

## **Coordinating interdependent business relationships – a new role for management in self-organizing business networks**

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The purpose of this paper is to explore the role of management from one specific aspect: the coordination of the separate business relationships into a more efficient whole. In particular, I explore the coordination process that occurs in the creation of new international business relationships. The setting of the study is medium-sized Swedish manufacturing companies.

In complex networks it is difficult for management to control what happens in the separate business relationships. These relationships are developed according to a local logic of making the relationship as efficient as possible. The people handling these relationships are part of business units geographically dispersed around the world. This dispersion in time and place between management and the business units responsible for the daily working within these relationships makes it difficult to manage them from distance. The top down approach seems rather implausible, and instead we would like to propose a view of a complex organizations as a set of self-organizing business relationships

The main point of this paper is that the local, self-organizing, logic of the separate business relationships needs to be balanced against the needs of the whole organization. It is difficult for actors working within the business relationships to understand the consequences of their activities for the whole firm. At the same time it is difficult for outsiders to a business relationship, such as management, in complex organizations to see the full consequences of their actions for the local business relationships. There is thus a need for striking a balance between local and global efficiency. On one hand it is the local business relationships that bring both capital and knowledge to the firm, but on the other hand, it is not certain that the attempts to make the relationship efficient is what is most beneficial for the firm. Herein lies the challenge for management: to let the business relationships develop to their full potential at the same time as they coordinate the separate business relationships to fit each other more closely.