

INTERACTIONS AND ACTORS' ROLES IN UNSTABLE BUSINESS NETWORKS: A PROCESS ANALYSIS



Track: Interaction and Actors in Turbulent Times

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Extended Abstract

An important aspect related to network dynamics is how actors search for stability in their relationships and networks (Holmen and Pedersen, 2002; Sutton-Brady, 2008). One of the reasons for this is that in unstable networks, there is ambiguity regarding each actor's role (Forsgren and Johanson, 1992), resulting in conflict between actors (Ford et al., 2002; Wilkinson and Young, 2002). However, many networks are characterized by at least phases of instability in which the 'rules-of-the-game' seem to change drastically. The purpose of this paper is therefore to understand the processes through which actors make sense of, and interact in such unstable networks. A particular emphasis relates to the issues of coping with the vagueness of their roles and the tension with other actors in such unstable environments.

Drawing on social exchange theory and the interaction model of businesses on the one hand (Ford et al., 2008), and role theory on the other (Anderson et al., 1994, 1998; Huemer et al., 2004)), we undertake a network analysis as a specific and comprehensive case study (Axelsson and Easton, 1992), and empirically capture interaction characteristics through a time and process perspective. As we are primarily interested in the interaction processes underlying unstable networks, this will be done via an Event-Structure Analysis (ESA).

Research method and findings

Based on a comprehensive case-study research approach, we analyse the UK pharmaceutical network in its development from c. 2000 onwards. We used multiple semi-structured face-to-face interviews with key informants from all main actors in the network and a snow-balling method of sampling was used until saturation was reached. An Event Structure Analysis links certain processes to outcomes which shape further processes.

The main players in this network are pharmacies (retailers), wholesalers, manufacturers (or pharmaceutical companies), policy-makers and the associations that represent each of these groups of actors. Recently the interactions within the network have been affected by a significant level of regulatory transformation. Our initial findings show that unprecedented product shortages faced by pharmacies and the continuing weakness of the pound that has dropped UK drug prices to amongst the lowest in Europe. A consequence of this is a significant increase in parallel exports of medicines, which acts as a key contributor to the growing lack of availability of drugs in the country. Groups of actors are now making monies by exporting back out of the UK, drugs that have been imported or produced in the UK and intended initially for the use of NHS patients. In connection with this, the traditional roles of actors are changing as other actors engage in more opportunistic tendencies. A consideration for policy makers is therefore to be more mindful of ex-post opportunism as actors seek different prospects from their new network positions (Brown et al., 2000).

Contribution

By analysing the UK pharmaceutical network as a case and by exploring the processes of interactions in this unstable network, our paper contributes to the growing body of literature on network dynamics. Through a better understanding of the interaction processes within unstable networks, we aim to capture the importance of temporality, stability, as well as various process issues of interactions in network studies. Moreover, we provide practitioners and policy-makers with a different way of understanding what is taking place in the UK pharmaceutical network, thereby enhancing their ability to implement actions to guarantee patients' supply of medicines.