

Regional development and networking – top-down or bottom-up?

Work in progress

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Abstract

Policy-implanted inter-organizational networks have become a popular tool for governments and other actors wishing to stimulate and accelerate inter-firm collaboration within a certain geographical region. Top-down initiatives are thus used for creation of bottom up processes. While studies of policy-implanted inter-organizational networks so far have focused on internal network processes, this study highlights the impact that external influences may have on outcomes. A case study further illustrates that successful use of policy-implanted inter-organizational networks not only depends on settings but also on personalities: their freedom of action and commitment. Finally, the case underlined the importance of the hub for relationship development among the participants. Not only is the hub an important provider of arenas for interaction, there is also a need for someone to act as a broker and market network activities among the participants. This is not only a question of capability but also of consistency and continuity.

Introduction

Competition is not only taking place between firms or networks of firms (Powell, 1987, Gomes-Casseres, 1994), there is also competition among regions (Malecki, 2004). Representatives in municipalities and county administrations try to understand and promote causes and drivers of a successful industrial development for their region. In these attempts “relationship building” and “networking” have become buzzwords as it is now widely recognized that relationships are important sources of information, knowledge and resources. Initiatives are undertaken to foster a supportive inter-organizational culture, especially when a common threat is at hand. A common threat underpins commitment among participants and seems to be the most favorable context for policy-implanted inter-organizational network initiatives (Huggins, 2001).

The main idea behind policy-implanted inter-organizational networks is to strengthen and complement the functioning of the participants’ extant business relationships by facilitating relationship development among the members; those relationships would otherwise have been weak or non-existent. These new relationships are intended to improve the competitive strength of the participants by bringing them into contact with new knowledge, new potential exchange partners and render possible external economies of scale through joint actions like training programmes and marketing efforts.

The Danish government was a pioneer when it announced a comprehensive network program in 1989. Inspired by the Italian industrial districts it wanted to use a more holistic approach and encourage network cooperation among Danish small and medium-sized firms. In a top-down approach ‘network brokers’ were trained to support existing cooperative projects or identify firms suitable for new cooperative ventures.

The programmes encompassed 104 networks consisting of 550 firms (Neergaard, 2000).

Policy-implanted inter-organizational networks have thereafter become a popular tool for governments and other actors wishing to stimulate and accelerate inter-firm collaboration within a certain geographical region, often defined by its administrative borders. Reports are available on such initiatives in Europe (Huggins, 2000, Neergaard, 2000), the United States (Rosenfeld, 1996, Porter, 1998) and Australia (Welch, et al., 1996). Considering their frequent use, there are however still surprisingly few studies regarding processes and impacts achieved by network initiatives, and results reported have been inconsistent (Nilsson, K. and Nilsson, 1992, Rosenfeld, 1996, Human and Provan, 1997, Huggins, 2000, Neergaard, 2000, Nilsson, T., 2004). Further research on inter-organizational networks and on the distinction between organic and implanted structures has therefore been asked for (Nilsson, K. and Nilsson, 1992, Rosenfeld, 1996, Huggins, 2000, Neergaard, 2000), and the importance of studying policy interventions in their local setting and in the early stages of development has been underlined (O'Gorman and Kautonen, 2004).

Policy-implanted inter-organizational networks have met with suspicion as they have a reputation of resulting in gains for a minority of participants only (Huggins, 2001). Still, since no recipe guaranteeing success is at hand, vast resources are continuously dedicated to this approach to regional development. It is therefore of importance to further study the differences between organic and implanted structures, theoretically as well as empirically, to improve our knowledge of their functioning (Huggins, 2001). The purpose of this paper is to further analyze the interaction between organically emerging and implanted engineered processes within policy-implanted inter-organizational networks. The research question is: Can emergent processes be promoted and if so, what seem to be key aspects in that process? While studies of policy-implanted inter-organizational networks have focused on internal network processes (c.f. Human and Provan, 1997, Huggins, 2001), this study adds the impact that external influences may have on outcomes.

Inter-organizational networks can be defined as consisting of two or more organizations pursuing common objectives through a period of sustained interaction (Huggins, 2001). To begin with, policy implanted inter-organizational networks are neither networks nor organizations. The intent is to foster relationships that will form a network structure, but initially these relationships are absent or few and weak. It is not an organization as the members are independent entities, free to leave the network at any time. There are similarities with projects as funding is provided for a certain period of time for the achievement of certain goals. There are however also major differences as the participants are gathered with broad visions in mind and often make up large, heterogeneous groups. Furthermore, there is a hope that network relationships and processes will become self-sustaining and ongoing even after the end of the administered time-period. For the sake of simplicity however, we denote the appointed administrators and drivers project leaders.

In this paper, a case is examined where public organizations and private firms are joined in implanted inter-organizational networks triggered by regional public agents. The case illustrates how emergent and engineered processes interact and that emergent processes can be promoted in engineered settings as the network provides "a creative

arena” (Hjalmarsson and Johansson, 2003) were actors can meet, interact and develop relationships. However, emergent processes in a larger group of actors seem to develop faster and be more extensive and explorative than processes in more restricted top-down delimited settings.

In the following our theoretical starting point is presented, followed by a short description of our choice of method and a case presentation. We have chosen an explorative qualitative case study; the case is therefore thoroughly presented. Subsequently the case is analyzed and conclusions complete the paper.

Theoretical starting points

Reviewing reports on the formation of R&D consortia Doz et al. identified three dominating formation processes: changes in the environment that lead to perceived interdependence due to opportunities or threats, the presence and identification of common interests among potential members, or the intervention of a “triggering entity” (2000, p. 242). The first two reasons seemed to be strongly interrelated and were denoted “emergent processes” as they were initiated and coordinated by the participating actors themselves. The third process was denoted “engineered” as that process required an intervention of a triggering entity. The triggering function could be performed by individuals, firms, agencies of governments, or environmental events. It was proposed to be particularly essential for engineered networks as they usually consist of organizations without previous relationships, that is, a structure encompassing several structural holes (Burt, 1992) that a triggering entity can help bridging. Policy-implanted inter-organizational networks can thus be regarded as engineered settings in which the triggering entity is a governmental actor. As they are used in settings where a governmental actor finds it necessary to stimulate interaction and cooperation it is likely that no major opportunity or threat is commonly recognized among the actors. The member organizations’ commitment to the project is thus presumably fairly low - lower than in emergent processes based on common views of opportunities or threats – and some sort of driving actor is needed in order to stimulate interaction and a development of a common vision for cooperation. Doz et al. (2000) propose that over time, as members in engineered processes make relational investments (Lorenzoni and Lipparini, 1999) and improve their relational quality, a context fostering emergent processes may develop if an active and sustained triggering entity undertakes network creation and maintenance (Lorenzoni and Baden-Fuller, 1995).

Governments can choose to support emerging, organic processes or try to create that sort of development more or less from scratch by gathering organizations in groupings aiming at developing emergent processes and network structures. In this paper we focus upon the latter, that is policy-implanted inter-organizational networks aiming at facilitating cooperation and business relationships in order to stimulate regional development. This top-down approach to networking has met with less interest than “organically” developed business relationships. However, the dividing line is less pronounced than it may seem at first sight. One of the actors has to take the first initiative for a business relationship to develop, an action that will be dependent on an assessment of the potential partner in terms of performance and potential (Ford, 2002). In policy-implanted settings relationships cannot be commanded, they have to develop

in the same organic fashion. What is characteristic is that a setting is provided that brings a certain group of organizations together. However, a common vision and individual initiatives are still needed for relationship development. The major difference is that a concrete opportunity may not originally be perceived by the member organizations. When the initiative comes from public actors, drivers are appointed, that is some sort of actor, often in the form of a project leader, with a mission to “create” interaction among the member organizations. This interaction is in turn expected to bring about opportunity recognition and cooperation, and ideally the organizations, or a number of them, will thereafter take on the role of driver themselves and become self-sustaining in the long run. The engineered setting is thus expected to give rise to emerging processes.

A hurdle of special importance in this kind of setting is the initial lack of social or business relationships between the network members. A project leader is thus usually appointed with a mission to encourage relationship development. However, relationships development goes through sequences of interaction episodes (Håkansson, 1982, Holmlund, 2004) that comprise complex patterns of information exchange (Blankenburg Holm, et al., 1996). It is thus often in long-term and time-consuming processes that actors learn about each other in personal as well as organizational terms and “*build, test and refine an increasingly complex social and economic contract*” (Larson and Starr, 1993, p. 9). Familiarity, shared interests and mutual trust counteract threats of opportunism (Uzzi, 1997). Morgan & Hunt argue that relationship commitment and trust are key to cooperative behavior (1994). Commitment is then defined as “*an enduring desire to maintain a valued relationship*” and trust as “*confidence in the partner’s reliability and integrity*” (p. 23). Both are gradually developed as relationships evolve (Turnbull, et al., 1996).

A long-term time perspective is however hard to uphold in these kinds of projects as they are supported by funding that is time-limited, often to 3 or 4 years only, in particular if funds from the European Union are used. The financial support, and thus the funding of project leaders, may thus come to a halt at early and sensitive stages of relationship development.

Methodology

A Swedish policy-implanted inter-organizational network was chosen as object for study. Substantial differences between the actors in terms of size, type of organization, culture and prerequisites for cooperation were likely to create difficulties from a cooperation perspective and made the case interesting to study.

Interviews based on a check-list of non-exclusive, pre-determined sets of questions have been made in person with project leader 3, 4 and 5 and on telephone with the participants of sub-group A, the coordinator working with project leader 1 and 2 and the coach responsible for the business development programs of sub-group A. Notes were taken during the interviews but they were also tape recorded so that quotations and arguments could be double-checked. Most interviews were performed in common by both writers, the rest by only one of them.

One of the researchers has furthermore taken part in the network development process, starting in 2004 when the network was selected to be prioritized by the county in its regional development program, in the role of the county's co-opted "mentor" responsible for reporting network progress to the county's "Cluster and innovation monitoring group". That role was later on supplemented with a role as organizer of the business development programs.

A researcher's part-taking facilitates observations through time of studied processes and enables observations of what is actually accomplished (Van Maanen 1998, Silverman 2005). Critics regard this way of collecting data as a problem as it causes difficulties in terms of objectivity. That situation arises if the researcher focuses on irrelevant details in order to legitimize interpretations, or if inferior knowledge of the context and terminology is provided (Silverman 2005). Advantages are however nearness and trust in relation to the informants which is essential in order to understand processes as well as the coherence surrounding it (Jönsson & Lukka 2006). In this case study, process observations has been used for interpreting the information provided in the interviews.

Case presentation

Background and overall aim

During the last decades, defense related organizations in Sweden have faced considerable budget reductions. This has resulted in regional distortions as military camps have been closed down and military spending markedly reduced. A report revealed threatening effects of a possible closure or reduction of defense related organizations in a sparsely populated county in northern Sweden. The county governor felt a need for a regional strategy safeguarding existing regional competence and regional employment within this field.

"The main thing was to save jobs – it was essential to take advantage of the skills these employees possessed – but after a while this sort or faded into the background." (CE, County administrator).

During 2004, the county governor initiated a process of identifying actors operating within the defense realm together with the county's growth committee, representatives from the county's municipalities, the county council and organizations supporting business development.

"Then G.H. took charge. We held a meeting – it was a mixed bunch of people, but it turned out well." (RM, Traedu)

There was a broad idea to start a network project in order to utilize the local actors' competences to create synergy effects. The county administration coordinated and administrated the project through appointed project leaders. The project-leaders had to find funds for financing further management and network activities. They were furthermore in charge of mapping and recruiting organizations to the project. A public actor, Consult, with the mission to support regional business development, was entrusted that task as a pre-study. In that process, a large quantity of actors was strived for as magnitude of the agglomeration was regarded as a strong argument versus the

government for continued operation of the public organizations in the region. An agglomeration of approximately 70 companies and organizations operating within branches handling crisis, rescue and conflicts was identified, in the following labeled TOTAL. The group of actors: micro, small and medium sized firms as well as public organizations, was regarded as a “cluster embryo”.

If mutual dependence and interaction could be shown within this “cluster embryo”, the argument for keeping the public organizations in the region would be further strengthened. The idea was that small actors as needed increased legitimacy in order to be able to market and sell their products as their customers often were large organizations or nations. Legitimacy could be provided by the large and well known public organizations localized in the region. Some of the private actors would also be interested in having the public actors as their customers. Public actors would benefit from cooperation with the firms in areas like marketing skill and sales assistance. Private and public partnerships would finally improve the odds of obtaining development orientated funds from the European Union; as such a mix of actors is a prerequisite for application. The identification of a major agglomeration was a moreover a prerequisite for prioritization within the regional growth program and thus for regional funding.

"We combed the region for companies, and pretty soon we discovered that there just weren't as many companies as we had hoped for – there were almost as many authorities as companies." (R Z, Consult).

[Figure 2]

Organization and operation

Several meetings with TOTAL participants were held. However, when the pre-study was completed during the spring of 2004 the first project leader ended his assignment. Consequently, the future of the project was in the hands of the project coordinator that went on child-leave in January 2005. Her assignment was then transferred to a colleague. However, this colleague was already way over her head in work and unable to prioritize network activities. This caused a considerable delay in the launch of the next step in the project aiming at preserving regional employment through business development and product development, and to promote establishment of new firms.

A new project leader was appointed during the fall of 2005. This shift in leadership caused some confusion as the individuals had different approaches. The fist one worked mainly with the individual organizations, while the next one focused on mobilising political support for the project. The scope of identified actors and fields of interests was wide so a demarcation strategy was chosen. The identified actors and their main focus were analyzed and classified. This resulted in three sub-groups: here labeled A, B and C. Each of these subgroups was intended to function as an inter-organizational network.

"It might not have been the best possible cross-section – it wasn't really our job to group people, we were supposed to bring them together, and then they could decide who to interact with." (CE, county administrator).

[Figure 2]

The pre-study did not identify any actors that could act as "drivers", that is, inspire, and have capacity, energy and legitimacy to attract other actors and facilitate commitment. Most private actors were too small. Some of the actors wanted to see the county taking the role of "driver", but the county's coordinator believed that the networks would be better off with one or two of the network actors in that role, and that small firms needed to sense profit opportunities from collaboration in order to become committed.

"What you do is more important than how you do it – as long as enough people feel that there are benefits, the results are good." (CE, county administrator)

In 2004, meetings in TOTAL were arranged by the project leader and coordinator so that the different actors would get opportunities to get acquainted. Many attended these meetings and there was a vivid dialogue in which lots of ideas were cultivated. The county was in charge of the meetings and acted as the "driver".

The second project leader left the project during the spring of 2005 and the recruitment process for finding a replacement became time-consuming. To bridge the activity gap that was expected as a result of the absence, the county arranged for the start of a business development program (BD-program) for sub-group A. The program was intended as a means for connecting people and to make them visualize and support cooperative opportunities. In January 2006, two additional BD-programs started, one for the organizations linked to sub-group B and C, and the other a follow-up for sub-group A.

During 2005, the work with accomplishing a project plan and the financing of a new project through an application for EU objective 1 slowly progressed. At the end of the summer, the financing was satisfactorily solved and the project, as well as the recruitment of a new project leader, started. In October 2005, the third project leader was appointed. The gap of nine months, from the time the coordinator left until the new project leader arrived, caused difficulties in the "handing over" process. The third project leader initially had a hard time grasping the scope of the project and the assignments that were expected to be carried out. The amount of work to be done, the unspoken expectations, the disorder surrounding the task, the assignments project limited character and long days of travel to and forth the workplace, finally made this project leader leave for another job in March 2006.

She was replaced by two project leaders appointed part-time until the summer 2007. By the time these project leaders entered the project, the additional BD-programs had started, all in all including 11 actors. In the sub-groups there were thus ongoing

activities administrated by “coaches” in charge of the programs. The project leader’s tasks were to assemble and commit additional network actors, to arrange activities for all TOTAL members and to find ways of financially securing survival and development of the network. Analyzing the actors identified in the pre-study they became disappointed and concerned as there were a lot of authorities listed but few private firms that seemed relevant. *“What was going on with the companies, and how interested were they, really? We wondered about that.”* (Project leaders 4 & 5)

The list enclosed all sorts of actors, which the project leaders found questionable. Initially they had a hard time figuring out the assignment and how to approach the actors. They decided to approach the list of actors by contacting each of them to explore whether they were interested in network cooperation or not. In doing so they found that 25 companies (of 70 listed) would qualify, but that the actual number of committed organizations was about 10: mainly the actors participating in the business programs. The BD-programs ended in August 2006. Some months later the project leaders found the subdivision of the network participants increasingly irrelevant. The classification simply did not work any longer as many of the central participants in subgroup B and C were projects that either got enrolled in an organization or closed down due to lack of financing. The project leaders felt that the energy and commitment for cooperation had to be found somewhere else in the network, possibly in the intersection between the local academy and organizations in the education, research and communication businesses. They chose to organize gatherings between individuals based on their ideas and requirements. To arrange general meetings was perceived as difficult, *“They were all so different, so what could we offer them? Things sort of had to fall in place by themselves... Working in smaller groups was good – was a bit uncertain at first – but it was confirmed as a good idea.”* Finally, three new focus areas appeared, each with several, and increasing numbers of, interested participants.

Directory goals

The original top-down network goal was to save existing job opportunities and competence, primarily in the public sector, from being relocated to other regions or cease to exist. Establishing and developing inter-organizational networks was regarded as a way of accomplishing that goal. The more outspoken aim, which also was formulated in the project plan and used when marketing the network, was to develop relationships and cooperation among the participants, to stimulate product development and internationalization and to offer member firms a business development program. As the latter was the communicated goal the actors, including the project leaders, believed it to be the principle one and they all acted accordingly.

During the spring 2006 one of the central actors, Traedu, whose uncertain future was a major reason for the governor’s network initiative, was threatened by reorganization and possible relocation. As the closure scenario of this actor obtained renewed actuality, the overall goal also became an outspoken and primer one, as the governor instructed the project leaders to focus on finding arguments and support for the “saving assignment”. The other TOTAL actors, in particular those in sub-group A, were natural partners in this mission. However, at that time the representatives from Traedu chose to withdraw from the network activities with the result that the activities in sub-group A came to a standstill.

During the autumn 2006 Traedu resumed their participation and another, very committed, individual was appointed as their representative. The project leaders regard

this delegate's entrance as a turning point for the project as she was enthusiastic and acted less circumscribed by rules and regulation. She took on a leading role and became a prime mover in opportunity recognition within the network as a whole.

The network members – description of character, previous relationships, experience and contact frequency

In sub-group A, the dominant actor was the already mentioned Traedu - a prominent and notable public organization, mainly active within training and education and with a relatively large number of employees in the region. They were known as highly competent, knowledgeable and had a valuable network of relationships. The organization was regarded as a natural "driver" by many of the other network members who either had experience from previous cooperation with this actor or wanted to initiate such. A lot of expectations were thus linked to this actor. However, their local representatives felt restricted by rules and regulations:

"It's not good thinking on the part of the authorities to support projects where the various participants do not have the same standing or resources; we do fundamentally different things, and it's difficult to pursue commercial ventures with other actors. You can make the mistake of working together in the manner of a company, which is in violation of the rules – we are not able to take risks and our dealings are regulated by the public contract law." (R M, Traedu).

Traedu was active during the start-up of the network project, but had an intermission during the spring 2006. Throughout this period it was the person in charge of the local organization who was their prime representative. His prominent role became increasingly problematic in terms of network participation as a governmental evaluation of their organization was undertaken. In order to avoid being afflicted with suspicion of pursuing a political campaign against the other units within the organization, he chose to replace himself with an employee with a lower position in the hierarchy, who could act more freely.

There was another public actor focusing on research, Resear, of magnitude in the network with a similar reputation and international experience. This actor was represented by a person who, previous to the network operation, had been in contact with and obtained assignments from Traedu. He also knew one of the actors from the firms. The knowledge and services attached to the specific expertise of Resear was asked for by the other network actors in order to legitimize their products and positions internationally. The representative felt that it was much up to him and his interest in the idea that his organization continued participating. He was frequently present and actively partaking at meetings.

The third actor was a rather small firm producing equipment, Equip. Their representative also represented another company, linked by ownership. He was familiar with the public organizations in the network and strived impatiently for closer cooperation. He initially stressed that they needed fast concrete results to be able to participate, which was perceived by the other actors as an urge to sell products. At meetings he acted as a "driver" but took up a lot of time talking. However, operating on an international market he was often abroad or too busy to attain the meetings which caused a lack of energy amongst the other members and loss of information and

influence on his part. Eventually, he therefore brought in another representative from the company in order to secure their presence.

The forth actor, Systan, worked with system analysis and had three network representatives from two different offices in the region. Two of these frequently attained the meetings. The third, and most prominent one, got health related problems and was therefore absent from network activities during quite some time. The company's network representatives knew two of the public actors by reputation only. The representatives perceived themselves as open for all kinds of cooperation, but they chose to keep a low profile." *We weren't so forceful and did not take a lead as we became increasingly aware of the fact that we didn't have an assignment in the project – we didn't know where to go*". The absence of the prominent actor might have contributed to their feeling of being lost.

The fifth actor, Consult, was a big national, mainly publicly financed organization working as consultants in business development and product development. This actor was active in the network from the start and performed the pre-study. He had previous relationships with all but one of the network actors.

Reasons for participating (financial assistance, marketing, social, knowledge function)

All actors in sub-group A were aiming at attaining a position in the international market within this field.

The public actor Traedu's reason to participate was related to the overall objective of saving jobs and expertise within defence related organizations in the region. However, they had no clear picture of how to accomplish collaboration. A less outspoken reason for participation was related to this organizations need for sales assistance. This actor was, in some respects, too far away from potential customers, had little experience of business activities in general and consequently regarded cooperation with the SME's as a possible remedy to that problem.

The second public actor Resear's representative's personal expectation was to get to know other actors and acquire insights in businesslike behavior and strategy, but it was unclear to him how the organization would benefit.

The firm, Equip's, expectation was to contribute to the establishment of a joint "platform" of competence comprising research, education and product development in order to distribute important knowledge and information to the member companies and create a base for projects within the EU objective 7 program. This actor regarded cooperation with two of the public actors Traedu and Resear as important in terms of being able to connect to and somewhat utilize their brands.

The prominent representative from the forth actor, Systan, expected to obtain some new business opportunities by finding ways of cooperation "*We're a consulting company, so we're game to try anything that would open up new avenues for us*".

The fifth actor, Consult's, reason for participating in the network establishment and the BD program was twofold. The organization had a governmentally issued assignment to support regional development processes and needed to sell their consultant services.

In summary, the actors' reasons for participating in network activities were thus mainly legitimacy and profit – some of the public organizations needed internal legitimacy in order to avoid closure or relocation and the small companies needed legitimacy, achieved by cooperating with the public actors, to be able to market their services and products world wide and increase their profit. The public actors also wanted to increase their earnings by offering their products in new markets, a development that could be enhanced by support from regional firms with important market contacts.

Experiences of the network process in sub-group A and what the actors gained by participation

The representative of Traedu found it difficult to find ways of cooperation, due to legislation related barriers. He furthermore regarded the selection of actors as rather peculiar:

"There was no real muscle. No one really wants to invest in small companies, even if they are good at what they do, and the other actors may have no need to do business with them. – There's a long list of forces that really should have been included – we need more big names with real clout. The range was too scattered, someone should have run the whole bunch through some kind of metaphorical spinning centrifuge to see what separated. One problem is that everything was limited to a local sphere due to the regional development process, while the business itself is national/international in character. We should have had a broader scope from the very beginning."

He perceived the establishment of new contacts with individuals of different backgrounds as valuable. Participation in the network activities led to collaboration with two other actors and new discussions between the actors have sprung from the network interaction, a development that would be unlikely if the network project had never been initiated. Furthermore, several relationships have been established between his organization and the county – a result he judges to be of great importance and possibly the most valuable result of the network participation.

The representative of Resear stated that it has been rewarding on a personal level but that the network process had been frustrating, "*we constantly got stuck, it was impossible to get results. It would have been better to have had more substantial ideas from the beginning!*". He felt one explanation was that infrequent attendance at network meetings caused repetitions that meant loss of speed. He argued that committed actors as well as a program without pauses would have been needed in order to make the process work. During network meetings the actors participated actively but as continuity was disturbed by absence, good intentions were not converted into activities.

"When Traedu decided to take a time-out and leave the network, everything sort of fell apart, and there was no real conclusion. Their representative made things more difficult. Naturally, certain obstacles such as governmental decrees and the like must be dealt with, but the whole point is how to deal with things – it's all about attitude."

This actor is pleased with new contacts obtained during the process and has an outspoken ambition to utilize these in the future. From his point of view the process has led to new ways of cooperation. An application for a common European Union project has been worked out between actor Resear, Equip and Systan and some new cooperative projects are being discussed. He has good hopes that there will be some kind of collaboration in the future, also including other actors.

Actor 3, Equip, found it important to be part of a network with such well known and professional organizations, and “brands”, as Traedu and Resear. However, their representative felt that the turbulence within these organizations, due to personnel reductions, negatively affected the network processes, *“The atmosphere never settled down, nothing really came together, and that made a huge difference, because no one really gave it their all.* He further stressed how unfortunate he perceived the “withdrawal” of Traedu as it made the others reassess whether it was meaningful to continue the network process or not, due to Traedu being such a central actor.

The first representative from Traedu perceived the project leader changes as negative. However, he characterizes the network experience as valuable and promising. It resulted in interesting and valuable new contacts that he *“never would have achieved without network participation”* and further meetings with the other network members are taking place on a regular basis. Moreover, during the meetings he has found time to reflect on his business, time that is otherwise hard to set aside. He has also been able to mediate business contacts between some of the actors.

Actor 4, Systan, (representative 1) found the exercises in the BD-program useful as a way for the network members to get acquainted. This actor had expected Traedu and Resear to be *“more active and take-charge mentality was needed – this was about their jobs, too.”* For him, the results of the network activities are new interesting contacts that he can work further with, especially Traedu, Resear, Equip and the county that lately has invited the company to participate at all events of importance.

The other representative from actor 4 stressed that the withdrawal of Traedu was negative for the network process. He furthermore argued that there were too few private companies participating. He felt that as the group-focus turned into one of product development and sales, the comprehensive cooperative perspective was lost, *“it’s important to have clearly defined objectives. If you don’t, you just stumble around blindly.”*

The representative of Consult argued that even if no concrete results had been achieved, trust had been established among the members of sub-group A. Initially he felt that the participating companies became nervous as time went by and no concrete results were attained. He experienced the turbulence within actor Traedu and Resear as unfortunate. It hampered the process, especially when these actors failed to attend meetings. He also felt that there were too few companies in the network and that the project leader changes were unfortunate. However, he found the persistence of the group an evidence of success and he has lately joined meetings regarding collaboration between Traedu, Resear and Systan that he finds promising. Finally, he called attention to the importance of having an expanded time horizon when working with this kind of developmental processes and the need for resources for coordination.

The BD-coach felt that no one would take responsibility for driving the process. In his opinion there was a lack of understanding among the member companies in terms of what was in it for them and the ultimate aim. He argued that they did not succeed in exhibiting their resources in a usable way due to the fact that they did not know what they were there to accomplish.

"In my opinion, no one really knew what they were doing. It took ages before any sort of objectives emerged. It was like the group was just a random collection of people."

The several individuals in the network had to report to somebody higher in rank in order to obtain a decision, might have disturbed the process, "*It's hard to tell if the whole thing was shaped by some sort of accommodation to the authorities or by the lack of leaders.*"

The lack of aims also influenced the distribution of roles that remained unclear throughout the process. He found the relatively poor attendance at network meetings undermining trust and disturbing process continuity. He also felt that some actors "*occupied too much space*" and failed in listening, which eventually tired the others out.

The development of emergent process in the entire network

In parallel with the BD-programs separate meetings were arranged for all TOTAL actors. However, the actors identified in the pre-study differed markedly in size, experiences, knowledge, expectations and motives for participation. The project leaders (4 & 5) thus found it hard to identify commonalities that could form a foundation for cooperation and resorted to arranging meetings among a few actors at the time on their own initiative or out of suggestions from participating actors. During this process they often felt at a loss and feared that the time spent on meetings would be of no use. As they started this process with no identified opportunity in mind they at first felt frustrated and confused: "*what does it all lead to?* The appointment of a new representative from Traedu was regarded as a turning point. "*Everything changed when the new representative was appointed, she had suitable experience and we had an excellent cooperation from start*".

Three new cooperative opportunities have been recognized within the TOTAL realm. Ideas that originally had a limited extent have developed in a "snowball-effect" fashion as one idea, and contact, has lead to another. Some new actors have been identified and recruited to the project. The "old" TOTAL members are kept informed and offered to take part. Small networks of interested actors have developed around the new ideas. However, the project leaders are convinced that the processes would come to a halt unless they keep driving them forward. They perceive their work as:

"Working as a project manager for the TOTAL project is like working as a product manager; you need to deal with R&D, production issues, projections, marketing, etc. You have to negotiate with everyone and push your agenda in a low-key way. Everyone has to feel that they are involved."

They feel a lot of pressure and stress as their assignment is about to end and as the governor is anxious for visible results within a short period of time, still eager to stand by the governmental actor Traedu that continues to be threatened by closure or relocation. The emergent processes do not focus upon Traedu even if it may benefit

to some extent. The governor has therefore expressed concerns and asked the project leaders not to forget the need to support Traedu in their work.

Discussion

The top-down perspective aiming at supporting public organizations is visible in the case in the identification and assemblage of potential network participants. It thus influenced the work of the project leaders. However, the presence of firms, in combination with the driving force from the Consult representative (whose assignment was to monitor development of new products and businesses), turned the focus towards business development. However, project leaders 4 and 5 felt responsible for addressing TOTAL and started to look for cooperative opportunities in the wider setting. They took a starting point in bottom-up ideas and initiatives but still believed top-down control necessary for progress. At that point, however, the “save Traedu concern” was renewed by the governor and they were once more back to considering that perspective. These changes in focus added to the disturbances caused by the project leader changes and negatively affected planning and communication of network activities.

Top-down and bottom-up

A top-down approach to networking presupposes that public designers can identify cooperation opportunities and potential partners in cooperative actions better than the actors themselves. The case illustrates however that such assumptions are precarious and daring.

This development project originated in worries at the county level as local defense related organizations were threatened by cost-reduction schemes at the national level. There were environmental changes and a common general interest in cooperation among the organizations in the region, but the county governor did not deem these circumstances as sufficient for emergent processes to develop. He therefore initiated an engineered network process.

A top-down county initiative was undertaken in order to preserve local employment and competencies in the governmental organizations, in particular the organization Traedu that was judged to be particularly threatened. A pre-study was undertaken by the local business development agency, searching for firms and organizations in the region that could be included in the vision. Among these firms it is likely that the aim to preserve Traedu was not much felt. They were presented opportunities for public support of cooperative activities. Nevertheless, Traedu was regarded as an interesting an important partner by several actors and for them joining the project meant an opportunity to approach Traedu. This top-down initiative thus provided these actions with an arena in which they could take initiatives that were originally recognized in emergent bottom-up processes. Due to the division into sub-groups, this opportunity was however initially mainly presented to the participants of that group.

However, it seems that Traedu itself did not believe that this project could be important for their survival in the region. Their representative wanted to take part but saw many obstacles and could not take a leading role. When their situation became more critical they even chose to withdraw from the group.

Sub-group A

The pre-study identified three sub-groups within the total set of actors. Meetings were held for the group as a hole but the sub-groups were given priority for participation in the business development programs. It turned out, however, that the composition of the sub-groups had several weaknesses. The case focuses on one of the sub-groups, A. The common theme defining A led to a small, heterogeneous group that grappled with finding an idea that they could all support. There was no identified common short-term opportunity or threat, only a vision of unspecified cooperative benefits and the threat of losing important government actors in the region. Their cooperation was further hampered by public-private clashes as the major actor within the group acted cautiously due to rules and regulations. Some of the representatives furthermore lacked the authority to carry out group decisions within their own organizations. This further hampered the processes of turning ideas into action.

The lack of a common threat or opportunity worked against a development of commitment among the members of sub-group A. Several members were not motivated enough to give priority to the meetings that were arranged. Discontinuous participation in turn delayed the process within the group as time had to be spent on up-dating members that had been absent the previous meeting. Being absent from meetings furthermore signaled lack of commitment and did not facilitate the development of trust that has proven essential for relationship development and cooperation (Morgan and Hunt, 1994, Håkansson and Snehota, 2002).

As the group had a hard time identifying common goals and opportunities the role of the triggering entity became crucial (Doz, et al., 2000). In the absence of project leaders that role was upheld by the business program coaches and emergent processes finally developed to some extent. In spite of hampering circumstances in terms of group size, group composition and freedom of action, relationships formed as time went by. The members of sub-group A came to know each others competences, identify similar interests and recognize cooperative opportunities. For instance, the representative of the small firm Equip felt that the relationship with Traedu that he had been able to develop would have been hard to achieve if there had been no network initiative. Emergent cooperative processes showed and the members began to arrange meetings and develop ideas on their own. These emergent processes may have developed without the top-down initiative, but they were certainly facilitated by this arrangement and the “creative arena” (Hjalmarsson and Johansson, 2003) that it provided.

The project as a whole

The recurrent halts caused by periods of absence of project leaders led, in addition to the lack of distinct opportunities or threats among the participants, that at times no one took a leading role or felt responsible for pushing for progress in the network as a whole, TOTAL. The lack of continuity in the project leader role disrupted emerging processes as the project leader has a crucial role to play in instigating commitment and trust among the member organization in cases like this when there were few previous relations among the participants. In their review of research on the formation of R&D collaborations Doz et al. (2000) found “*the existence of, and legitimacy of, a triggering entity likely to be critical to the emergence of some networks, especially in cases in which*

interdependencies are difficult to recognize". In this case, however, the function of the "triggering entity" was intermittent and often lacking.

At the time of writing, the project leaders (4 and 5) still struggle with brokering contacts and opportunities recognized by individual actors within the TOTAL network. Like in sub-group A, emergent processes seem to be on their way as ideas begin to take form and involve several actors. The process seems however still to be dependant of the driving force provided by the project leaders. This is problematic as their funding, and thus their assignment, is about to end. The development is still very vulnerable and may come to an end if their support is withdrawn. This dilemma illustrates the problem of initiating long-term processes with short-term tools.

Doz et al (2000) suggest that emergent processes are characterized by self-selection of members while in engineered processes the triggering entity picks the members and organizes and coordinates their interaction. The case confirms this suggestion but it furthermore illustrates how top-down initiatives may give rise to bottom-up processes. On the one hand there was an engineered process in which the first grouping into sub-groups was delimited by the administrators. The group composition of sub-group A was later criticized by its members but they still found it useful and some emergent processes developed. On the other hand, the newly developed networks have a more pronounced emergent, bottom-up character. They are defined by the participating actors out of identified opportunities for cooperation and the complementary resources necessary for developing the ideas further. These groupings show a more complex structure and encompass a larger number of actors than the sub-groups. They have furthermore been complemented by actors not identified in the pre-study.

Conclusions

We found that engineered and emergent processes interact. In some circumstances engineered processes may be what it takes to foster, or at least accelerate, a development of emergent processes among certain actors. However, too much "engineering" may disturb and limit a development of emerging processes. In the case, the initial division into sub-groupings was questioned and it took time for emergent processes to develop in these settings, whereas emergent processes in the whole network, TOTAL, seem to develop much faster once supported by project leaders. The emergent processes in TOTAL are furthermore more extensive as their context is not limited to the same extent as in sub-group A. We thus suggest that for regional development purposes it is more efficient to support embryos of emergent processes among organizations than to start from scratch. By supporting on-going emergent processes the risk of initiating unsustainable processes will be reduced. However, if no emergent processes can be observed, an engineered setting may provide an arena that facilitates their emergence.

The case further illustrates that successful use of policy-implanted inter-organizational networks for regional development purposes, in terms of relationship development and opportunity recognition further developed into cooperative projects, not only depends on settings but also on personalities: their freedom of action and commitment. In the case, the role and commitment of the central actor Traedu varied markedly depending on the individual representing the firm and there was furthermore a difference in attitude among the representatives from the governmental actors. Ideally, organizational

representatives are motivated and committed and have the authority to carry out decisions within their organization. Success is furthermore favored by committed and knowledgeable project leaders that work continuously with the project for a period of time that is sufficient for emerging processes to become sustainable on their own.

There is a major dilemma in initiating long-term processes with short-term tools as resources may be dedicated to developing relationships and processes that more or less come to a halt when the financial and administrative support comes to an end. Even if weak relationships may prove essential to information access (Granovetter, 1973), public funding may be used in more efficient ways.

The importance of the hub for relationship development among the participants was further underlined. Not only is the hub an important provider of arenas for interaction, there is also a need for someone to act as a broker and market network activities among the participants. The case showed that this is not only a question of capability but also of consistency and continuity. In the case, the role as hub was not made attractive enough by the network designers and founders and continuity was not a prioritized issue. This markedly slowed down network development processes.

While studies of policy-implanted inter-organizational networks so far have focused on internal network processes (c.f. Human and Provan, 1997, Huggins, 2001), this study highlights the impact that external influences may have on outcomes. In the case, external threats, particularly towards the organization Tradeu, was the element that initiated the network and brought the actors in TOTAL together. However, when the threats became more direct and outspoken towards Tradeu, this had a negative effect on sub-group A as well as on TOTAL's network operations. Tradeu responded to the threat by withdrawing from network activities which caused a loss of confidence and trust in the key actor Tradeu and stalled the network development process.

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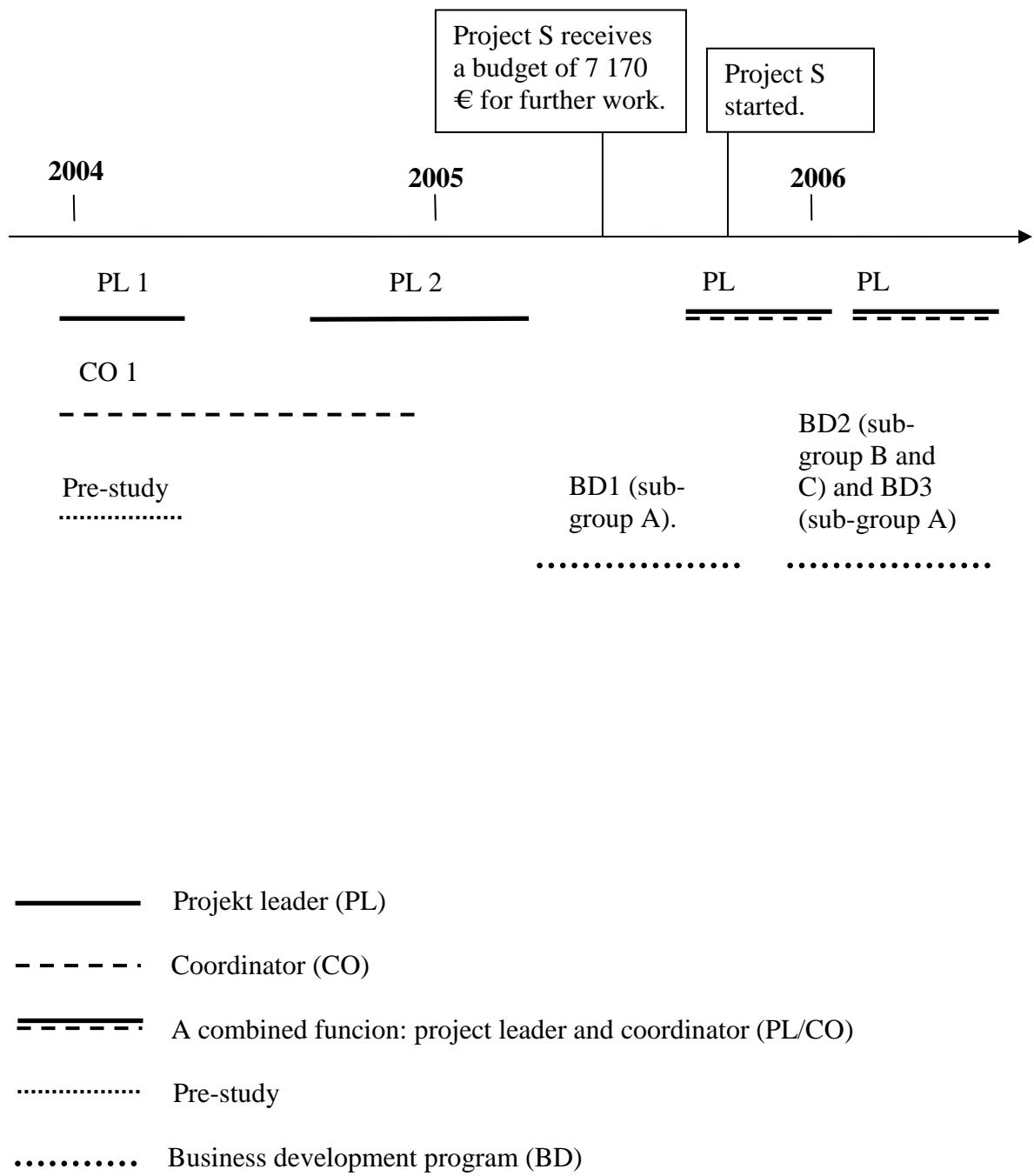
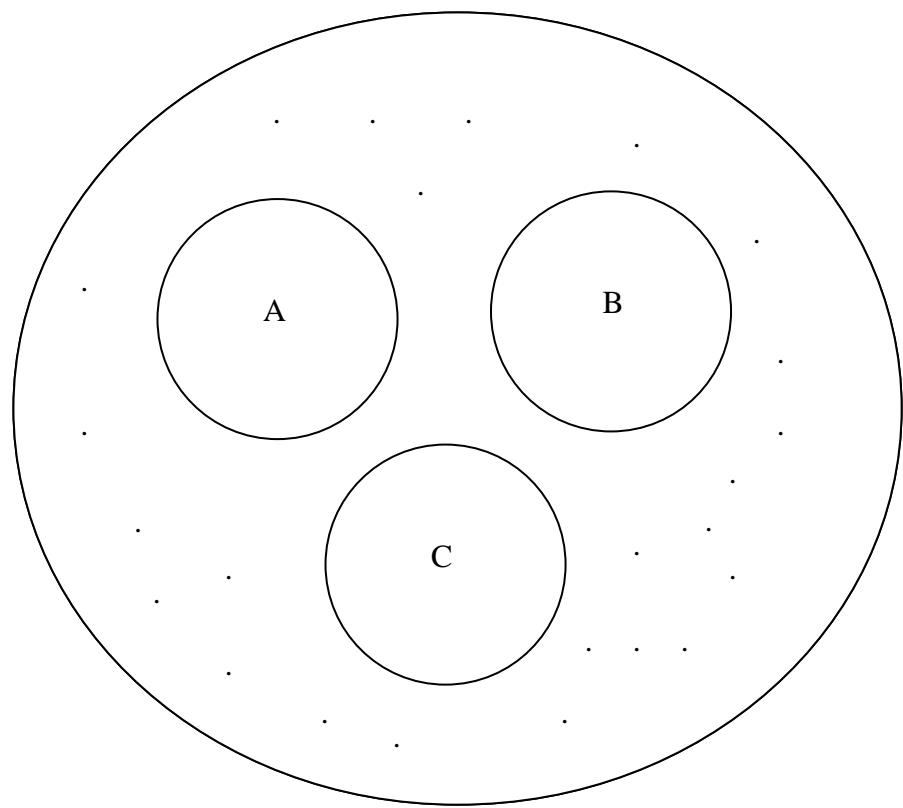


Figure 1. Main occasions and activities within TOTAL.



Actor identified in the pre-study but not included in any of the tree groupings

A,B and C Sub-groups

Fig. 2. The three sub-groups formed within the total number of actors identified in the pre-study.