Evaluation of business networks in the AusIndustry Business Network Program

Barbara Sweeting
Bachelor of Business

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Abstract

Researchers have found that inter-firm collaboration, that is, co-operative business networks, can provide a competitive advantage that would not be possible independently for small sized firms. Work has been done by some governments, for example, Danish, Norwegian, New Zealand, American and Japanese, in the area of policy and practice of business networks because they have realised the importance of business networking and have encouraged collaboration of small firms by assisting in the facilitation of networks. The Australian government established a Business Network Program which ran for four years and several studies were completed on various aspects of the program during that period. However, there had been no particular research that examined the success or other outcomes of these networks, thus providing the basis for the research question addressed in this research:

How and why did the business networks developed in the AusIndustry Business Networks Program, succeed or not succeed?

Further, questions relating to how and why these outcomes may have occurred or how they may have been measured in the Australian government facilitated program were also unanswered. A review of the extant literature in this area established the theoretical foundations upon which this research is based and made possible the development of a model comprising three constructs or research issues that would address the research question:

RI 1: How and why is network success evaluated?

RI 2: How and why do the internal and external environments affect the outcomes of the network?

RI 3: How does facilitation affect the network?

In order to address these research issues and the research question, a protocol was developed and case study interviews with the lead business of sixteen networks participating in the AusIndustry Business Network Program were carried out. The resultant data was compared for each of the research issues through a qualitative
methodology from which conclusions and answers to the research question and issues were derived.

The results of this research showed that network members evaluated their own outcomes often using multiple measures, both qualitative and quantitative, with the most common criteria being whether the network continued or discontinued. Moreover, it was concluded in this research that successful networks usually had a single goal or purpose for joining a network which they ultimately achieved. In contrast the unsuccessful networks generally joined the network with multiple goals and which were not all achieved, thus contributing to their lack of success. This result was not evident in the literature reviewed in chapter 2.

Additionally, the findings showed that high levels of trust, commitment and reciprocity were essential elements in the success of business networks. More importantly this study found that whilst all successful networks had these elements, some of the non successful ones also reported high levels of trust, commitment and reciprocity. Thus it appeared in this study that whilst these elements are important for network success, they do not alone ensure that success, further, it was noted that for any network that reported a lack of any one of these elements, non success was more likely. In relation to this finding was the discovery that in these networks formal contracts between the network members increased the levels of commitment and reciprocity and thus increased the chances of success. When external environmental factors were examined in relation to their impact on network success, it was found that whilst all had some impact on their business generally, competition was noted as having the highest impact and government or legal issues the lowest impact.

Finally, this research found that facilitation did not necessarily contribute to a network’s success but that possible a lack of appropriate facilitation style did contribute to the non-success of networks. However, it was clear that the small networks needed less facilitator guidance overall and that the larger networks definitely needed facilitation and guidance. Moreover, it was found that the type of facilitation at the various stages of the network process were more important to the likelihood of success, rather than the mere presence of a facilitator.
Thus, the main contribution of this theory building research is to extend the general level of knowledge about business networks and provide new insights into network theory and the value of networks using an original application of existing knowledge. This knowledge can contribute to network education and training in business schools and can contribute to the development of future government policy and practice pertaining to network programs.
CERTIFICATION OF DISSERTATION

I certify that the ideas, experimental work, results, analyses, software and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

...........................................   .............
Signature of Candidate                  Date

ENDORSEMENT

Signature of Supervisor

...........................................   .............
Doctor Jane Summers                    Date
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# TABLE OF CONTENTS

Abstract ........................................................................................................... i  
Certificate of original authorship ................................................................. iv  
Acknowledgements ......................................................................................... v  
Table of contents ............................................................................................ vi  
List of tables ................................................................................................... x  
List of figures .................................................................................................. xi  

1 Introduction .................................................................................................. 1  
1.1 Introduction and background to the research ......................................... 1  
1.2 Research question and research questions ........................................... 3  
1.3 Justification for this research ............................................................... 3  
1.3.1 Gaps in the literature ....................................................................... 3  
1.3.2 Possible benefits of outcomes for policy and practice ...................... 3  
1.3.3 Importance of small business ......................................................... 3  
1.3.4 Type of methodology ..................................................................... 5  
1.4 Methodology ......................................................................................... 5  
1.5 Outline of this thesis ........................................................................... 5  
1.6 Delimitations of scope ......................................................................... 6  
1.7 Conclusions ......................................................................................... 6  

2 Literature review ......................................................................................... 8  
2.1 Introduction ............................................................................................ 8  
2.2 Definitions of business networks .......................................................... 9  
2.2.1 Types of business networks .......................................................... 10  
2.2.2 Hard networks and soft networks ............................................... 11  
2.3 Background of network theories ........................................................... 13  
2.4 Core ideas of industrial networks .......................................................... 15  
2.4.1 Transaction cost theory ................................................................. 16  
2.4.2 Opportunism .................................................................................. 17  
2.4.3 Social and structural bonds ............................................................ 19  
2.5 Benefits and disadvantages of networking .......................................... 21  
2.5.1 Benefits of networking .................................................................. 21  
2.5.2 Disadvantages of networking ........................................................ 24  
2.6 External environmental forces ............................................................... 24  
2.6.1 Political, legal and government forces ........................................... 25  
2.6.2 Economic forces ........................................................................... 25  
2.6.3 Social and cultural forces ............................................................... 25  
2.6.4 Technological forces ..................................................................... 26  
2.6.5 Competitive forces ....................................................................... 27  
2.7 Government assistance ......................................................................... 28  
2.7.1 Previous government programs ...................................................... 28  
2.7.2 Characteristics of the AusIndustry Business Network Program ....... 30  
2.7.3 Role of the facilitator .................................................................... 31  
2.8 Network success .................................................................................... 32  
2.8.1 Factors for success or non success ............................................... 32  
2.8.2 Measurement of success ............................................................... 33  
2.9 Conceptual model for this research ....................................................... 34  
2.10 Summary of research issues ................................................................. 36
2.11 Conclusions.................................................................................. 36

3 Methodology.................................................................................... 38
  3.1 Introduction.................................................................................. 38
  3.2 Justification of the qualitative paradigm..................................... 39
  3.3 Justification of case study methodology..................................... 41
  3.4 Validity and reliability................................................................. 42
  3.5 Research design and primary data collection............................. 43
  3.6 Sampling and case selection...................................................... 44
  3.7 Case and interview protocol...................................................... 45
  3.8 Data collection and case analysis................................................ 47
  3.9 Limitations on case study research............................................. 48
  3.10 Ethical considerations............................................................... 49
  3.11 Conclusions.............................................................................. 50
4 Data analysis

4.1 Introduction

4.2 Details of case participants

4.3 Research issue 1: How and why was network success evaluated?
   4.3.1 Network outcomes
   4.3.2 Measures for evaluating network success and non success
   4.3.3 Summary of research issue 1

4.4 Research issue 2: (part A) How and why did the internal environment affect the business networks?
   4.4.1 Internal need to join a business network
   4.4.2 Time spent and frequency of formal meetings
   4.4.3 How social aspects affected the network
   4.4.4 Contracts
   4.4.5 Summary of how Internal Forces affected the outcomes of the Networks

4.5 Research issue 2: (part B) How and why did the external environment affect the outcomes of the networks?
   4.5.1 Political, legal or governmental forces
   4.5.2 Economic forces
   4.5.3 Social and cultural forces
   4.5.4 Technological forces
   4.5.5 Competitive forces
   4.5.6 Summary of external environmental forces affecting the outcomes of the business networks

4.6 Research issue 3: How did facilitation affect the networks?
   4.6.1 Facilitators’ role in coordinating exploration and feasibility and firming agreements
   4.6.2 Facilitators’ role in management of network business procedures
   4.6.3 Facilitators’ role in ongoing business management including monitoring progress
   4.6.4 Facilitators’ role in social bonding and motivation
   4.6.5 Government assistance
   4.6.6 Summary of research issue 3

4.7 Conclusions
List of tables
Table 1.1  Research of AusIndustry Business Network Program .......................... 2
Table 2.1 Characteristics of hard and soft networks........................................... 12
Table 2.2 Marketing networks ........................................................................... 14
Table 2.3 Benefits of networking ........................................................................ 22
Table 2.4 Disadvantages of networking ............................................................... 23
Table 2.5 Factors for success and non success of networks ................................. 33
Table 3.1 Paradigm comparison .......................................................................... 39
Table 3.2 Advantages and disadvantages of realism and positivism paradigms for business research ................................................................. 41
Table 3.3 Primary data collection design............................................................... 44
Table 3.4 Purpose of the interview questions ....................................................... 46
Table 3.5 Research issues and related question numbers .................................... 47
Table 4.1 Case details ......................................................................................... 53
Table 4.2 Networks’ evaluations of their own success ....................................... 59
Table 4.3 Measures used for evaluation of success ............................................. 61
Table 4.4 Why join a network? .......................................................................... 65
Table 4.5 Amount of time spent on the business network and frequency of formal meetings .................................................................................. 68
Table 4.6 Level of trust in the network ............................................................... 70
Table 4.7 Level of commitment in the network .................................................. 71
Table 4.8 Level of reciprocity establishing and maintaining the network .......... 73
Table 4.9 Specific contracts in the networks ...................................................... 74
Table 4.10 Effects of political, legal and governmental forces on the Networks .... 77
Table 4.11 Effects of economic forces on the networks ....................................... 78
Table 4.12 Effects of social and cultural forces on the networks ....................... 80
Table 4.13 Effects of technological forces on the networks ............................... 81
Table 4.14 Effects of Michael Porter’s five forces of competition on the Networks ................................................................................................. 83
Table 4.15 Facilitators’ roles ............................................................................. 87
Table 4.16 Would the network have been possible without government assistance? .................................................................................................. 90
Table 4.17 How to improve government assistance ........................................... 92
Table 5.1 Style of facilitation ............................................................................ 115

List of figures
Figure 1.1 Chapter 1 outline with section numbers ........................................... 2
Figure 1.2 Justification for this research .............................................................. 4
Figure 2.1 Chapter 2 outline with section numbers .......................................... 8
Figure 2.2 Pooled network of similar services ................................................... 10
Figure 2.3 Complementary network of complementary products ................... 10
Figure 2.4 A sequential network of value adding .............................................. 11
Figure 2.5 Hierarchies-markets continuum ..................................................... 16
Figure 2.6 The grabbing game creates a Prisoners’ Dilemma ......................... 18
Figure 2.7 Michael Porter’s five forces of competition ..................................... 27
Figure 2.8 Framework of network process ....................................................... 31
Figure 2.9 Conceptual model for this research................................. 35
Figure 3.1: Chapter 3 outline with section numbers............................. 38
Figure 4.1: Chapter 4 outline with section numbers............................. 51
Figure 4.2 Characteristics of the case studies in this research.................. 52
Figure 5.1 Chapter 5 outline with section numbers.............................. 95
Figure 5.2 Revised conceptual model............................................. 117