The use of information in strategic business networks

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ABSTRACT

Strategic network actors use modern information technology in order to link activities and tie resources. Common means of transferring written information are EDI and e-mail. The manner in which actors use written information to secure resources is therefore an essential issue for the development of strategic networks. The focus of this paper is to describe how the actors in a strategic networks use written information by way of e-mail.

Since knowledge of how actors use written information by e-mail is limited, this paper endeavors to clarify how e-mail is used and to find factors to explain this use on the basis of the interaction and the network approach.

There are three different purposes for using written information by e-mail. The actor may use e-mail to coordinate activities, to control individuals and organizational units or to gain and provide new knowledge. In this paper, we concentrate on the controlling category. It is possible, according to Gadde and Håkansson (1993), to classify written information by e-mail into three different categories. The first category deals with the product, or the seller's ability to resolve a problem the buyer may have, and its characteristics. The second category deals with the commercial terms negotiated before the decision to buy was made, i.e. the information the buyer requires making the order (prices, discounts, terms of delivery and payment). The third category deals with the structure of the transaction (appointments, volumes, method of delivery, formal rules and routines). The first category is referred to in this paper as the technical content, the second category as the commercial content, and the third category as the administrative content. In this paper we try to classify the written information by e-mail into the three different categories and then attempt to examine just how the actors use written information by way of e-mail to control organizational units and individuals.

INTRODUCTION

There is an increasing interest in the pursuit of collaboration and research with regard to strategic actors within a group that shares a common objective. These networks are carefully planned, they have clearly defined boundaries and all parties involved are familiar with each other. A strategic business network may be a dyadic relationship between a seller and a buyer, or it may comprise an unlimited number of parties (Blankenburg-Holm, 1996) Strategic business networks are virtually flexible, since resources are not locked in a formal organization, but are latently available through the

network. The network actors use modern information technology in order to link activities and tie resources. Common means of transferring information are EDI and e-mail. The manner in which network actors use written information to secure resources is therefore an essential issue for the development of strategic business networks. The focus of this working paper is how the actors in a strategic business network use written information by way of e-mail.

There seems to be a lack of systematically collected data pertaining to just how actors use written information and e-mail in strategic business networks, making it an interesting subject for study. Moving beyond purely scientific motives, there is also an additional reason to study the use of written information (e-mail) in strategic business networks, since the body of knowledge generated may greatly benefit the actors establishing and working in networks. Robbins (1996) claims that one of the forces that most inhibits successful group performance is the lack of efficient information. The exchange of views within a group is essential for its existence. Open and honest lines of communication are important for the continued growth of close ties between the actors in a strategic business network (Mohr, 1994).

THE USE OF WRITTEN INFORMATION (E-MAIL)

Gadde and Håkansson (1993) indicate that there are at least three different main purposes for using written information; factors such as the desire to coordinate activities, to control individuals and organizational units, and the drive to gain or provide new knowledge. The following paragraph will start with a brief treatment of the first two factors and then move on to an in-depth discussion of the third factor, which is the focus of this working paper. The argument for focusing on controlling individuals and organizational units is that the strategic business networks in the coming case study are in a pre-establishment phase. This means that there are minor business activities within the network as yet, which affects the extent of coordination and the need for knowledge transfer. To a great extent, coordination at this stage involves controlling individuals and organizational units, and this leads to the focus of this working paper.

Coordination of Activities and Knowledge Transfer

The initial purpose of using written information is for the coordination of one actor's actions with the actions of others. An example of this would be a seller who has

promised to deliver a certain product to a buyer, and needs to coordinate the efforts of his/her staff from production through delivery. The pertinent information will thus be distributed to everyone involved in order to facilitate the coordination of their efforts. This means that the more highly specialized the different companies are, the more coordination will be necessary.

The purpose of using written information could also be to gain or provide new knowledge. Becoming more knowledgeable about a certain resource has several benefits. It may lead to the discovery of new ways of combining one resource with one or more other resources, as well as generating new ways of working and using a certain resource. In other words, information could also contain essential facts about a particular resource or a certain condition.

Controlling Individuals and Organizational Units

The purpose of using written information can also be to control the efforts and resources of others. Several studies show that information can be exchanged by way of written contracts, for example (Roxenhall, 1999), or financial reports (Lind, 1996).

It is common practice for companies to set up master agreements (Roxenhall 1999). This generally means that the different actors simply reach an arrangement about prices and other general terms and conditions that may arise during a purchase. In this case, the seller may use written contracts, financial reports, and other carriers of information such as e-mail, as means of information to encourage (control or influence) its representatives to promote sales. These documents can also be used as a means to control the various areas of responsibility within a company, by specifying the responsibilities of the various units involved and their accountability in future undertakings. They can also be used as a basis for decision-making. The sales supervisor can send information through some appropriate channel to the production supervisor so it may be used as a foundation for decision-making in the purchasing process. This information would thus also be intended to control/influence the production supervisor. The question is then if it should be regarded as a means of decision-making. However, this would hardly be a correct assumption, because regardless if the contract factors in the decision made by the production supervisor or not, simply by partaking of the contract he/she has been influenced by it, and the sales supervisor, and thus the contract should be regarded as a means of control.

Roxenhall and Lind's conclusion was that managers, for example, used written contracts and financial reports (such as annual reports) to make their employees aware of certain issues, to delegate responsibility, to follow up the performance of units and individuals, and to use the information as a basis for decision-making. They found that the written information was mostly used to influence and control individuals by directing their attention to specific issues, and to delegate responsibility. Written contracts and financial reports were also used as a basis for decision-making, though not to any greater extent (Roxenhall, 1999 & Lind, 1996).

Financial reports have also been used by individuals hoping to increase their own influence within an organization, i.e. as a means of exerting power (Samuelson, 1994; Greve & Karlsson, 1994; Westin, 1993; Mellemvik et al, 1988). But even when information is used a as show of force, it is still intended to govern the person, and is to be regarded as a control device. Information as a power play should be regarded as a subcategory to control devices.

A desire to control external actors is also common. For example, written information may be used to block certain activities performed by competitors. In others words, written information is used as a power play, and the information found in financial reports may be used to legitimize the operations of the organization. By using financial reports, the company can be perceived as functioning in a rational manner. This would increase its credibility, which may in turn result in greater economic resources (Greve & Karlsson, 1994; Mellemvik et al, 1988; Tiessen & Waterhouse, 1983; Burchell et al 1980).

Generally, control means a conscious effort to influence matters (Samuelson, 1994). Naturally, one can control others unintentionally as well. The individual targeted may or may not be influenced by the efforts at hand. For example, individuals may study written material without being aware of the extent it influences them. It is also possible to read and hear information without actually being aware of the fact. This is why it is beneficial to take all different kinds of control mechanisms into account (Roxenhall, 1999).

A controlling unit exerts control, and the targets may be either physical objects or organizational units. In the first instance, the word generally used is direct control, and in the second instance, indirect control. Control may be formal or informal in nature.

Samuelson (1994) claims that formal control pertains to routine processes that are documented in one way or another, while informal control pertains to non-routine processes without documentation. This definition may pose some problems, however. This is due to the fact that written sources of information are documents, and as such could never be employed in informal control situations. They may, however, be used in both routine and non-routine situations. In situations like these, the concept will have a different meaning. In other words, it is no longer a factor if the control situation leads to documentation or not.

The control exerted can be described as being tight or loose. Tight control involves specifying tasks in very great detail, while loose control would involve providing certain guidelines to work within (Samuelson, 1994). They are similar to activity-oriented management and goal-oriented management. Activity-oriented management can be compared to a cookbook providing step-by-step instructions, while in goal-oriented management, the controlling unit specifies the objectives the target group is expected to achieve. In other words, the people in the latter target group get to choose *how* they attain their goals (Bruzelius & Skärvad, 1989). Other synonyms for tight and loose control and activity-oriented and goal-oriented management are parameter management and micro-management.

In what way can the concepts of formal and informal management be applied here? Samuelson (1994) asserts that extensive use of formal management results in tight control, while informal management is characterized by being loose. There are reasons to presume that tight control and formal management are applied whenever the target is an individual, while loose control and informal management are directed towards organizational units (Samuelsson, 1994).

THE CHARACTERISTICS OF WRITTEN INFORMATION

It is possible, according to Gadde and Håkansson (1993), to classify written information into three different categories. The first category deals with the product, or the seller's ability to resolve a problem the buyer may have, and its characteristics. The second category deals with the commercial terms negotiated before the decision to buy was made, i.e. the information the buyer requires to make the order (prices, discounts, terms of delivery and payment). The third category deals with the structure of the transaction

(appointments, volumes, method of delivery, formal rules and routines). The first category is referred to in this working paper as the technical content, the second category as the commercial content, and the third category as the administrative content. Storer (2000) presents another range of classification: formality/informality, content, type/purpose, frequency, hierarchical level, operational/transactional, managerial control, strategic communication media used/mood/tools. The classification by Gadde and Håkansson (1993) is more suited to the purpose of this working paper, and will therefore be employed.

Roxenhall (1999) illustrates that the information transmitted, for example, by way of written contracts can be categorized according to Gadde and Håkansson (1993). Some contracts contain a more extensive portion of technical information, while others are mainly concerned with commercial and administrative matters. Roxenhall (1999) also demonstrates that written contracts are used to coordinate and influence the actions of others. It is probable to assume a connection between these two dimensions. If a contract or other carrier of written information mainly focuses on technical aspects, it is generally used to coordinate the individuals in every party addressed by the contract. When the focus is on commercial terms, the purpose of the contract is to influence the sales representatives of the parties involved.

The starting point for the study outlined here is to classify written information (e-mail) into the three categories described by Gadde and Håkansson (1993) and then attempt to examine just how the actors use written information by way of e-mail to control organizational units and individuals. The information sent by e-mail can be categorized into three different categories; technical, administrative and commercial. This e-mail has an informative purpose, and this working paper focuses on how individuals and organizational units are governed and controlled. The assumptions are as follows: Strategic business networks are managed informally, with loose control; and that the purpose of sending information by e-mail within a strategic business network in a pre-establishment phase, often has its origin in an ambition to govern. These categories are organized into a matrix, which will constitute a foundation for the upcoming empirical study.

The actor's use of e-mail	Technical	Administrative	Commercial
As a means of governing			
To delegate responsibility			
As a basis for decision-Making			
To provide awareness of certain issues			
To follow up the performance of units and individuals			
To legitimize			

The next step is to construct reliable propositions with regard to how the two dimensions "written information category" and "the use of written information in e-mail" are employed. The second step should be focused on factors that have a great impact on the use of written information.

METHOD

The intention of this working paper is to examine how the actors in strategic business networks use written information (e-mail), in a multiple case study. The study will comprise twenty companies in two different strategic business networks located in Sweden, and will involve all written information (e-mail) that has passed between them during a period of time. The study will also contain interviews.

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