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ORGANIZATIONAL NETWORKING BEHAVIORS – CONCEPTUALIZATION AND OPERATIONALIZATION

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1. Introduction

Academics in both strategic management and economic sociology contend that organizational behaviors are embedded in the network of relations, and therefore, firm performance may be highly influenced by the embeddedness of the network. As the competition intensifies drastically, how to efficiently and effectively manage the inter- organizational network becomes a critical issue for firms operating in business-to-business markets (Miles and Snow, 1992). A firm's network could consist of numerous other organizations with which the firm interacts to seek resources and opportunities (Pfeffer and Salancik, 1978). The interconnectedness of these relationships means that managing the web of relationships is highly challenging due to the complexity and fluidity inherent in the network. It is suggested that firms' ability to utilize and capitalize on their business network is a source of competitive advantage, because the ability to cope with the social and economic complexity of the business network is difficult for competitors to imitate (Barney, 1991).

Despite this significance, currently research into how firms interact with their networked environment still remains relatively unexplored and untested compared to that of dyadic business relationships (Dyer and Hatch, 2006). Studies in economic sociology hold the view that a network can yield a greater economic outcome than the sum of the individual firms within it, due to the mechanism that promotes novel resource combinations (Uzzi, 1996). While being embedded in the web of relationships provides firms with possible access to rich resources, it also exposes them to the risks and constraints that are dispersed in the network. Although one single firm cannot control its network, it can, nevertheless, manage within its web of relationships in the network (Håkansson and Ford, 2002). How firms strategically interact with various counterparts to realize the opportunities and constraints afforded by the network is a subject that deserves more attention. Therefore, there exists the need to provide a deeper understanding of organizational behaviors in response to the wider network, given that the current literature is still short of concepts that capture the domain of a firm's embeddedness in networks and its resulting organizational responses. Furthermore, there is also the need to provide explicit implications for business-to-business practitioners to apply in their managerial decision-making when they are faced with issues of responding to complex multi-firm networks (Brennan and Turnbull, 2002).

This study asks two research questions. First, what kind of networking behaviors can be observed when firms interact with their direct and especially indirect counterparts in order to achieve their business aims? Secondly, what purposes do these networking behaviors serve?

2. Defining Organizational Networking Behaviors

The conceptualization and operationalization of how firms 'network' beyond their 'intentional networks' (i.e. a firm's web of direct relationships) is still lacking in the literature. Studies in network management focus on the management of firms' webs of direct relationships with 'business partners' (e.g. suppliers and customers). There exist three types of network management studies. First, network competence (Ritter, 1999) and network capabilities (Walter et al., 2006) are developed to capture the extent to which an organization is 'qualified' to manage the web of direct relationships. These two concepts predominately focus on firms' organizational activities of network management (of direct relationships). Secondly, networking capability (Mort and Weerawardena, 2006) and networking abilities (Äyväri and Jyrämä, 2007) look at how small entrepreneurial firms, which quite often consist of very few people, develop some sort of routines within their networks to mobilize resources in the immediate proximity of a focal firm. They are seen as entrepreneurial owners' political skills, hence remain at the inter-personal level of networking. Thirdly, the concepts of embeddedness (Granovetter, 1985; Uzzi, 1996) and connectedness (Anderson et al., 1994) focus primarily on the usage of well established relationships to facilitate the cooperation amongst network members in order to resolve problems and adapt to changes. Although strong relationships are important for information sharing and facilitating speedy problem solving, Granovetter (1985) stresses that it is the weak ties that bring about novel information and resources. He argues that a firm's network position is the key to get access to novel information and resources. Building on this argument, we contend that both types of relationships should be considered in the conceptualization of organizational networking behaviors.

Our view is that organizational networking behaviors need to be treated as actions towards direct and indirect counterparts at a collective organizational level. Such behaviors are derived from the anticipation of the goals (purposes) an organization endeavors to achieve, and thus these purposeful actions are planned and implemented based on collective organizational decision making. We are particularly interested in organizational networking behaviors that firms employ to serve specific purposes, the essence of which are different from the existing concepts in two ways. First, these networking behaviors are not characteristics or qualifications of a firm. Instead, they are routines/practices/activities that are developed strategically to utilize the web of direct and indirect relationships. Secondly, these networking behaviors are not solely for managing webs of relationships, nor reconfiguring resources. Instead, firms could utilize different types of relationships based on their network position to serve various purposes depending on their assessment of available or potential resources that are linked to their counterparts. Therefore, these purpose-led behaviors can be tentatively defined as the routines/practices/activities that firms employ to make sense of and capitalize on their networks of direct and indirect relationships.

Building upon already existing concepts in the literature and further expanding the scope of network management, this study aims to understand organizational networking behaviors by taking into account the interconnectedness of a firm's direct and indirect relationships. We combine the dynamic capabilities (Teece et al., 1997) and an interaction approach (see Håkansson, 1982) as the theoretical frameworks that guide this study. In agreement with previous research, we believe that these two approaches inform and complement each other, and therefore offer a fruitful way to better understand network management from an organizational perspective (Möller et al., 2005).

3. Research Design

The main objective of this study is to conceptualize the construct of organizational networking behaviors, which entails a qualitative and exploratory empirical research. This study uses a semi-structured interview method to understand the scope and content of networking behaviors. We briefly discuss the research design in the following subsections.

3.1   Research context

The manufacturing sector in the UK is chosen as the research setting. Given the strong challenge from emerging countries with a lower-cost labor offering, the manufacturing sector in the UK has shrunk dramatically in the last decade. As these emerging countries now are fast moving up the value chain by enhancing their technological capacity, manufacturers in the UK have to differentiate their offerings in order to compete in the global stage. Therefore, it is an appropriate and interesting setting for the research, given that these manufacturers need to constantly seek opportunities to innovate and expand (or maintain the same level of) their business scale by leveraging the resources embedded in their networks.

3.2   Data collection

Since organizational networking behaviors are a firm's collective actions towards direct and indirect counterparts, the key informants used in this study have to be those who have an overall vision of organizational strategic decisions towards their counterparts. Furthermore, this study calls for a multi-informant approach. Multiple interviews with managers from the same organization can be compared and cross-validated. We utilized a database of financial information on major public and private U.K. companies, and successfully recruited 31 director-level managers from 15 manufacturing firms (their number of employees ranges from 48 to 3,310) in different regions of the UK. With the exception of one participant company, at least two informants from each company were interviewed in order to get a wider perspective of how they capitalize on their network context.

There was one instance in which one interviewee provided a saturated view of their networking behaviors, and therefore no more interview was required of that organization.

There were also instances where the organization is part of an amalgamation of groups of companies, and therefore, it was necessary to have more than two interviews in order to understand the holistic picture of their networking behaviors. Depending on the position of the interviewees, different views can be obtained since they might be involved in different activities with their counterparts. Therefore, executive managers, such as managing directors or CEOs, marketing directors, sales directors and supply chain directors, were appropriate for taking part in this study.

3.3   Data analysis

All interviews were recorded and transcribed for subsequent data analysis. Content analysis was chosen for analyzing the data. This study employs a qualitative analytical software package, NVivo, to aid the accuracy of the data analysis. Coding is a key feature in content analysis. The researchers can give words, sentences, and paragraphs meaning and then codes the meaningful text into various categories or themes, which can be quantified as to how fre-

quently specific themes appear in a text (Kvale, 2007). The categorizations can be made before analyzing the data, or emerging categorizations can be created ad hoc. This provides a study in an under-developed research area with the advantage of being flexible in combining the existing developed concepts from the literature on the one hand, and the emerging concepts from the empirical work on the other hand.

Based on the working definition of organizational networking behaviors, we coded the texts by looking for activities/practices/routines that firms develop to interact with various relevant parties in order to sense and respond to the network dynamics.

4.   Research Results

The themes identified are grouped into four sets of behaviors that firms employ to fulfill specific goals. They are information acquisition, opportunity enabling, strong-tie-approach, and weak-tie-approach resource mobilization. We did not confine ourselves to one school of thought when structuring these themes. Instead, the strong and weak tie argument resonates with an economic sociology perspective, and the interactive nature of networking in the interaction approach further provides the framework for analyzing the data. We believe that this approach has enabled us to broaden the scope of organizational networking behaviors identified in this study.

First, information acquisition is an important aspect of business development. Although it is not within the scope of this study to understand how firms utilize the information they obtained through networking behaviors, firms can, through proprietary information acquisition, make informed decision to realize opportunities before their competitors. Based on our empirical data, we found that firms are more openly sharing information in well- established relationships (the strong ties), but novel information very often comes about via different types of counterparts, with which firms do not necessarily have long established or trading relationships (the weak ties). This indicates the importance of identifying and keeping a wide range of 'information hubs' through constantly interacting with various counterparts, although it might not necessarily contribute to the sales directly.

Secondly, opportunity enabling behaviors are the way in which firms constantly have a strong desire to "go out there and speak to people", such as looking out for new technologies, potential customers and suppliers and lobbying, all of which require proactive interactions with various counterparts. In this category firms do not just interact with those that are trading with them. Instead, trade events, such as exhibitions, industry-specific seminars and meetings, are important sources for them to sense the market. As noted by several managers, the effectiveness of these networking events cannot be predicted easily, but the strong tendency to network with various counterparts is essential for firms that are constantly trying to sense and seize opportunities to help them drive their business forward. Not only do firms seek opportunities, but create them. By interacting with relevant counterparts (e.g. potential customers and important parties surrounding customers) firms can strategically disseminate their self-perceived network identity by signaling their strengths (e.g. resources) to others in the network (Håkansson and Johanson, 1988). This has important implications, as firms can benefit from their reputation in the industry (and possibly in other peripheral industries).

Thirdly, we also observed that the effectiveness of certain networking behaviors, particularly those in strong-tie-approach resource mobilization, heavily rely on the quality of the

relationships. These relationships often are characterized with high levels of trust. In other words, to be able to mobilize resources, which are connected to a focal relationship, requires high levels of trust and cooperation between the two parties (Zaefarian et al., 2012). This ability is critical for solving problems and improving offerings, particularly in technology-intensive situations. By mobilizing resources from different parties through a focal relationship, a focal firm's offerings can be more readily developed to increase its competitiveness. Without the backing of strong relationships, the mobilization of such 'sticky' resources to form joint problem-solving mechanisms would be difficult (Uzzi, 1996). Therefore, not only does a good relationship help sustain repeat transactions, but it also brings about rich resources associated with the focal relationship. However, it requires firms to sense and realize this potential opportunity and mobilize the resources to respond to the market and innovate faster, which increases competitiveness against their competitors.

Finally, weak-tie-approach resource mobilization has shown to be effective in some instances, particularly where firms need to penetrate a new market. Relationships that are at arm's length or newly formed could link firms to those indirect relationships, hence potentially a whole new set of resources. The novel information, technologies and business opportunities are embedded in the other side of this relationship, and through its linkage with its new counterpart, for example, a bridging relationship such as a referral, a firm is able to more quickly form new relationships with others. In some cases, this can be foreseen and instigated. Firms are able to assess, for instance, what kind of customer base a particular potential business partner holds to determine whether this firm is the right partner.

5. Discussion

We have identified four types of organizational networking behaviors through understanding how firms utilize their web of relationships to achieve different goals. These purposeful behaviors can be categorized into: information acquisition, opportunity enabling, strong-tie-approach, and weak-tie-approach resource mobilization. By adopting a network view, this study provides insights into how firms operating in business-to-business markets exploit their webs of relationships with a multitude of counterparts.

These networking behaviors are both passive and active. Firms need to network to sense the network dynamics in order to respond to the changes that might have a negative impact if not dealt with timely and appropriately or a positive impact if exploited. On the other hand, firms can proactively maneuver themselves into a position where they are able to capture the benefit of mobilizing certain desired resource through interacting with relevant counterparts (Mouzas and Naudé, 2007). Ford et al. (2003) suggest that networking helps firms cope with three network paradoxes, which are the constraints inherent in the network, and thereby managing the interactions with their counterparts, and control and influence via network management. Their framework emphasizes greatly the aspects of managing interactions in relationships, but it does not provide strategic implications of networking, as Ford et al. (2003) are reluctant to link networking activities to any outcome. From our interviewees' viewpoint, they network to achieve certain anticipated outcomes, and because of this instrumental view, we ascertain that these networking behaviors are conscious and purposeful. By categorizing them based on their purpose this study produces a more fine-grained system, which allows us to synthesize and contrast the findings with the wider network literature. This is by no means suggesting that these behaviors are causally linked to successful outcomes. Such inference

needs to be rigorously tested in further research.

This study has contributed in three ways. First, four types of purposeful organizational networking behaviors are identified, and differentiated from other network management constructs in the literature. Using Day's (1994) categorization of organizational capabilities to interpret our findings, we show that network management is not only about 'inside-out capabilities' (qualification practices), but also about 'outside-in capabilities' (strategizing practices). Secondly, this study demonstrates the applicability of the well-established strong and weak tie hypothesis in economic sociology from a firm's perspective. Although it is a well developed concept, a deeper understanding is needed to shed light on how these two different types of relationships can be utilized from a firm's perspective, as it was originally developed to capture personal relationships (Jack, 2005). We demonstrate that these two types of relationships do have different utility and purpose from a focal firm's perspective. Through interactions, these relationships can be utilized to achieve different organizational goals. Lastly, the four types of networking behaviors provide practitioners operating in business market a guideline for utilizing different types of relationships to achieve different outcomes.

We acknowledge that this study has its limitations, mainly related to the research setting.

We study organizational networking behaviors in the context of the UK manufacturing sector. Although we tried to cover as many industries as possible, the coverage is still limited. There is a possibility that other types of networking behaviors are not discovered due to this limitation. It is, therefore, possibly fertile to look at this issue in future research, and in other research settings. For instance, industries with high technology intensity may provide specific insights regarding how the networking behaviors differ from the ones we have identified. Furthermore, the service industry is arguably very different from the manufacturing industry, which makes it a possible interesting research setting to study contrasting firms' networking behaviors. The four types of networking behaviors we identified also provide a foundation for future research to further refine and operationalize the construct. It would be insightful and interesting to discover the extent to which they are related to other organizational behaviors and firm performance both qualitatively and quantitatively.

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