 1990; Hakansson, 1987; Lamming, 1993; Macbeth & Ferguson, 1994; Porter, 1985). Flexibility of operation is a key requirement for company success within the global market place and this demands a clear commitment to improvements and adaptability throughout the supply chain.

Organisational Form

Such pressures have resulted in fundamental questions being asked with regard to the operational benefits of company size (Naisbitt, 1994), organisational form (Hastings, 1993; Fulk & DeSanctis, 1995) and with regard to the most 'appropriate' operational functioning of the supply chain (Normann & Ramirez, 1993; Vandermerwe, 1994). It is generally held that smaller companies have a closer focus upon consumer needs and preferences, can provide a higher quality of customer care and are more inventive, more responsive, offering the greater degree of flexibility that is now so urgently required. However, they are generally providing a highly focused specialist service which is limited in both scale and scope by a serious lack of resources. Many large organisations have in the past five years attempted to 'capture' a 'small firm focus' by splitting themselves into small semi-autonomous centres with varying degrees of central co-ordination.

The 'lean machine' philosophy has been the driving force behind the drastic reductions in personnel in the name of 'downsizing' or as a consequence of outsourcing those activities deemed to be outside of the 'core competencies' of the company. The aim being to achieve *operational flexibility* through the *co-ordination of activities* performed by *specialists in those activities*. Recent advances in communications technologies have provided the means whereby smaller focused units of expertise can network collaboratively together and thereby overcome many of the traditional barriers to market opportunities facing the small firm - the networked organisation is a powerful organisational form and arguably the most suited to the demands of the global marketplace (Gomes-Casseres, 1994; Hastings, 1993; Jarillo, 1993; Miles & Snow, 1986:1992:1995; Zeffane, 1994).

The Networked Organisation

However, the networked organisation (even if a conglomerate of units of activity belonging to a single organisation) is only as effective as the links in the chain through which the co-ordination and control of activities and information is passed. Therefore, the emphasis within a networked organisation must be upon the strength and effectiveness of the relationships *between* the respective centres of activity. Management of these inter-organisational relationships is the key to delivering the optimum benefit that can be achieved *throughout* the networked organisation.

Traditionally, supply chain relationships have been dominated by the issue of power with the emphasis being upon exploiting the weaker bargaining position of smaller players in order to extract a better price for the products/services exchanged. For instance, a sub-contractor for Nissan will have little influence upon the operation of the Nissan supply chain. However, by joining with other sub-contractors in a network of small companies supplying Nissan they can expect to increase their influence upon their larger supply chain 'partner' and Nissan can reduce many of the costs it has to bear through maintaining relationships with a multitude of smaller companies, involving tendering for work and monitoring of performance (what Williamson (1975) terms 'transaction costs').

Arguments for SMEs to network

Some of the key arguments persuading small firms of the benefits to them in networking are :-

- (i) the ability to 'act big' through the sharing of resources - time, money, machinery, I.T., skills, knowledge, experience, information and contacts - whilst retaining their focus upon their individual areas of expertise.
- (ii) a substantial sharing of risk allowing the pursuit of new untried avenues of business opportunity which by their nature expand the scope of present activities and experience.
- (iii) the extra business that accrues with customers of other members of the network either through 'word of mouth' or through publicity of the network (eg. brochures, fairs etc.,...) - effective networking is a good marketing ploy.
- (iv) perhaps the most underestimated benefit is the shift in outlook that invariably accompanies the adoption of a positive networking strategy resulting in the increased awareness of what opportunities exist (or could exist) and what are the major threats (or could be major threats) to current and/or future business growth. Information is power, timely information is a powerful source of competitive advantage.

Problems and Fears for SMEs with networking

Although SMEs may be aware of the benefits outlined above there are some real difficulties and fears for them in engaging in networking. Some of these are presented below :-

- (i) lack of ...
 - *time* - to seek out those with whom there would be benefit in networking with, to determine the appropriate degree of openness in the networking relationship and to evaluate the business benefits accruing relative to the time and effort involved.
 - *resources* - to utilise opportunities that may arise from networking - (eg. finance, machine capacity, personnel, skills and knowledge base).
 - *experience* - to effectively handle the inter-personal and/or business side.
 - *ambition* - to expand beyond the current horizon.
- (ii) fear of ...
 - *the unknown* - a desire to stick to what is known (ie. current business) as this provides an environment in which the SMEs role is well defined and a degree of 'stability' of expectation and operation.
 - *the network 'partners'* - to what extent are their motives known and how much danger is there in exchanging information as well as trading with them ? Is it prudent to trust them ?
 - *sharing control* - network collaboration may result in 'group' decision making thereby reducing perceived and/or actual control over individual SME decision making.
- (iii) uncertainty as to ...
 - *benefits from networking* - "it's difficult to see how much difference it can make. It's fair enough talking to people and I guess some work could arise from it but I'm sure there's a lot of talking that leads nowhere !"
 - *level of networking to engage in* - "there's a big difference between ringing around to find a local supplier and signing upto a formal networking agreement - that takes time and I'd imagine quite significant risk. "
 - *benefits to individual SME* - "our order book is full...we get a lot of work on the back of recommendations from existing customers ...we're too busy to look for more work. These orders are real and they need dealing with now. It's just not for us."

Each of these problems and fears is significant in preventing SMEs from being proactively involved in networking beyond the immediate needs of their current business (eg. accountant, lawyer, bank manager, printer etc.,...). However, within a brokered network many of these obstacles can be removed because the broker is in a position to 'sort them' on behalf of the owners of SMEs who are therefore at liberty to continue to devote their normal working day to the needs of their individual businesses. The broker not only has access to a vast array of resources through his/her contacts within the Business Link, he/she is skilled in handling inter-personal group dynamics and one-to-one mediation and takes responsibility for doing the greater part of the 'leg work' that is required in establishing the feasibility of a business networking initiative through to it's formal launch. For many SMEs the concept of business networking without a broker is untenable due to the time, effort and expertise needed. However, the addition of a broker creates a whole new scenario enabling SMEs to engage in low-risk collaborations.

The major issue is how to bring about this operational network of independent SMEs in order to increase their overall bargaining position as well as to realise the latent synergistic potential that exists - shared expertise/knowledge, operational costs/risks and the realisation of new opportunities - that can benefit all involved (a true 'win-win' scenario).

Network broking is a relatively new phenomenon in the UK and, as such, there is a serious dearth of good and substantive research currently available upon the experiences here since its introduction in June 1993 in the form of pilot projects in the West Country. These initial attempts to establish the concept and practice of network broking were primarily based around the model that had been developed as a result of the broking experiences in Denmark - a country that had recognised its dependence upon its ability to penetrate into new export markets. Given the high propensity of small companies there was an urgent need for the Danish government to stimulate inter-firm co-operation on a national scale to provide the 'critical mass' necessary to compete for the larger and more lucrative contracts overseas. Brokered networks provided the means to achieve this end.

A major difference between the Danish situation and that in the UK has been the amount of financial assistance and expertise provided by the governments involved - in Denmark huge sums of money and technological expertise were available, through the Danish Technological Institute, to fund what was a national initiative with all companies gaining financial rewards for being involved which was in stark contrast to the UK scheme whereby the initial plan was founded upon minimal financial support and self-sufficiency of operation within the first three years.

Brokered SME networks in Denmark have demonstrated the latent synergistic potential that is available through developing co-operative relationships (Trojborg, 1993) and have provided the impetus to attempt to achieve the same level of 'success' through brokered networks of SMEs in the UK. The Danish model has been adopted with situational modifications by several Business Links and the preliminary results look promising even though the 'pilot' experiences have inevitably demonstrated areas for improvement in support structure, training and broking practice (Chaston, 1995). A small number of Business Links have now adopted this business networking initiative and engaged one or more brokers to stimulate the growth of their small business sectors. There is a wide variety of brokered network projects covering many sectors of business activity - agriculture, tourism, security, professional services (accountancy, law, I.T.), defence industry and so on...

Some examples of brokered networks in the UK are given below :-

- (a) AZTEC wedding services - a network of companies providing beauty/make up, cakes, dresses, hats, honeymoons, cars, flowers, hotels, music & entertainment, photography, videos and stationery. All the necessary ingredients for the couple to consider in order to ensure that everything goes well on their wedding day.
- (b) DEFCON - a network of companies manufacturing and supplying products for the defence industry. Companies that individually are too small to be considered for major defence contracts have now the critical mass to compete for them and can offer a high level of specialism and flexibility of operation.
- (c) West Country Organic Foods - a network of organic farmers providing a wide, traditional choice of cuts - beef, lamb, pork and chicken - for the growing number of consumers who are health conscious and concerned for animal welfare.
- (d) EMC (Electro Magnetic Compatibility) - a network of engineering companies came together with the School of Engineering at Exeter to provide their own testing facility without which they would have been prohibited from selling their products within the European Union due to an EU Directive which came into force on 1st. January 1996.

- (e) Embryonic networks currently being founded to provide a complete security service for schools and hospitals; to provide a complete I.T. service from hardware installation and maintenance to software development and training; to provide the necessary quality accreditation to enable small legal firms to satisfy the new requirements shortly coming into force with regard to legal aid work.
- (f) Embryonic ideas that have not yet been formalised into embryonic networks - there are countless opportunities that can be satisfied and threats/legislative demands that can be met by the combined collective strengths of small companies under the 'tuition' of the network broker.

Research Approach

From the start of this research a hermeneutic approach has been adopted with an emphasis upon the 'richness' of data that can be captured through in-depth interviews. Preliminary discussions and interviews with the 'experts' in network broking in the UK (ie. those involved in the 'pilot' projects') has provided the author with an insight into the processes involved in broking. This has been developed into a 'skeletal' model - breaking the broking process into its key component parts - which, along with several other models and frameworks (Kanter, 1994; Ring & Van de Ven, 1994; Porter & Lawler, 1968), is used as a heuristic tool against which participants can reframe their experiences. This results in new insights for both interviewer and interviewee and common themes across broking experiences can begin to appear.

Open	Concealed
Unknown	Blind

The "Johari window" (Luft, 1961) above can be used to illustrate the four aspects present within the broking process - 'open' representing those elements that are made explicit to all involved (eg. network goals); 'concealed' representing those elements that are hidden (eg. full complement of participant motivations); 'unknown' representing those elements that 'outsiders' may be able to see but are not seen by those involved in the process (eg. future potential of the network idea and/or participants abilities/contributions) and finally, 'blind' representing those elements that can not be foreseen (eg. forced change in direction necessitated by change in market demand or loss of a key competence of the group through the withdrawal of one or more network members).

Fieldwork - broking practice and experience

Access to brokered networks is primarily dependent upon the network broker. He/she holds the pivotal role and is generally 'protective' towards the other network participants particularly at times in which the group is in the process of forming or re-forming its identity - external factors, such as the arrival of a researcher onto the scene could seriously disrupt the cohesion of the group. Consequently, 'open' access to network participants can only be expected after an empathetic and trusting relationship has been developed between broker and researcher *and at a stage in the life of the network when the broker deems it safe to do so*. Not

only does this demand patience and commitment it also means that the researcher must always bear in mind that his/her access will remain open to continuous assessment and could cease at any stage of the research. The reason for raising this issue is to explain the author's involvement and research into a number of brokered networks many at different stages of evolution - the research access is very much at 'broker and then client invitation' only.

The author is currently involved in researching successfully brokered networks that have grown into strong and secure businesses/groupings at the same time as being involved with 'fledgling' brokers who are anxiously looking towards their first network to broker!. Within the former most of the research is in the form of *retrospective sense making* whereas within the latter there is the opportunity to *experience* the sense being made!. The findings of this research draw upon both. Any and all access is worthwhile not only in it's own right but also as a means by which to develop the bond of trust that could result in earlier access or deeper involvement in future network broking activities.

The initial fieldwork began in August 1995 and was centred around the broking activities in Avon which was one of the 'pilot' projects. Since this time, regular contact has been maintained through conversations over the phone and periodic visits to Bristol, the most recent of which being in July. Contact has also been made recently with Sunderland and St.Helens Business Links who have taken on network brokers within the past year - both have expressed keen interest and indicated their willingness to provide access to their network clients. Fieldwork closer to home commenced in May of this year when Sheffield Business Link employed their first network broker. Since this time a second broker has been appointed and a third is soon to follow. Both the project manager and brokers are keen to involve the author in local developments. They anticipate it will be of great benefit to have someone around who has been privy to other brokers experiences of setting up networks and can therefore be expected to be able to provide advice and suggestions that are practical - they've worked somewhere else. Contact has been established with South Derbyshire Business Link who are currently working through the proposal stages for a network broker and the author will endeavour to find a role to perform in their implementation of business networking within the locality.

Many 'secondary' data sources such as the training organisation, the support staff within the DTI and Business Link structure and a variety of people interested/involved in the appraisals of network broking have provided a level of understanding of the infra-structure and contextual setting within which the brokers are engaged. These sources could be said to inform more upon the probable obstacles and evaluation criteria facing the network brokers broking activities within the local business community than to enlighten the process in which they are involved. However, this has provided useful contextual information that has enabled an increased understanding and empathy with the network brokers involved thereby facilitating an accelerated path towards a positive working relationship. These contacts continue to prove very useful especially as the conceptual understanding in the business community of the potential offered by network broking and the appropriateness of the training provided is tested by the brokers experiences in their own localities necessitate a continuing reappraisal of the UK broking experiences. As perceptions change so does the 'reality' within which the brokers are operating.

(iii) Insights gained into the 'broking process'

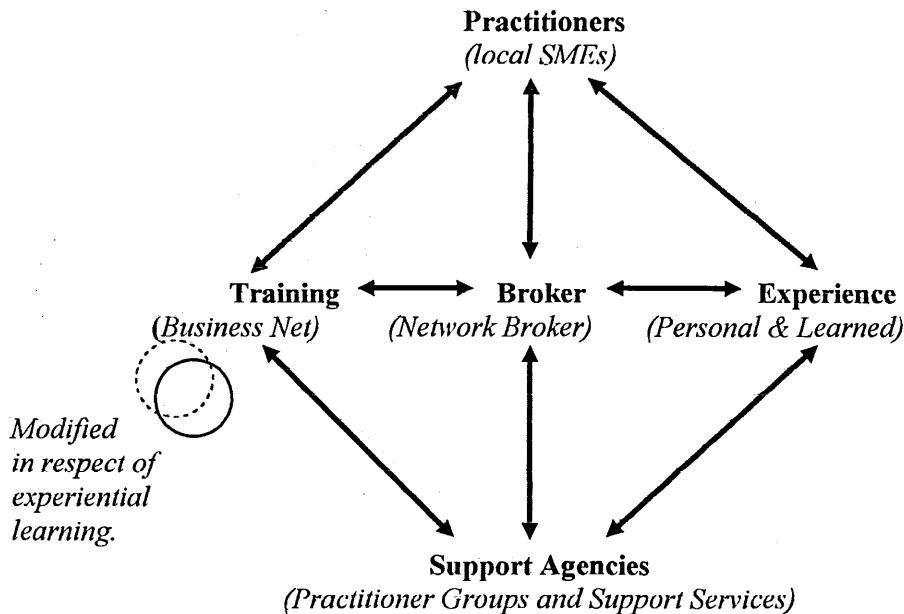
A number of insights have been gained from the UK experiences. Some of which can be seen as being fundamental to brokers chances of successfully developing brokered networks in their local communities whereas others question the existing rationales with regard to evaluation and attempts to derive 'best practice' blueprints for future broking activities. It is important for the broker to be aware of each of the issues outlined below as they all have an impact upon the perceptions and expectations of the local

business community and thereby affect the broking process in which these conceptual beliefs determine probable patterns of behaviour (Berger & Luckmann, 1966).

1) Knowledge of the Business Link and it's reputation amongst the local business community.

The willingness and ability of the disparate bodies constituting the Business Link to offer a co-ordinated, co-operative and focused service to the business community is a crucial requisite for the broker to be able to deliver an efficient and effective service to the firms involved in the networks created - process and context are interrelated (Granovetter, 1992). It is as well to recognise also, that the existing reputations of these bodies will exert a strong influence upon the perceptions of the local business community with regard to the concept being presented and the broker's competence to deliver it successfully. Consequently, the broker must be seen and accepted as an important member of the Business Link team picking up leads from Personal Business Advisors, Account Managers and others whilst being able to utilise the wide array of expertise available from other team members. Effective use of a network broker demands effective back up and that demands a willingness of others to fully engage in the potential of this new initiative.

It isn't only the business community that have to be trained/informed into the implications of this new way of thinking it is the support staff of the Business Link also. It's important that the experience gained 'in the field' is fed back into the training programme as it becomes clearer what network broking strategies have worked in particular situations. Therefore, as illustrated in the diagram below, successfully initiating network broking into the local community requires effective communication and co-ordination of activities between all bodies involved as well as a desire to learn how best to enable its development as a means of stimulating business growth. the broker needs to be aware of how cohesive the operation of the Business Link is, what resources are available for him/her to draw upon and what is the probable perception of the SMEs as to his/her ability to generate real business benefits.



2) Self-knowledge of strengths and weaknesses

The broker has a unique combination of background knowledge, experience, personal beliefs and attitudes as well as an assortment of inter-personal/leadership/group management skills - in short he/she possesses a mix of knowledge and abilities sufficient to have got them employed as a network broker. However, he/she is human and will therefore have greater strengths in certain areas greater weaknesses in others. The important point to be made is that successful broking experiences are developed around a style of broking with which the broker is comfortable - each broker has a unique approach to introducing themselves to the business community, discussing their *raison d'être*, following up on leads, motivating potential participants, managing the group sessions and so on... The most vital lesson to absorb is that the broker is only effective when he/she is 'settled' with their mix of strengths and weaknesses and is ready to accept that there are times in the network's development when he/she will need assistance - the group will have already determined that this is so and broker humility will encourage a stronger bond of trust to develop.

3) Ideas can come from anywhere

The job of the broker is to *action* ideas and *exploit* opportunities. What this means is that there is no reason why the broker has to have the idea themselves ! Successful networks, such as the Aztec wedding services, began with a question such as :- "*Business Networking sounds fascinating. I run a stationery business and we do a lot of trade in wedding stationery would you see any possibility for my company to find benefits with others in the wedding industry ?*" The key to a potential network idea can come from anywhere and a good broker is always aware of that fact and prepared to consider the possible merits of any ideas suggested however naive or tentative they initially appear to be.

4) Social chemistry underpins business relationships

The importance of the social side of business relationships are sometimes overlooked. However it has been clearly demonstrated within the experiences of the UK brokers that the concept of bringing people together to establish synergies of the operations of their individual businesses is heavily dependent upon the social chemistry that can be established between group members. Consequently, in choosing probable network participants the brokers are mentally attuned to the expected influence an individual will have upon the functioning of the group with regard to the inter-personal dynamics as well as what they can actually offer the group in terms of their business competence.

5) Commitment is easier to maintain when focused upon a task

Brokers have discovered that it is a good idea to allocate network participants individual tasks to be performed prior to the next meeting of the group. This is due to the fact that an idea that is not being actioned will not sustain interest or import amongst busy people with their own businesses to run. Some brokers focus their networks around a contract opportunity thereby presenting the group with a 'golden carrot' if it can provide the necessary cohesion and co-ordination of activities to meet the deadline and perform to the required specification. In the absence of a 'carrot' a substitute event such as a Fair can be scheduled to focus and maintain participants belief and motivation in the venture.

6) It takes as long as it takes

Brokered networks evolve in their own time and sometimes in a direction not foreseen by the broker concerned. Network broking is concerned with developing trust between group members, maintaining involvement of group members and being both proactive and responsive with respect to developments in the actual/potential marketplace. The speed at which the network develops into an effective functioning identity will be directly affected by the level of trust generated between its participants - the broker may well attempt to facilitate this process but in the end it is not entirely in their hands. If the 'mix' is wrong

then the broker has to alter the dynamics in order to preserve the evolution of the group - this may involve one-to-one negotiation with several individuals or possibly expulsion from the group. With regard to the direction in which the network evolves, the broker involves participants in a specific venture opportunity but there is no certainty that the group will not substitute this for an opportunity that they feel offers greater potential for which they may still require the broker's services as an impartial adjudicator/advisor. The success of the broking exercise could be argued to rest upon the development of the network not in its adherence to its original membership or original plan.

7) Changing mentalities

Network broking is about changing mentalities. It involves people adopting a co-operative vision of future success which is developing a level of interdependency with others that they have often avoided by becoming owners of their own small companies. Furthermore there is a level of trust that is required in the broker's character and ability to deal honestly and equitably with each of the participants in the network.

8) The problem of evaluation

Successful broking practice should lead to successful brokered networks shouldn't it ? And a network is successful if it enjoys substantial business growth, stability in the market and shows a generous return on investment. Is it that simple ? In my discussions with brokers this type of crude analysis is doing them a grave disservice. Firstly, the broker can only work with the participants who agree to become participants in the network; secondly, their future horizons may be far lower than could reasonably expect to be achieved; thirdly, any one participant can de-rail the process if they have a mind to do so; fourthly, unforeseen external circumstances may negate much of the initial promise of the network idea and finally, each network broking experience is unique because of the unique set of circumstances and participants pertaining at that time. Broking experience provides an understanding of key issues and guides as to expected behaviours but improved broker performance does not guarantee improved brokered networks.

Furthermore, such simplistic evaluations do not take into account the many unseen developments arising out of the broking experience such as the level of inter-group business that is conducted, the improved status participants may enjoy through being able to compete for contracts normally restricted to larger companies (the 'feel big' factor) and even their perceived level of benefit from the social contact with their peers, their excitement at entering into a new venture and the future use of increased learning that arises out of the experience.

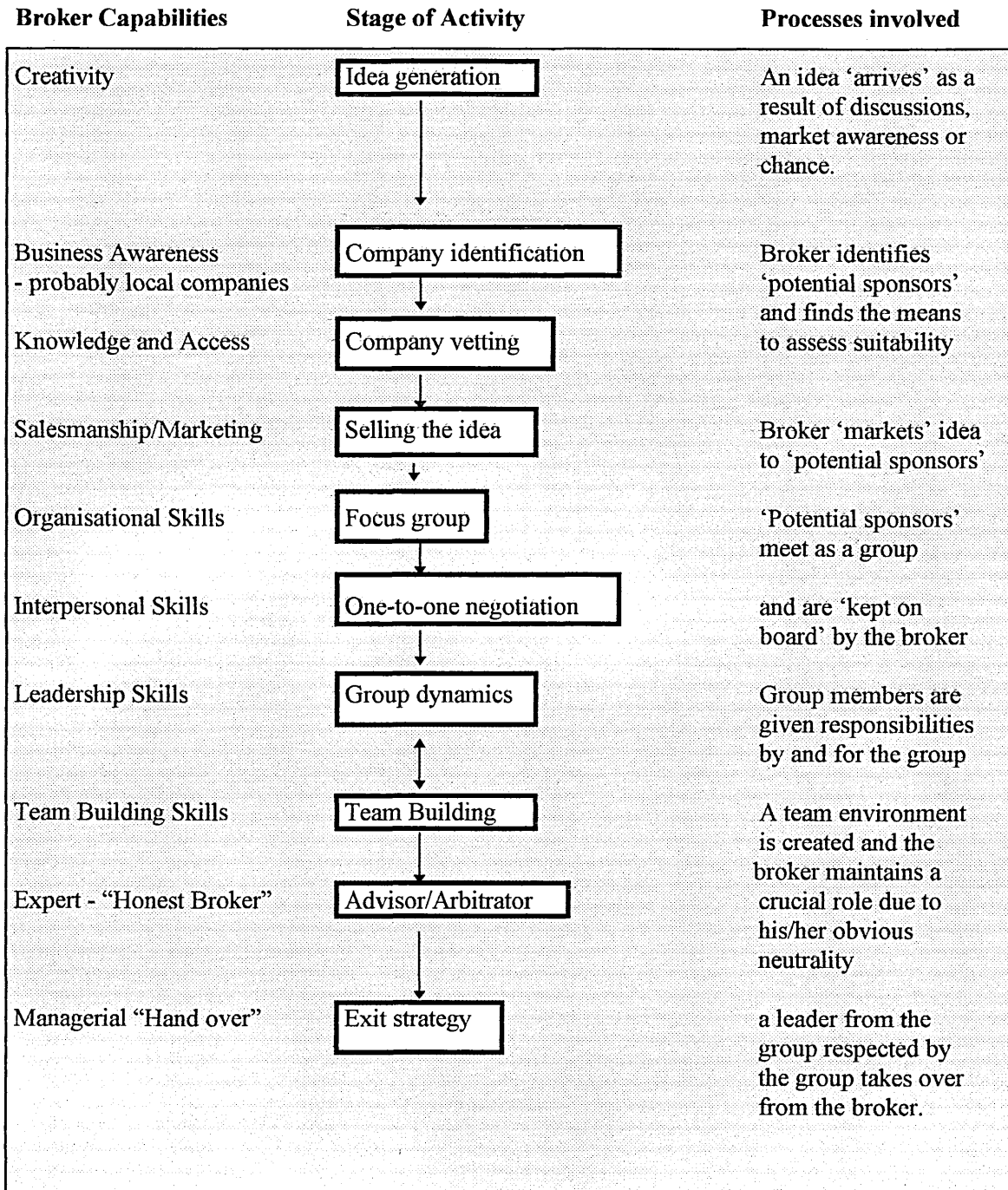
Finally they raise intractable problems relating to definition of terms - what constitutes a network ? What signifies that a network has been brokered ? Should brokers concentrate on creating a large number of small networks with minimal involvement or a small number of larger networks with substantial involvement ? Should each network carry equal weighting or should extra merit be given to those in certain industrial sectors ?

Evaluation is quite rightly a key concern for the DTI, the Business Links, the training organisation and indeed for the brokers and their clients but it demands a great deal of thought and significant involvement from all it concerns particularly network brokers and representatives of the business communities they are working with. These two groups will have the keenest appreciation of the probable consequences of the evaluation measures being suggested upon future broking practice.

As to the processes involved in formulating a brokered network and for an indication of the broker competencies required these are indicated overleaf in the skeletal model presented.

The Skeletal Model

From some preliminary interviews and general discussions held with brokers involved in the 'pilot projects' and others with reference to their understanding of the processes involved within the broking experience the author has developed a 'skeletal' model which is shown overleaf. It has been derived inductively from the experiences recounted and has been subsequently validated by other brokers as an accurate representation of the processes involved in the broking process.



Is Manufacturing a special case ?

“Partnership in supply chain relationships is clearly a very powerful strategy. It encourages a joint approach to problems and it can lead to a reduction in costs, improvements in quality, and so on. It appears, however, that partnership (or partnership sourcing) retains a traditional view of the supply chain - that it is the customer, the company which in mass production has accumulated most of the control of the value chain, that ‘owns’ the whole process, whilst the suppliers are ‘fitted in’ by a procurement process still based upon buyer power. Partnership is seen by many suppliers, as just another way of appeasing the customer - perhaps with slightly less effort to win by guile. The essence of partnership is sound - it is co-operation - but the prevailing climate of ownership works against this ever developing into true collaboration.” Lamming (1993 pg. 239)

There is an obvious cynicism concerning ‘partnerships’ in which there is such an imbalance of power within the relationship. Even if mutual gains can be achieved through moving towards a collaborative relationship this movement is under the direct control of the more powerful player and therefore there is no free choice in operation. As such the collaboration can be seen as being ‘imposed’ and ‘accepted’ as a necessary precondition to doing business. The major player deciding upon a ‘partnership’ as a means by which to reduce costs or gain closer control over the interface with the supplier so as to ensure efficient throughput and gain competitive advantage over rival supply chain operations. It is difficult to foresee a great potential within brokered networks of vertically integrated firms in which there is a significant imbalance in the power they hold within the relationship. However, within horizontally integrated networks there are solid reasons for seeing a future role for the brokered SME network within manufacturing. The two examples below present the first steps towards this goal.

1. DEFCON

Brokered networks of SMEs can have a significant impact upon the balance of power within supply chains as witnessed by the Defence Contractors network that is now in a position to compete for lucrative defence contracts in a truly global market - not only have they collectively achieved the ‘critical mass’ to be taken seriously in relation to their ability to undertake large contracts but they also have the flexibility and specialisation of operation that many larger organisations would lack. The important aspect is the freedom to choose to belong to a brokered network where each partner has the same amount of influence and where each is there because of their individual specialist expertise.

2. EMC

Another brokered SME manufacturing network that illustrates the potential of the concept is the Electro Magnetic Compatibility network which arose out of a common threat - an EU directive that was about to come into effect in a short time period that would ban the sale of products throughout the EU that had not been tested satisfactorily to a set standard. Due to the broker being a part of the Business Link team he was able to utilise his contacts to involve the local university, put together bids for various forms of funding and secure that funding, organise the network meetings and facilitate the project management.

It is the broker’s neutrality (plus his/her expertise and contacts) and the fact that those involved have freely chosen to be involved that are the crucial differences between brokered and non-brokered networks. These are the factors that determine a higher level of commitment and possibility of success to SMEs in developing and maintaining the progression of the network and the relationships between its participants.

Conclusion

Brokered SME networks offer a potentially significant form of operation within manufacturing supply chains - more obviously where there is a balance of power within the relationships between partners and there is the possibility of engendering a level of trust in the co-operation to allow for a full optimisation of the benefits to accrue. The two examples of successfully brokered SME networks provided illustrate the fact that the concept of brokered networks has great potential if prudently applied either as a means of opening up new opportunities (eg. DEFCON) or as a means of concerted action to stave off an imminent danger facing a number of companies in the same field (eg. EMC). It is easier to foresee the development of the necessary 'atmosphere' of trust and mutual respect within situations where SMEs are primarily horizontally integrated as opposed to being vertically integrated.

However, as Sommers (1993) has illustrated in many real life situations there are elements of horizontal and vertical integration co-existing within supply chains. It would therefore seem obvious that the question's naivety should be addressed by seeking to find the opportunities within existing supply chains where a degree of broking could be beneficially implemented. It is not inconceivable to believe that the change of mentality required between former adversaries within the supply chain could result from an initial co-operation involving an aspect of their joint operation over which there could be no competition - ie. Start on the horizontally integrated aspects that exist to generate the desire and determination to exploit the latent synergies present within the vertically integrated aspects of the supply chain. Networking in a spirit of true collaboration is an acquired attitude that evolves through experience therefore the author would contend that there is a major opportunity facing SMEs within manufacturing waiting to be acted upon.

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Network Broking: A Team Game ?

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Introduction

Although networking is certainly not a new phenomenon to SMEs it can be argued that the concept of a brokered SME network, facilitated and supported through regional Business Links, does bring something significantly different to the business community. As a consequence, if the initiative is to be successfully adopted, there is a need to 'win favour' with the business community as to its potential usefulness to them as a means by which to generate extra business opportunities and growth. Convincing argument demands both *clarity over the brokered network concept and its likely operational management* (e.g. what does the broker do and how can he/she add value to the network ?) and additionally, '*local proof*' of the benefits available to SMEs through engaging in such a venture - information which can only be provided by local SMEs that have *experienced* involvement. During my research, brokers have consistently attested to the initial 'perceptual barriers' within their local business community and the subsequent '*snowballing effect*' that follows the first demonstrably successful brokered network involving local firms. The issue of greatest concern is cultivating a conducive atmosphere in order to generate sufficient motivation to create that first local success story.

A recent report commissioned by the D.T.I. into the operation of the business networking initiative revealed substantial variations in the approaches adopted by network brokers and concluded that this was reflective more of the personality traits of the broker than the Business Link implementation of the scheme. However, it should not be overlooked that there are differences in implementation within various Business Links as well as differences in their operational structures as Business Links which could have significance in determining the broker's approach towards the facilitation of brokered SME networks. This paper is an attempt to open the debate as to the impact of the '*structural*' components of the initiative upon the operational practice of brokers in the field; to consider their probable consequences with regard to the implementation of brokered SME networks and to determine the issues that need to be addressed with regard to the '*appropriateness*' of current recruitment, training, support and assessment of network brokers. The source data is drawn from a number of semi-structured interviews conducted with brokers in 4 Business Links (Sheffield, St.Helens, Sunderland and Bristol) into broking practice as well as discussions with BusinessNet (training organisation), the D.T.I. representative in Sheffield, several professional consultants and academic researchers.

The Danish Model and its adoption in the UK

During the 1980's, the Danish Technological Institute began to consider ways in which business network trading structures could be developed without the necessary presence of a large company to manage their proceedings - this was important because of the lack of large companies within several industrial sectors and in certain geographical regions. The resulting 'Danish Model' replaced the onus upon a large firm with the institution of 'the network broker' as the means whereby new trading structures could be founded. This initiative was heavily supported by the Danish Government over its first years of operation and powerful financial inducements were provided to SMEs to get involved in this scheme. Consequently, many new and prosperous brokered networks were presented as positive proof that the model worked. As a result there was interest in many countries as to how well this initiative would fare outside of Denmark and several, including the UK, decided it was potentially a highly significant method of stimulating inter-firm collaborative activity within their SME sectors. However, there would be differences in its implementation.

A major difference between the Danish situation and that in the UK has been the amount of financial assistance and expertise provided by the governments involved - in Denmark huge sums of money and technological expertise were available, through the Danish Technological Institute, to found what was a national initiative with all companies gaining financial rewards for being involved. This was in stark contrast to the UK scheme whereby the initial plan was founded upon minimal financial support and self-sufficiency of operation within the first three years. The initiative was to be run through the Business Links and would be an optional scheme with its operation being determined with regard to local circumstances. As a consequence

the business networking initiative has only been adopted by a small number of Business Links with some preferring alternative schemes of generating growth in their SME business communities and others adopting a 'wait and see' policy allowing the 'experiment' to be conducted elsewhere.

The 5-Phase Model

A brief review of the 5 phases of the 'Danish Model' is provided below - for a fuller understanding of the model and its implications with regard to broker competencies see Chaston (1995) from which figure 1 has been taken. Adherence to the completion of each stage is recommended in order to generate the highest likelihood of successfully facilitating the broking of an SME network and of ensuring the greatest benefits arise from the ensuing collaborative business activities amongst the members of the network.

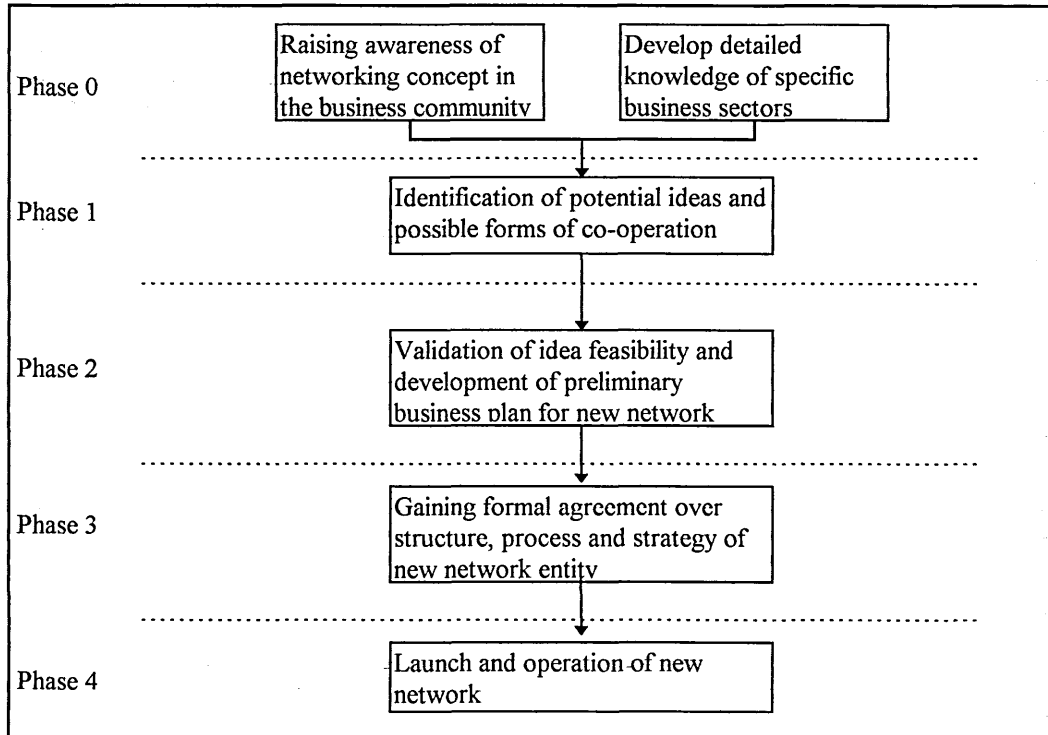


Figure 1: The D.T.I. process model for creating SME networks

Phase 0 is fundamentally concerned with effecting deep cognitive change in managerial attitudes towards the usefulness of government schemes in finding new solutions to 'their' old familiar problems and to the concept of co-operating with traditional competitors (going against the grain (Biggart & Hamilton, 1992, p.472)) in order to compete more effectively against the more significant competitors from overseas. Both requiring an openness of mind allowing the required 'double-loop' learning (Argyris & Schon, 1978) to occur and challenging the existing understanding of 'the rules of the game' - their socially constructed and enacted 'reality' (Berger & Luckmann, 1966) - causing anxiety, dependence and vulnerability to others influence.

A broker's knowledge of specific sectors helps provide the credibility and respect that "perhaps he/she does know what they're talking about and is worth listening to" as well as providing them with insights into potential areas for mutually beneficial co-operation (Phase 1). The subsequent phases are worked through with the 'selected/self-selecting' network members and comprise the evolution of goals for the network (its 'raison d'etre'), an operational plan - involving member commitments and expectations and a growing formalisation of network relationships and of its presence as an entity both to the members of the group and to those with whom it will do business.

The broker training programme emphasises the model's rationale with recourse to its underlying philosophy and the 'evidence' of its operational effectiveness in Denmark. Within the training programme is the option for further sessions to work on individual weaknesses identified in the field. There is also guidance as to the network of brokers throughout the country and access to their experiences through a central database system

Research Evidence

It is evident to anyone involved in researching the UK broking experiences that brokers have departed from the rigour of the model and chosen to *interpret* the stages outlined in light of their *own* experience and in line with their '*appropriateness*' to the needs/attitudes of the firms with which they are working. This tendency has been reported by students on work placements with brokers, by professional researchers and has been unashamedly admitted to the author by several brokers. Generally speaking, from the discussions held, it is felt that there would be broad agreement amongst many network brokers with the following sentiments :-

- (i) that experience is the only tutor of worth
- (ii) that the right to issue guidelines on broking practice should be restricted to those with practical experience of doing the job whose opinions could then be respected
- (iii) and that each and every network situation is so contextually different that it has to be treated uniquely and sensitively with respect to the players involved and the situational characteristics involved.

In other words, the training sessions are a necessary formality but the *real* training occurs on the job. As a consequence there is little motivation for brokers to seek '*follow up*' training sessions to strengthen their areas of weakness and a sense of frustration at requests to '*feed back*' their experiences in the field to the training organisation ! It is hard for them to see any practical benefit accruing to them from this activity which detracts from the business in which they are *actively* engaged. There is also a sense of *urgency* to get involved which can often lead to a lack of detailed analysis of the relevant industry sectors in which they are concerned and a consequent dependence upon the guidance of network members in industry-specific issues. Furthermore there is an evident desire to be '*accepted*' as an active member of the business community '*doing as opposed to pronouncing*' and experiencing the same turbulence and uncertainty as the members of the network. This could also be a consequence of the previous business histories of the brokers involved in that the '*excitement*' of running a small business, the '*entrepreneurial spirit*' is still '*in the blood*'.

A wide variety exists in the types of networks established as is illustrated by the following examples :-

- (a) AZTEC wedding services - a network of companies providing beauty/make up, cakes, dresses, hats, honeymoons, cars, flowers, hotels, music & entertainment, photography, videos and stationery. All the necessary ingredients for the couple to consider in order to ensure that everything goes well on their wedding day.
- (b) DEFCON - a network of companies manufacturing and supplying products for the defence industry. Companies that individually are too small to be considered for major defence contracts have now the critical mass to compete for them and can offer a high level of specialism and flexibility of operation.
- (c) West Country Organic Foods - a network of organic farmers providing a wide, traditional choice of cuts - beef, lamb, pork and chicken - for the growing number of consumers who are health conscious and concerned for animal welfare.
- (d) EMC (Electro Magnetic Compatibility) - a network of engineering companies came together with the School of Engineering at Exeter to provide their own testing facility without which they would have been prohibited from selling their products within the European Union due to an EU Directive which came into force on 1st. January 1996.
- (e) Embryonic networks currently being founded to provide a complete security service for schools and hospitals; to provide a complete I.T. service from hardware installation and maintenance to software development and training; to provide the necessary quality accreditation to enable small legal firms to satisfy the new requirements shortly coming into force with regard to legal aid work.

As mentioned previously, brokers are anxious to establish a working example of a brokered SME network in the local business community in order to broaden awareness and motivation to be involved. Consequently, it is not surprising that brokers often concentrate their initial efforts upon previous business experiences and

draw upon previously established contacts. Not only does this provide the broker with the necessary 'insider' information (eg. how to deal with contracting procedures in the defence industry) which could otherwise be a 'minefield' but it also provides the greatest probability of success if client SMEs and broker speak the same language. With respect to annual assessment of performance this is bound to be a factor even if it could be demonstrated that the business community would benefit more by a re-focusing of effort into another sector.

From discussions with network brokers the author has inductively derived a 'skeletal' model of the processes considered instrumental in facilitating the development of a brokered network. Two interesting issues arise when contrasting this 'experience driven' model and the 'concept driven' Danish model - *firstly*, the idea generation stage ignores reference to the 'raising awareness' (phase 0) and implies that detailed sectoral analysis is only one of several ways, including chance, in which the network idea arrives; *secondly*, there is a highly pragmatic element running through the model with respect to company selection and involvement. It is not enough to have a great idea for a network the broker still requires the right mixture of components.

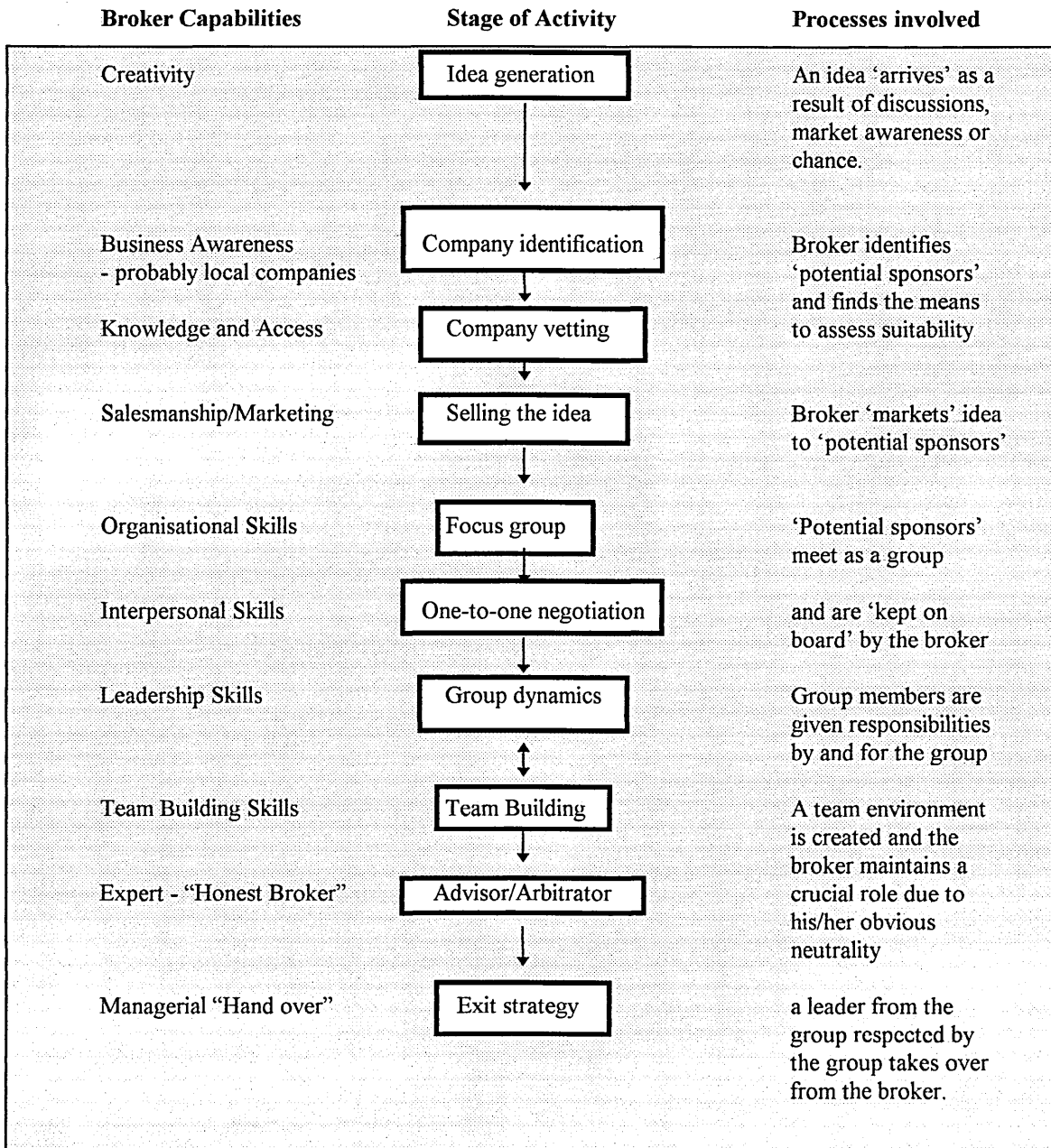


Figure 2 : Brokers Perceptions of the Broking Process

Network Broking seen as a Team Game

"In the cognitive paradigm, what a creature does is, in large part, a function of the creature's internal representation of its environment"
D'Andrade (1984, p.88)

"Roles can be viewed as 'patterns, as configurations of goals, attitudes and behaviors that are characteristic of people in particular situations' (Searing 1991, p.1253)" Scott (1995, p.39)

Network brokers are a part of the Business Link team aiming to provide useful service to the local business community. The issues of importance are how is the Business Link regarded by local SMEs, how effective is it as a co-ordinated team able to provide service to local SMEs and how well is the broker (and the business networking initiative) understood and '*actively engaged in*' by other members of the team? Differences abound amongst Business Links as to the extent to which they are both *cognitively* and *actively* participating in the network broking initiative and this must influence broker strategies and chances of success in delivering brokered networks. A Business Link is itself a brokered network (generally brokered by the TEC which is usually the most powerful body) and its success in providing an effective service to local business serves to determine its reputation and inclusion in the thinking and activities of local SMEs. Bringing together support agencies with different foci and agendas under the 'umbrella' of the Business Link has inevitably faced many difficulties in its operationalisation (Chittenden & Robertson, 1994) not least the competitive tensions of its constituent parts. However, there are regional variations in the effectiveness of the services provided to local business communities resulting in differing levels of SME involvement (Stanworth & Gray, 1991 Ch.8).

Consequently, a broker is fortunate if the Business Link has established a good reputation as this is likely to affect the willingness of firms to explore the initiative with an "open mind" (as opposed to seeing it as 'just another TEC scheme') thereby increasing the 'pool' of available firms from which to build a network. If, in addition, there is an appreciation that business networking should be viewed as a team strategy involving a co-ordinated focus upon opportunities for synergetic collaboration between firms that directly affects the existing unilateral roles of many Business Link colleagues with firms on a one-to-one basis then he/she is really fortunate! Close co-operative working involving the natural exchanging of information about client firms collectively building up client profiles and effecting a 'team' conversant with SMEs current stages of development, capabilities and issues of concern could be expected to yield great synergistic benefits to the team, the firms and to the broker as many opportunities would naturally result from this 'cross-fertilisation' of contacts. However, this conception of network broking as a 'team activity' raises questions with respect to broker evaluation - it is no longer so easy to evaluate the broker's independent role in networks brokered.

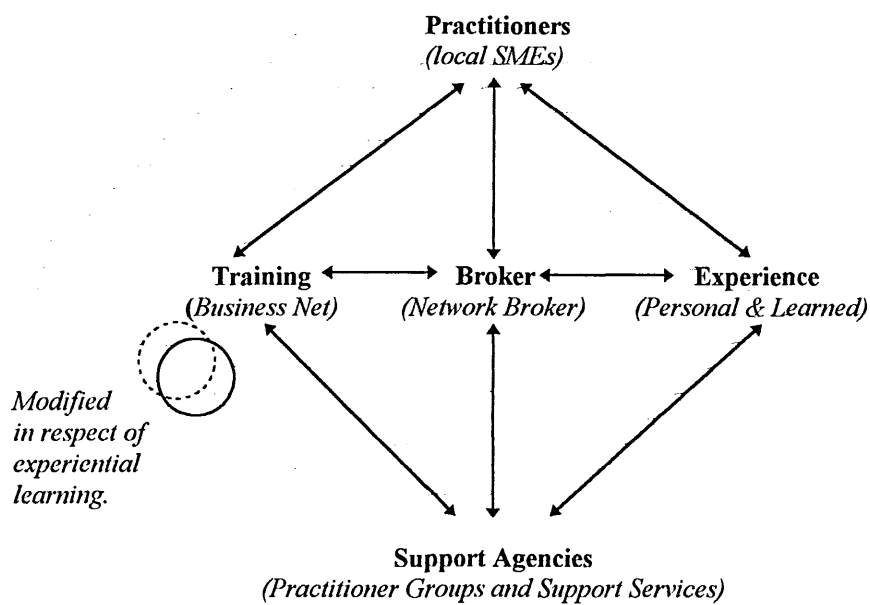


Figure 3: An Expanded Network Community

Figure 3 illustrates the inter-connectedness that should be evident within the business networking initiative if this initiative is to gain ground and be effective to local SME communities. It is an 'expanded team' pulling together the efforts of SMEs under the facilitation of a broker, feeding back the broking experiences into the training programmes and drawing upon the support agencies to both encourage and inform their members about the potential benefits to be gained through inter-firm collaborations as exemplified in locally brokered networks.

Conclusion

Network broking is a new initiative and is being introduced on the back of the Business Links initiative which is again very recent. Experience has shown variations in practice from the Danish model and there are reasons to believe that these variations are resulting from several factors - broker background, personality and belief in the concept, Business Link status and operational effectiveness within the business community and the extent to which a 'team approach' is advocated within the Business Link and beyond in the wider network of trade associations/clubs within the business community. The immediate consequence of a team approach would be to force a re-assessment of the evaluative criteria used in assessing broker performance. It is already a complex task to determine how to measure broker effectiveness, for instance :-

- (i) is it number of networks created ? at what stage are they to be assessed as 'created' ?
- (ii) is it number of firms involved ? is there any differentiation between large and small firms ?
- (iii) is it the complexity of the task ? how can this be objectively determined and by whom ?
- (iv) is it the satisfaction of network members ? is 'under-achievement' acceptable ?

This paper is intended to promote debate around the issue of the influences of 'structural aspects' of the business networking initiative upon broking practice and broker effectiveness. Drawing upon Giddens (1984) theory of structuration, it seems impossible to ignore the inter-determinating relationship between the context within which broking practice occurs and the 'reality' created through that practice within the context in which it occurs.

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2B Network Broker Forum

- (1) Presentation: "Trust in relationships"
- (2) Experience Assessment Questionnaire for Brokered Network Participants

What is trust ?

“Trust is anticipated co-operation....From past co-operation, one expects future co-operation” Burt & Knez (1996, p.70).

“Trust is not mere predictability but confidence in the face of risk.”
Lewis & Weigert (1985).

“...involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk.” Boon & Holmes (1991).

“accepted vulnerability to another’s possible but not expected ill will (or lack of good will) toward one.” Baier (1986).

“Trust is both the specific expectation that another’s actions will be beneficial rather than detrimental and the generalized ability to take for granted, to take under trust, a vast array of features of the social order. A level of trust is a fundamental element of the social fabric and a factor in all market transactions.”
Creed & Miles (1996, pp.17-18).

Or looked at another way :-

*Trust = f { embedded predisposition to trust,
characteristic similarity,
experiences of reciprocity }*

Does it matter ?

“The key value in networking, and the one that is most problematic for Western managers, is trust....High levels of trust reduce transaction costs....Trust reduces uncertainty about the future and the necessity for continually making provisions for the possibility of opportunistic behavior among participants....”
Limerick & Cunnington (1993, pp.95-96).

“a remarkably efficient lubricant to economic exchange that reduces complex realities far more quickly and economically than prediction, authority, or bargaining.”
Powell (1990, p.305).

“Trust is essential to the loose coupling that makes network organizations more adaptive to changing environments.” Burt & Knez (1996, p.68).

“Co-operation entails moving to a vulnerable position; such a risky move requires creating governance structures that allow for constant monitoring and consultation. The key point is that monitoring is both easier, more natural, and vastly more effective when done by peers rather by superiors.” Powell (1990).

Can it be facilitated ?

"Trust production can occur when an individual is open to social influence from another individual or when a third party with whom both individuals are open to social influence intervenes to mediate."
Zucker (1986).

"Third-party gossip thus serves to reinforce existing relations, making ego and alter more certain of their trust (or distrust) in one another.... Trust is significantly amplified by third parties. Third parties have a positive effect on trust within strong relations and a negative effect on trust within weak relations."

Burt & Knez (1996).

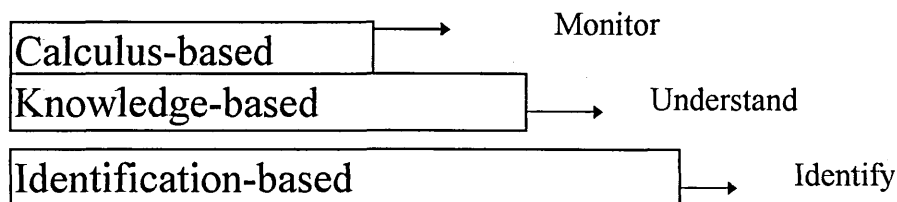
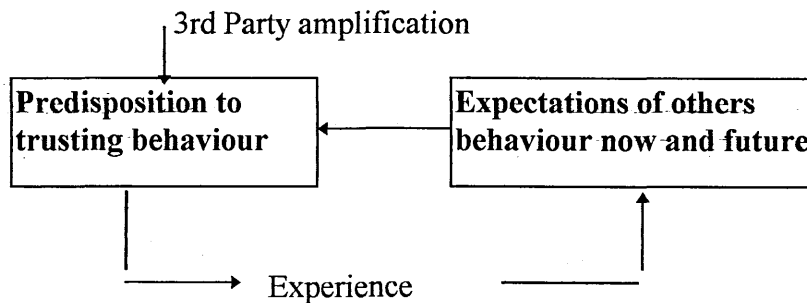
"My mortification at cheating a friend of long standing may be substantial even when undiscovered. It may increase when the friend becomes aware of it. But it may become even more unbearable when our mutual friends uncover the deceit and tell one another."
Granovetter (1992, p.44).

Swift trust...the Dallas Organization...

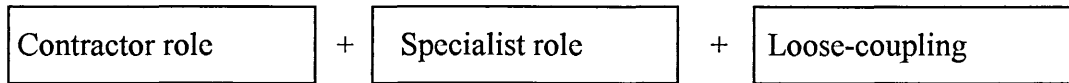
Inclusion implies contractor selectivity and "...the credibility of the contractor - in terms of his or her reputation for creating and composing successful temporary groups - serves as a useful substitute for interpersonal history."

Meyerson, Weick & Kramer (1996).

What is the significance of these issues for a network broker ?



“Swift Trust is less about *relating* than *doing*.”



Defined Task

Time limit (?)

Shared obligation

“Again we suspect the contractor may play an important role here in being not only the architect and facilitator of swift trust but also its centurion...the very lack of time, along with the collective impatience for lapses in role performance it necessitates, may work in favor of the temporary group’s mission. Although such factors may hinder the development of thicker forms of trust, they may sustain swift trust.”

**Experience Assessment Questionnaire
for
Brokered Network Participants**

1. Has being a participant in this brokered network resulted in :-

- Increased Business (Yes/No/Don't know)
- Increased Opportunities for Business (Yes/No/Don't know)
- Increased Awareness of Opportunities for Business (Yes/No/Don't know)

2. Has being a participant in this brokered network resulted in :-

- Greater Focus on Company Abilities (Yes/No/Don't know)
- Greater Focus on Product/Service Quality (Yes/No/Don't know)
- Greater Focus on Managing Inter-firm Relationships (Yes/No/Don't know)
- Greater Focus on Learning New Skills/Abilities (Yes/No/Don't know)
- Greater Focus on Experimentation (eg. new markets) (Yes/No/Don't know)
- Greater Competence and Confidence for the future (Yes/No/Don't know)

3. Having determined the 'tangible' benefits from the network (eg. increased sales) what are the most significant 'intangible' benefits from your perspective? Please assign a mark from 1-10.

1. The network's additional 'pool' of business contacts
2. The learning experience of co-managing the network operation
3. The challenge and excitement of jointly pursuing new opportunities
4. Learning about other participants businesses
5. Sharing information and experiences with other network participants
6. The social atmosphere and the presence of a peer group

Please add your own

- 7.
- 8.

Thank you for assisting with this questionnaire.

Experience Assessment Questionnaire - initial indications from responses received.

1. Although only 48% acknowledge increased business resulting directly from participation in a brokered network 84% believe that it has resulted in greater business opportunities and 92% believe it has resulted in greater awareness of opportunities.

2. With respect to the impact of network membership upon the firm the findings are as follows :-

Greater focus on Company Abilities	72%
Greater focus on Product/Service Quality	52%
Greater focus on Managing Inter-firm Relationships	48%
Greater focus on Learning New Skills/Abilities	48%
Greater focus on Experimentation (eg. new markets)	56%
Greater Competence and Confidence for the future	68%

In other words, network participation is seen as providing many benefits other than increased business which all serve to produce greater competence and confidence for the future.

3. With respect to determining the perceived significance of non-tangible benefits the findings are as follows :-

Access to an additional 'pool' of business contacts	60%
Experience of co-managing the network operation	24%
Challenge of jointly pursuing new opportunities	40%
Learning about other participants businesses	44%
Sharing information and experiences	60%
Social atmosphere and presence of a peer group	40%

Overall greatest significance was placed upon the additional pool of business contacts and upon sharing information and experiences with other network members

**2C Chapter for a book
“Networking for International Development”**

Introduction

One of the most significant findings in the research is that successful exporters believe that a major factor in making an impact in international markets is their formal and informal networks of contacts. These contacts are based upon personal relationships built upon trust, tested through experience and often the result of years of effort by managers at different levels in the company. In international marketing these networks can be very formal arrangements, involving both large and small companies, for example, strategic alliances, joint ventures, franchising and “piggybacking” (marketing your complementary products and services on the back of someone else’s marketing efforts - an example of this is provided by Sure Mining).

SMEs, in particular, are already familiar with the concept of informal networking (ie. the common sense notion of building and maintaining close contacts with customers, suppliers, retailers, agents, competitors, trade associations/clubs etc.,...) as a means by which to better *understand* and *anticipate* developments in the markets for their goods and services. SMEs are also, to some extent, aware of the possibilities of working co-operatively with others where mutual benefit can be found. For instance, in international marketing operations informal arrangements can be extremely helpful in circumventing the most common constraints on SME international growth, namely time and resources - easing time consuming tasks, such as finding a reliable agent or distributor, finding an accurate technical translator or finding a short cut through government regulatory procedures.

Given the importance that SMEs attribute to networking it seems reasonable to conclude that the scope of networking could be expanded. The ‘facilitated network’ is a valuable option by which to increase the internationalisation of the SME sector.

What is a ‘facilitated network’ ?

A ‘facilitated network’ is a network of firms which have decided to collaborate together to achieve a mutually beneficial goal using the facilitation of a third party. The neutrality of the third party ensures that each member of the network has an equal standing in the decisions taken by the network as to its formation, operation or future strategic direction. His/her presence negates power inequalities and guarantees that network development is governed by the power of argument and decided by majority vote where differences exist. Consequently, a ‘facilitated network’ provides opportunities for collaborative networking in those situations where inequalities of power or need would otherwise serve to create barriers, tensions and ‘skewed’ agendas. Moreover, it affords SMEs the opportunity to focus their combined energies upon the global competitors in their domestic and overseas markets as opposed to concentrating their attentions upon known local competitors. Two illustrative case studies are presented below to demonstrate the potential that exists for the development of facilitated networks amongst local companies as an aid to their internationalisation efforts.

Case Study 1: Orthopaedic & General Surgical Instrument Manufacturers

Two local SMEs providing complimentary products within the health industry decided that they could combine their efforts with respect to exporting into South East Asia. Both SMEs had been in existence for just over five years, employed small workforces (10-15), had excess capacity and recognised the potentially lucrative markets in the Pacific Rim for their products. They were also painfully aware of the difficulties in breaking into the established network of suppliers to local hospitals/G.P. practices in the domestic market.

Although collaboration could be seen to be mutually beneficial it would involve a good deal of time and effort in researching into new markets. Consequently, the SMEs engaged Kiefer, a student from the International Marketing Masters programme, to perform the necessary market research, network with the right people and to generally facilitate this process. The SMEs could rely upon the expertise and guidance provided whilst retaining control over the future strategy of the internationalisation of their businesses.

The commitment of the two SMEs has ensured daily contact over the joint venture and a separate company co-owned/co-managed has been created with Kiefer being employed to manage the export side of the business. Having performed in-depth market research into the area Kiefer is now in a position to propose new markets and appropriate strategies to enter these markets which could provide lucrative benefits to the SMEs involved.

Case Study 2: Cutlery Manufacturers

Cutlery manufacture has been synonymous with Sheffield for many decades and many SMEs have long and proud business histories. However, due to increasing globalisation there is now great fear for the long term survival of the industry and sadly, many of the traditional local rivalries create barriers to the potential opportunities for collaboration. It is difficult for SMEs to engage in collaborative ventures with local competitors even though they are aware that the greater threat is from overseas competition.

An initiative to aid this situation and to encourage a willingness to look at collaboration as a viable business opportunity has been provided courtesy of a Teaching Company Associates scheme - involving 15 SMEs and 3 students offering different specialisms. Free of the historical development of the industry and independent of any particular SME the students can by using their specialist expertise identify business areas within which collaboration should be mutually beneficial. A network of co-ordinators supervise the operation of the scheme.

Given the strong adversarial traditions within the cutlery industry the greatest testimony to the success of the scheme is that the SMEs are still meeting to discuss the initiatives put forward. Many of these companies are direct competitors and many are supplying each other which makes the supply chain quite complex. The student facilitators have identified some potential areas for collaboration but progress will be determined by the SMEs themselves and will be as dependent upon the development of adequate trust between possible collaborators as upon the strength of the ideas proposed.

There are a number of conclusions that can be reached:-

- a) SMEs lack time and resources to both identify and operationalise areas for collaboration.
- b) Local competitors are most visible but not always the most threatening.
- c) Mutually beneficial collaborations are possible
- d) Involvement of a third party can provide the facilitation required to enable collaborative ventures to happen
- e) Businesses learn through activity and they determine the rate of progress

Probably the most important of these is that the involvement of a third party is crucial. With this in mind the **network broking programme** could play a vital role in supporting the exporting activity of SMEs. Network brokers are trained SME business networking facilitators operating through Business Links.

The Network Broking Programme

The task of network brokers is to identify opportunities for collaborative activities between local SMEs which can be expected to result in increased business and growth in both domestic and international markets. Neutrality is seen by many brokers as their main source of 'added value' but there is more to a broker than his/her neutrality. These are trained professionals in the 'broking' of relationships, in analysing market opportunities and in assessing SME suitability and potential for gaining benefit from involvement in a network. Furthermore, unlike the SMEs involved in the network, it is the broker's **primary** concern to *enable* the network to become a viable concern *if, and only if*, it is to the *mutual benefit of all participants*.

Brokers regularly share experiences, gain new insights, learn from each other and are continually being exposed to new business opportunities that could be applied within their own region. Behind them lies the full weight of Business Link support services and all the necessary experience to provide assistance with legal and financial aspects as well as knowledge of available national and European grants/subsidies. Therefore the broker can rightly be considered as a very '*key*' contact for an SME given the extent to which he/she can open so many lucrative doors.

Brokers often seek out opportunities for brokered networks to further internationalise business activities of local SMEs helping to generate growth in the local community. Having identified a possible area for collaboration the broker will then '*invite*' SMEs he/she considers to be "*suitable*" participants for that brokered network.

The basic criteria of suitability being :-

- an SME with growth potential
 - not looking for the network to help its recovery
 - not over-committed in other business
- an SME with the required competence
 - preferably excellent in this aspect of the business
 - preferably locally based

- an SME with a networking mentality
 - previous experience of business networking
 - realistic expectations of commitment required
 - willingness to work with others co-operatively
- an SME with an individual who can 'gel' with the other participants
 - preferably owner/manager or with power to make commitments
 - preferably creative thinker (may be a future 'champion' for the network)
 - preferably a 'team player'

Joining a brokered network is opening up the SME to a new set of challenges and opportunities. It is therefore most appropriate to see this as a new venture **in addition to** existing business. Brokered networks are not suitable 'vehicles' for recovery as SMEs facing difficulties would be unable to devote sufficient time and effort which are together the greatest cost of membership as financial costs are kept to a minimum and shared equally amongst the membership.

Experience from existing brokered networks clearly demonstrates that each network has its own unique history of formation and operation dependant upon the broker's style, the personalities of individual participants and circumstances of their firms and the network opportunity that is being explored. The brokered network evolves through the activities of the group and in the light of experience. What is universal, however, is the fact that its progress is down to the active commitment of the network participants and the broker's ability to mould and guide their combined creative energies as a team.

Recommendations

Networking provides a powerful and highly cost-effective means by which to circumvent the constraints of time and resources commonly associated with SMEs. It also leads to a positive approach towards the potential for collaboration and further internationalisation which provide the best hope for SME competitiveness in increasingly global markets. In order to encourage collaborations and to facilitate their operation there is great scope for the inclusion of a third party who can provide the time, energy, ability and focus to make it happen. The facilitated, or brokered, network is a viable business entity that enables full benefit to be drawn from the combined energies and skills of network members - by enhancing their understanding of their combined strength and expanding their business horizons.

Regional SME information needs for supporting the internationalisation process

by Kawalek, J., Imrie, G. & Wroe, C. (1996)

(Summary of Findings and Discussion of issues)

1. Summary of findings

From the objectives outlined below the research undertaken has indicated that the following points are reflective of the views of SMEs in the Sheffield area.

Current Patterns of Information Usage

- There is a lack of planning and identification of key information needs, particularly in the SME firms with less experience of internationalisation;
- high usage of personal contacts for information exchange;
- where information is used successfully, it is highly specific and focused;
- tight deadlines often necessitate *ad hoc* reactive responses to export opportunities;
- prior experience of the exporting process heavily influences current activity and perceptions of need.

Company Awareness of Information Support Available

- General lack of awareness;
- purposeful ignorance;
- questioning as to its helpfulness;
- a bad experience of *one* information provider determines attitudes towards *all*.

Additional Facilities and Assistance for Increased Usage

- Strong support for regionally based industry sector specialists;
- information provided in a more “consumable” form;
- need for an “easy route in” through the disparate providers;
- service charging may be acceptable providing tangible benefits can be seen;
- enhanced image of information only if it is part of the overall service provision;
- strong linkage to the network broker role as having high potential for SMEs;
- collaboration with SME groupings to provide collective information service.

6. Discussion of issues

The above leads to a broad classification of issues facing the service providers in meeting clients' needs. The perceived issues involved are as follows:

- Business Link's own public relations & marketing with regard to the information services;
- co-ordination & understanding of the wide and varied data sources, and which few people have the specialist knowledge and/or experience to fully understand;
- an issue of learning and nurturing of SME respondents themselves, in order to best identify and exploit opportunity;
- expectations placed by either party on the type of service they should be providing and/or should be receiving.

One of the most striking observations arising from this research is that the planning process within the SME firms questioned is generally characterised by unsystematic approaches towards the internationalisation & development of export markets. Where successes occur (ie. export markets are successfully established/developed), the processes involved are often characterised by informal contact and even serendipity.

While plans exist, the pragmatics of everyday necessity result in what seems to be a rather ad-hoc approach. Further, and arising from this, there seems to be strong evidence to suggest that SME firms are often culturally conservative, and are often not proactively engaged in seeking new opportunity. Some seem to be seeking internationalisation for reactive (ie. that home markets are contracting or are increasingly competitive) rather than proactive (organisation development) reasons.

These observations have important implications for the information service provision. Information provision needs to be sensitive to the importance and continued reliance of the informal network, to be able to complement it, and to provide information for its enhancement. However, it needs to see this as not *necessarily* sufficient as a guide to policy decision-making in entering and developing new markets.

It is suggested that delivery of information to support the informal network, as well as linkage to a widened analysis of potential markets, linked to formal planning, are fundamental. Striking an appropriate balance between them, contingent on some key (changing) perceptions of information users and maturity in the internationalisation process, is critical to the future success of an information service.

Equally, the results seem to suggest that for some SMEs, the formal information provisions already in existence tend not to be proactively engaged for on-going relationship building with firms. The information services seem not sufficiently pro-actively oriented as a form of enabler nurturing out potential for internationalisation within firms. This enabling aspect of the information service, may be seen as (in part) developing the perceptions of those engaged in the internationalisation process. The information providers could tailor their services far more and have a closer working relationship with the client with whom they are engaged.

Thus while the evidence is supportive of the *need* to enhance information provision, that provision also needs to be of the *right kind*, sensitive to current and on-going information needs of its clients, with mature and SME business aware staff. These are best seen as having a number of roles, depending on the maturity and current internationalisation of the firms themselves:

- As *information providers* matching needs to sources, providing appropriate levels of information detail which is timely, relevant and appropriate for the recipient;
- as *facilitator*, to enhance awareness of the potential usefulness of certain data which is currently available from varied sources and to nurture out the internationalisation potential of regional firms: for example, to enhance recipient thinking who presently over rely on ad-hoc informal contacts, and see this as an internationalisation strategy;
- as *information broker* between varied information sources, informing those sources of the limitations of current information provision.

The general conclusions are highly supportive of implementing better information services and are based on the assumption that these will deliver significant benefit to the regional economy. However both the quantitative and qualitative analysis emphasises the need to be *sensitive to the information recipient*, and to recognise that '*getting to know your clients' needs*' is essential in order to design the appropriate service. This should be focused on the goal of maximising opportunity *contingent upon* the circumstances, development and other key attributes of the firm and its culture. While the report makes assertions on the match (or sometimes mismatch) between client need and that of provision, this is an area for further analysis.

It is argued that only when this is established and recognised by the SMEs themselves, will such firms realise the added value that can be gained. The firms have indicated that they would be willing to support some targeted and effective information on new markets as provided by services such as EMIC in London. This is particularly so for the firms already involved in the internationalisation process.

However, there has been a mixed message identified here, which is in a sense a *catch-22*. Only after realising its value, will firms be willing to commit resources financially. Therefore on finance there seems to be *three* core and interrelated key themes. *Firstly*, that information services need to gain a reputation for effectiveness. While public relations exercises would be seen as important in the short-term, long-term effectiveness will come from on-going partnership building with clients. *Secondly*, that some services could be costed to clients based around client turnover and/or profitability. This would put a burden on the larger organisations but would act as a facilitator for the smaller - who are in the main less able to commit resources. *Thirdly*, and perhaps most ideal would be the notion that the service could be charged based around resulting increases in the internationalisation process of the firms themselves.

These remain a rather hypothetical set of suggestions at this stage and indeed how the service is packaged to the client for any one situation and circumstance is something that would require further analysis, beyond the remit of the current report.

The analysis has concentrated on key areas of current information provision. It also concludes that in the delivery of key information, technology plays a central role already, which is likely to further develop. For instance, the sources of information are already wide and varied, and on different platforms (whether computer-based or paper based). Therefore in aiming to deliver effective information to the client, it is important not to duplicate data sources.

Thus effective co-ordination of information sources requires a *high level information strategy* formulation and this is of key importance for the future success of information service provision. The information provider will be seen as broker, understanding the information sources, who might effectively use it, its limitations, delivery mechanisms and how it might be 'packaged' for manageable consumption by the client.

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