

*Developing Business-to-Business Network  
Collaboration in a Rural Tourism Destination.*

**Barbara Heade-Brown**

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INSTITIÚID TEICNEOLAÍOCHTA PHORT LÁIRGE

**Research supervisors: Dr. Patrick Lynch and Dr. Mary T. Holden**

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## **Declaration**

*The author hereby declares that, except where duly acknowledged and referenced, this research study is entirely her own work and has not been submitted for any degree or other qualification in any third level institution in Ireland or abroad.*

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*Barbara Heade-Brown, 23<sup>rd</sup> August, 2011*

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# **Abstract**

## **Developing Business-to-Business Collaboration in a Rural Tourism Destination**

One dominant theme that continuously emerges in national and international reports is that, in order for rural tourism firms to surmount the detrimental effects of lost competitiveness, tourism enterprises must be encouraged to adopt a network perspective (European Commission, 2006; CAP Rural Development Plan, 2007-2013). There is broad consensus in the tourism and rural development literature that the establishment of linkages with other actors will enable small firms to create value by leveraging combined resources, shared knowledge, reduced risk and, in general, create a competitive advantage that is likely to be sustainable (Lynch, 2000; Murdoch, 2000; Van der Ploeg et al., 2000; Tinsley and Lynch, 2001; Morrisson et al., 2004; Saxena, 2005; Sundbo et al., 2007). Accordingly, the Irish government has adopted a strategy intended to improve the competitive capacity of the Irish rural tourism sector through the creation of cooperative collaborative local networks (National Development Plan 2007-2013; Tourism Renewal Group, 2009; Department of Enterprise, Trade and Innovation, 2010). Although both academic and government circles recognise collaborative networks as a key driver of competitiveness for rural tourism enterprises, very limited empirical research has been conducted on how rural tourism networks should be developed and managed (Tinsley and Lynch, 2001; Jamal and Stronza, 2009).

This research focuses on the relational factors that influence the development and maintenance of a collaborative rural tourism network. The level and depth of researcher involvement in the process, combined with the dual aims of enhancing both academic and practitioner understanding, led to the adoption of an exploratory, interpretive and qualitative action research methodology.

The findings highlight the criticality of interpersonal relationships to the formation and maintenance of a rural tourism network. Communication, a common vision, trust and functional conflict are key factors that promote network development. Maintenance of a collaborative network is facilitated greatly by the presence of individuals that act as network champions. The research has resulted in the development of a pragmatic managerial model for involving rural tourism stakeholders in a collaborative rural tourism network.

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## Chapter 1. Introduction

A major objective of recent supranational and national policies is the socio-economic equity and cohesion of all regions within the European Union (EU) and in the Irish state. The central focus of these policies is the diversification and development of the non-farm rural economy in order to arrest the socio-economic decay of many rural communities (Department of Community, Rural and Family Affairs, 2007). In recognition of these regional imbalances and in line with the EU's objectives for regional equity and cohesion, the Irish government launched 'The National Spatial Strategy 2002-2020' to ensure that a more balanced social, economic and physical environment exists between different regions, which would enable each region to contribute to the overall performance of the state; further, the Irish government wishes to counteract the problematic 'eastern pull' of the Dublin metropolitan region.

Tourism represents a major vehicle for achieving the national/supranational goals of regional socio-economic equity (Saxena et al., 2007). As a labour intensive industry, tourism has a strong role to play in employment creation across a range of skill levels in every part of the country (Fáilte Ireland, 2005; 2007; 2008; Tourism Renewal Group, 2009). The European Commission (2006 and 2010) considers tourism to be an activity critical to the development and economic and social integration of rural areas. Similarly, the United Nation World Tourism Organisation (UNWTO)<sup>1</sup> (2010) views tourism as an especially appropriate industry to reduce poverty in developing countries due to its suitability to the development of remote and rural areas. In an Irish context, Fáilte Ireland highlights that tourism "is the largest internationally traded services sector in Ireland and is a powerful instrument of national economic development" (Fáilte Ireland, 2007, p.1). Nevertheless, the Irish tourism industry is facing major challenges caused primarily by economic factors. The revenue generated from overseas visitors to Ireland has declined sharply in the last five years, from €3.9 billion in 2005 to €3.4 billion in 2009 (Tourism Ireland, 2010). Similarly the numbers of visitors decreased over the same period of time (from 8.1 million in 2005 to 7.6 million in 2009).

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<sup>1</sup> UNWTO is the specialised tourism agency of the United Nations. The goal of UNWTO is to act as a "global forum for tourism policy issues and a practical source of tourism know-how" ([www.unwto.org/afiliados/about\\_us/](http://www.unwto.org/afiliados/about_us/)).

The Irish tourism industry is operating in a turbulent and challenging business environment, buffeted by an increasingly competitive international environment and a rapidly changing domestic economy (Tourism Review Group, 2009). Costs are increasing and tourism revenues, while growing nominally, are declining in real terms (Fáilte Ireland, 2008). The erosion of Ireland's cost-competitiveness is a major difficulty for the tourism industry (Tourism Review Group, 2009). A dominant theme that continuously emerges from national and international reports is that, in order for the tourism industry to surmount the detrimental effects of lost competitiveness, emphasis must be directed at encouraging tourism enterprises to adopt a network perspective (European Commission, 2006; CAP Rural Development Plan, 2007-2013). In accordance with this line of reasoning the Irish government has adopted a strategy to address the challenges faced by the Irish rural tourism sector through the creation of cooperative collaborative local networks, thereby improving the competitive capacity of Irish rural tourism firms (National Development Plan 2007-2013; Irish Rural Development Programme, 2007-2013; Tourism Renewal Group, 2009; Department of Enterprise, Trade and Innovation, 2010). The intention is to encourage tourism related businesses in rural areas to work collaboratively to develop tourism facilities and attractions and, ultimately, to generate income and employment in the local economy.

There is broad consensus in the tourism and rural development literature that the establishment of linkages with other actors will enable small firms to create value by leveraging combined resources, shared knowledge, reduced risk and, in general, create a competitive advantage that is likely to be sustainable (Lynch, 2000; Murdoch, 2000; Van der Ploeg et al., 2000; Tinsley and Lynch, 2001; Morrisson et al., 2004; Saxena, 2005; Novelli et. al., 2006; Sundbo et al., 2007). However collaboration is a difficult process for tourism firms as, instinctively, tourism operators find it difficult to share information and establish trust with competitors in their own region (Tinsley and Lynch, 2001), and often the objectives of individual tourism operators differ significantly (Jamal and Getz, 1995). Although collaboration through networks has been acknowledged in academic and government circles as a key driver of competitiveness for Irish rural tourism (National Development Plan 2007-2013), there is a significant knowledge gap concerning our understanding of how rural tourism networks should be managed.

Limited research has been carried out on the dynamics of network development and the processes and motivations that underpin network development (Hoang and Antoncic, 2003; Jack, 2010). As pointed out by Ring and Van de Ven, 1994, p. 112 ‘studies of evolutionary processes in organizational relationships are relatively rare’. Hoang and Antoncic (2003) and Jack (2010) draw attention to the small number of studies that employ a process oriented approach to network development; they also highlight that many issues concerning networks and how they develop over time remain under explored. Parmigiani and Rivera Santos (2011, p. 1131) support this view, commenting that ‘while relationship formation is becoming better understood, implementation and performance are still wide open areas for investigation’. Provan et al. (2007, p. 512) point out that there is only ‘marginal understanding’ of the dynamic nature of networks and argue that it is ‘imperative that network researchers understand how whole networks operate, how they might best be structured and managed’.

Several studies have investigated the implications of collaborative networks in the tourism sector (e.g. Tinsley and Lynch, 2001; Von Friedrichs Grangsjö, 2003; Saxena, 2005; Von Friedrichs Grangsjö and Gummesson, 2006; Michael, 2007; Jamal and Stronza, 2009); however, very little empirical research has been conducted on how rural tourism networks should be developed and managed. Hence how a sustainable rural tourism network can be developed remains an essential problem (Tinsley and Lynch, 2001). Jamal and Getz (1995, p. 201) advise that ‘the facilitators and inhibitors in community-based tourism domains need to be identified through empirical research in order to understand the conditions under which collaboration can be used as an process to resolve problems and advance “shared visions”’. To address this research gap, the focus of this research is on the social relationships that underpin the formation of a rural tourism network and how these relationships influence the development and maintenance of a network with the aim of enhancing both academic and practitioner understanding of the dynamics of network development.

## **1.2 Research Objectives and Methodology**

As already discussed, limited research has been conducted on the dynamic relational processes and motivations that underpin the development and maintenance of a collaborative rural tourism network. The purpose of this research is to address this

research gap and thereby enhance both academic and practitioner understanding of the relational processes that underlie the formation and maintenance of a rural tourism network. Consequently the research objectives for this study are:

- To generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network.
- To develop a managerial model for involving rural tourism stakeholders in a collaborative rural tourism network.

In order to understand the processes involved in the formation of a network and the relationships that underpin that network, the researcher needed to explore the fabric of the network in detail. Implicitly, this called for the use of flexible, unstructured, and qualitative research methods. To ensure rigour, a range of data collection methods were used in this study involving interviews, observations and documentary reviews, supported by a reflective diary maintained throughout by the researcher. The information obtained from the interviews was subsequently analysed using the Nvivo software program.

### **1.3 Thesis Outline and Structure**

This dissertation is divided into eight chapters. In this introductory chapter the context that the research problem relates to, the research gap, the research objectives and the research methodology were presented. A brief description of the content of each of the remaining chapters is outlined below.

In Chapter Two, the important constructs of a range of theoretical perspectives pertaining to interorganisational relationships are explored in order to build a rationale for the phenomenon under study.

The literature review is addressed in two chapters. In Chapter Three the literature concerning relationship types and relationship development is reviewed. This is augmented in Chapter Four with an exploration of the literature pertaining to relationship variables and relationship norms. Combined, these two chapters allow the

reader to gain a better understanding of interorganisational relationship development and the variables and norms that impact on interorganisational relationships.

In Chapter Five, the philosophical foundation for this research is explored. The methodological approach of the study is then discussed. The research design and the data collection methods utilised to address the research objectives are explored in some detail. The rationale underpinning the series of action research interventions undertaken during this research are detailed. The chapter concludes with a discussion of issues relating to the legitimacy of this research.

In Chapter Six the findings from the research project are presented in the form of a project narrative.

Chapter Seven provides a discussion of the research findings emanating from Chapter Six in the context of the literature reviewed in Chapters Three and Four.


Chapter Eight commences with a discussion of how the research has addressed the research objectives. A managerial model for the development of a collaborative Tourism network is presented. The theoretical and practical contributions of the research are outlined. Limitations of the study are then discussed and future research recommendations emanating from this research study are presented. Suggestions for further research directions are offered. The thesis concludes with a critical reflection on the research process and journey.



## Chapter 2. Theoretical Perspective

The purpose of this chapter is to review the key paradigms pertaining to interorganisational relationships in order to build a rationale for the phenomenon under study. The theoretical literature underlying the concept of interorganisational relationships is fragmented. Academics from various theoretical viewpoints including economics, political science, organisational sciences, sociology, social psychology and law have produced extensive literature that considers how interorganisational relationships are formed, grown, nurtured and appraised. In order to understand the multifaceted nature of relationships it is necessary to firstly examine the principal theories that underlie the concept of interorganisational relationships. These theories can be conceptualised as existing on a continuum ranging from those rooted in economics at one end, through to behaviourally orientated theories (Barringer and Harrison, 2000; Parmigiani and Rivera-Santos, 2011). Five of the most widely used theories that underpin the concept of interorganisational relationships are shown in Table 2.1. In the subsections that follow each theory will be reviewed and the relevance of each theoretical approach to this study will be discussed.

**Table 2.1 Theoretical Foundations of Interorganisational Relationships**

Orientation	Theory	Description	Key Authors
 Economic	Agency Theory	Concerned with determining the most efficient governance mechanism between a principal and an agent.	Jensen and Meckling (1976) Eisenhardt (1989a)
	Transaction Cost Economics	Firms aim to minimise transaction costs under conditions of limited rationality and opportunism	Williamson (1979 and 1985)
	Resource Theories	A firm's survival is determined by its ability to secure and exploit critical internal and/or external resources	Pfeffer and Salancik (1978) Barney (1991)
	Social Exchange	Firms participate in exchange with the assumption of rewards and an obligation to reciprocate rewards	Thibaut and Kelley (1959) Homans (1958) Blau (1964) Granovetter (1985)
	Interaction and Network approach	Firms gain access to resources controlled by other firms through interaction with other firms	Hakansson (1982) Hakansson and Snehota (1995)
Behavioural	<b>Source: Author</b>		

## **2.1 Economic Based Theories**

Economic theorists consider that relationship benefits can be measured purely in economic terms. In this school of thought, the efficiency of the transaction is the primary concern; opportunism is expected and partners are presumed to be untrustworthy (Parmigiani and Rivera-Santos, 2011). Relationships are expected to be rational and discrete and are viewed from the perspective of the individual firm (Donaldson and O'Toole, 2000). Agency theory, transaction cost economics and resource theories are grounded on an economic rationale and each will be reviewed in turn in the following sections.

### **2.1.1 Agency Theory**

Agency theory, which is also referred to as the principal-agent model, is a theoretical framework that is used to conceptualise the structure and management of economic exchange relationships and to explicate the behaviours of principal and agent; essentially the theory endeavours to explain the problems that arise when there is a separation between ownership and control (Jensen and Meckling 1976). The theoretical roots of agency theory are grounded in the economics and financial literature (Jensen and Meckling, 1976; Fama, 1980; Williamson, 1988). Agency theory focuses on relationships in which one side (the principal) delegates work that involves some decision making power to another (the agent), who then performs that work (Jensen and Meckling, 1976; Eisenhardt, 1989a). Agency theory is concerned with the economic efficiency of the transaction, the reduction of risk and the management of uncertainty (Eisenhardt, 1989a). The theory adopts a unilateral perspective of the exchange and assumes that the principal is the dominant party in the relationship (Bergen et al., 1992). The key to profit maximisation, according to agency theory, is the alignment of both the principal and agent's self-interests to maximise profitability (Eisenhardt 1989a; Donaldson and O'Toole, 2002). Intrinsically, agency theory assumes that actors are self interested, opportunistic, risk adverse and that information is asymmetrically distributed between the principal and the agent (Jensen and Meckling, 1976).

The key issues that the principal agent relationship contends with are information asymmetry, adverse selection and moral hazard (Eisenhardt, 1989a). Information

asymmetry occurs where one party has information that the other wants but does not have (Bergen et al., 1992). Adverse selection refers to the ‘misrepresentation of the ability of the agent’ (Eisenhardt, 1989a, p. 61) and occurs when it is difficult or costly to accurately appraise the quality of the resources or assets that the agent claims they will deliver; the inherent risk being that the agent may misrepresent their abilities and/or the quality of the product or service being offered (Akerlof, 1970; Sappington, 1991). Moral hazard arises when one party in an exchange finds it difficult to accurately assess the quality of the resources, assets or effort that the other party is actually offering in exchange (Hendry, 2002). The moral hazard risk is that the agent may act opportunistically, for example where the agent does not put in the expected amount of effort on behalf of the principal or acts inappropriately, and is typically considered to be a post contractual problem (Jensen and Meckling, 1976; Eisenhardt, 1989a).

The principal focus of agency theorists is to manage the conflicts that are inevitable given the triadic presumption of opportunism, asymmetric information and divergent risk attitudes (Jensen and Meckling, 1976; Eisenhardt, 1989a; Sappington, 1991). To align the interests of the principal and the agent, and to address the problems of information asymmetry, adverse selection and moral hazard, agency theory proposes that the principal designs appropriate governance and control mechanisms to either monitor or incentivise the agent (or a combination of both) (Jensen and Meckling, 1976; Eisenhardt, 1989a; Bergen et al., 1992; Hendry, 2002).

The organisation, channel and marketing literature has utilised agency theory extensively to examine a broad range of contractual relations including those between organisations, shareholders and management, managers and employees, manufacturer and retailers<sup>2</sup>. Eisenhardt (1989a, p. 59) detailed the ‘domain’ of agency theory as being:

‘...relationships that mirror the basic agency structure of a principal and an agent who are engaged in cooperative behavior, but have differing goals and differing attitudes toward risk’.

Bergen et al. (1992, p. 19) recommended that agency theory should be utilised to examine situations involving:

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<sup>2</sup> See the works of Eisenhardt, 1989a and Bergen et al., 1992 for comprehensive reviews of empirical studies of agency theory in a variety of fields.

‘(1) Substantial goal conflict between a principal and its agents, (2) Sufficient environmental uncertainty to trigger the risk sharing implications of the theory, (3) Substantial information asymmetries, and/or (4) Difficulty in evaluating performance (e.g., creative, team-oriented, or long-term marketing activities)’.

Agency theory has been criticised for its adherence to and reliance on the economic paradigm (Hirsch et al., 1987) thereby ignoring the social complexity of organisations, in particular the social and cultural norms that act to constrain the opportunistic behaviour of agents (Granovetter, 1985; Donaldson, 1990; Uzzi, 1997; Hendry, 2002). Furthermore, the theory has been censured for being one sided because it portrays the agent as being individualistic, self seeking with an overriding objective of securing power and wealth, while ignoring worker loyalty, pride and commitment and disregarding the opportunistic behaviour of principals (Donaldson, 1990; Ghoshal, 2005). In addition, the theory has been rebuked for not providing a comprehensive understanding of either the structure or operation of organisations (Sappington, 1991). Indeed, Lubatkin (2005; p.213) described agency theory as ‘a theory that only an orthodox micro economist could love’. Eisenhardt (1989a; p.71) conceded that agency theory only offers ‘a partial view of the world’, and, consistent with the view of Hirsch et al. (1987), proposed that agency theory should be used with complementary theories to reflect the intricacy and complexity of organisations.

Agency theory, with its narrow economic focus and unilateral perspective, cannot reflect the complexity and relational dynamics that are involved in cooperative interorganisational relationships (Bergen et al., 1992). In addition, agency theory runs counter to the behavioural assumptions held by most organisation theorists (Lubatkin, 2005). Hence, agency theory is not deemed to be a suitable theoretical basis for this research.

### **2.1.2 Transaction Cost Economics**

The transaction cost economics theory combines economic and organisational theories. Williamson, building on the works of Coase (1937 and 1960), produced seminal works on the theory in 1979 and 1985. This theory looks inside the ‘black box’ of the firm to consider how a firm can minimise the sum of its production and transaction costs by managing its relationships with others and selecting the appropriate governance structure to minimise the cost of the transaction (the

ubiquitous make or buy decision) (Williamson, 1985). Thus, cost efficiency is the motivating force underlying transaction cost economics. Transaction costs include the costs incurred in searching for the most suitable exchange partner, the costs incurred in negotiating, monitoring and enforcing contracts, coordination costs and the costs or risks of power imbalance and opportunistic behaviour between the partners (Williamson, 1985; Gulati, 1995). According to Williamson (1979), a firm's success is dependent on managing its transactions efficiently and cost-effectively, consequently the objective of management is to select the appropriate governance structure that will minimise transaction costs and limit the negative impact of behavioural actions. By nature this theory is normative; it predicts that firms following its recommendations will, by minimising their transaction costs, outperform those who do not (Noordewier et al., 1990).

The governance structures as originally conceptualised by Williamson (1979) consisted of two discrete alternatives: external, market governance and internal, hierarchical governance (vertical integration with unified ownership). Market governance is appropriate where transaction exchanges are discrete, straightforward, involve negligible administration, do not involve transaction specific investments and transaction costs are low. Hierarchical governance is appropriate where recurrent exchanges are complex, transaction specific investments are required, and outcomes are uncertain. The underlying rationale being that, by internalising risk, hierarchical governance will reduce opportunism and bounded rationality levels (Williamson, 1979). After much criticism of the bipolar model (see Granovetter, 1985; Macneil, 1985; Thorelli, 1986; Powell, 1990), Williamson (1991) revisited the governance issue and expanded the range of governance structures to three with the addition of a hybrid governance category, located between the polar extremes of market and hierarchy governance forms. Hybrid forms of interorganisational relationships, such as alliances, joint ventures and networks, occur when the transaction costs associated with market exchange are high, but not high enough to justify vertical integration (Williamson, 1991; Gulati, 1995). This intermediate governance mechanism allows firms to remain independent while securing control over critical resources. The transaction cost economics theory holds that, when asset specificity, exchange frequency and uncertainty levels are high, the prospect of bounded rationality and opportunism are also high. These factors provide firms with an impetus to migrate

from market governance to hybrid governance, and ultimately to hierarchical governance (Powell, 1990).

In summary, the transaction cost economics theory presumes that a firm will select the appropriate governance structure to maximise performance and that firms will act independently, opportunistically and with bounded rationality (Williamson, 1979 and 1985; Powell, 1990; Gulati, 1995). The theory has been criticised for overstating the likelihood of opportunistic behaviour, for disregarding the moderating influence of relational norms (Granovetter, 1985; Heide and John, 1992; Gulati, 1995; Ghoshal and Moran, 1996; Ghoshal, 2005), and for failing to ‘capture the complex realities of exchange’ (Powell, 1990, p. 299). Granovetter (1985, p. 489) in a critique of Williamson’s framework, famously described the transaction cost economics approach as ‘under socialized’ because it does not recognise that economic transactions are often embedded in social relationships that mitigate the risk of opportunistic behaviour. Several scholars have criticised the theory for failing to consider how interorganisational relationships can affect economic transactions (Doz and Prahalad, 1991; Rindfleisch and Heide, 1997; Gulati, 1998). A further criticism is that, by focusing on the exchange relationship from a single, unilateral point of view, the theory disregards the interdependencies that occur between exchange partners and limits opportunities for joint value maximisation (Zajac and Olsen, 1993).

The transaction cost economics framework, with its emphasis on structural features rather than relational aspects and its unilateral perspective, is not considered to be an appropriate theoretical foundation for investigating the relational dynamics that are involved in cooperative interorganisational relationships.

### **2.1.3 Resource Theories**

Resource theories encompass the resource based view and resource dependence theory; both theories are rooted in industrial economics, with the focus being economic rather than sociological or political exchanges (Fahy, 2000). The resource theories presume that individuals will act rationally and have an inherent objective of maximising their individual interests (Fahy and Smithee, 1999). On the relationship theory continuum the resource theories would appear between the economic and behavioural schools of thought because, notwithstanding their economic roots, both of

the resource theories recognise that human resources, social complexity and tacit knowledge are potential sources of sustained competitive advantage (Wernerfelt, 1984, 1995; Dierickx and Cool, 1989; Barney, 1991; Peteraf, 1993; Fahy and Smithee, 1999; Fahy, 2000; Eisenhardt and Martin, 2000; O'Shannassy, 2008; Ambrosini and Bowman, 2009).

The resource theories are based on the concept that organisations face uncertainty about their supply of resources and competencies, which can be physical, human, financial or organisational in nature (Barney, 1995). The control of resources lies at the heart of both theories. The critical difference between the two theories is that the resource based view focuses on the internal resources of the firm<sup>3</sup> (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993) whereas resource dependency theory is concerned with the external resources of the firm. This study is concerned with the creation and nurture of relationships between firms; as a consequence the resource based view is not considered to be an appropriate theoretical basis for this research and will not be explored further.

The core tenet of resource dependency theory is that a firm's survival is determined by its ability to secure and exploit critical resources from the external environment (Provan et al., 1980; Wernerfelt, 1995; Child and Faulkner, 1998; Casciaro and Piskorski, 2005). Resource dependency theory assumes that no single firm can possess all of the resources it needs (Barringer and Harrison, 2000); hence the firm must rely on other organisations (Pfeffer and Salancik, 1978), and must develop a strategy to manage that dependence and reduce the associated uncertainty (Heide 1994). Despite its economic roots and unilateral focus, resource dependency does recognise the complexity of the social context within which a firm operates.

Power and dependence are centric to resource dependency theory (Parmigiani and Rivera-Santos, 2011). The power of a firm in relation to others is determined by the extent that: (1) they control resources needed by others, and (2) they can minimise

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<sup>3</sup>Although Barringer and Harrison (2000), in their review of the resource based view note that there is 'some recognition that important internal resources can be obtained from external sources'. Maijor and van Witteloostijn, (1996), proposed that the resource based view could be applied at group and industry levels in situations where resources cannot be easily imitated or substituted by competitors outside the group or by firms outside the industry (potential entrants). Furthermore, Gulati et al. (2000), proposed that the resource based view could be expanded outside the firm to include the network of external relationships of the firm, arguing that these relationships are unique, inimitable and non substitutable and thus have the necessary characteristics to create sustained competitive advantage.

their resource dependence on others (Provan et al., 1980; Ulrich and Barney, 1984; Barringer and Harrison, 2000; Medcof, 2001). In essence, resource dependency proposes that a firm will attempt to exert power, influence or control over other firms that are in possession of the required resources (Pfeffer and Salancik, 1978; Thorelli, 1986; Barringer and Harrison, 2000). Resource dependency theory is concerned with the extent to which autonomy is lost and the 'degree of control one can exert over a partner on whom one is dependent' (Donaldson and O'Toole, 2007, p. 27). Three factors are critical in determining the dependence of one firm on another and hence the relative power of each: the importance of the resource, the scarcity of alternatives and the cost of switching suppliers (Pfeffer and Salancik, 1978). When firms are interdependent it is probable that they will create bilateral links to access each other's resources. This enables them to take advantage of complementary assets and reduce redundancy (Dyer and Singh, 1998), thereby minimising the uncertainty associated with resource dependence (Ozcan and Eisenhardt, 2009). Firms can reduce their potential exposure to environmental uncertainty by developing and sustaining effective relationships thus increasing the number of exchange alternatives available. In addition, firms can limit the number of exchange opportunities available to others by forming alliances or coalitions with key resource providers (Pfeffer and Salancik, 1978). The underlying assumption of resource dependency theory is that firms cooperate with other firms 'because they have to, not because they want to' (Donaldson and O'Toole, 2000, p 492).

Resource dependency theory is inherently competitive rather than cooperative in nature. The theory looks at the ability of an individual firm to exploit its resources hence it approaches relationships from a unilateral perspective (Wernerfelt, 1995). Furthermore, resource dependency theory is more concerned with the form relationships take than their content (Monge and Contractor, 2003) and thus cannot provide much insight into interactions between network members. Overall, despite providing a useful insight into the rationale underpinning the participation of individual members in a network, resource dependency theory, with its unilateral perspective and its focus on power and control, is not an appropriate theoretical basis for this research.



## **2.2 Behavioural Based Theories**

Behavioural theories incorporate the idiosyncrasies and irrationalities of humans in relationships and consider the impact of social structures and interdependencies (Donaldson and O'Toole, 2000). The predominant behavioural theories addressing interorganisational relationships are Social Exchange Theory and the Interaction Approach which was developed by the Industrial Marketing and Purchasing (IMP) group. A review of each of these theories follows.

### **2.2.1 Social Exchange Theory**

Social exchange theory has its origins in sociology and also draws on economics and psychology. The theory was developed in order to understand the social behaviour of individuals in economic exchanges (Homans, 1958). Social exchange theory is based on the premise that individuals enter into relationships based on mutual exchange to achieve benefits in return for unspecified obligations. Positive exchange interactions and outcomes, over time, lead to increased levels of trust and commitment and relational norms (Thibaut and Kelley, 1959; Blau, 1964; Lambe et al., 2001b). The theory specifies that the relationship between two parties cannot be viewed in isolation from other relationships simultaneously occurring in the broader environment; in essence other relationships can interact and impact on the focal relationship (Anderson et al., 1994). Social exchange theory proposes that relationships are embedded in a social structure (Granovetter, 1985).

Under this theory, relationships are viewed as an exchange; the basic motivation to enter into a relationship with someone else is the expectation of obtaining rewards of some sort (Blau, 1964). The rewards derivable from an exchange are not exclusively economic in nature; information, status, respect, prestige and affection are also valued rewards (Homans, 1958; Knapp and Vangelisti, 1992). Indeed, social exchange views rewards as encompassing all of the pleasures, satisfactions, and gratifications that an individual can gain from participating in a relationship (Thibaut and Kelley 1959; Hakansson, 1982; Lambe et al., 2001b). The distinction between social and economic exchange was made clear by Blau (1964, p. 94): 'only social exchange tends to engender feelings of personal obligation, gratitude, and trust; purely economic exchange as such does not'. It follows then that social exchange theorists are

concerned with ‘the relationship rather than the transaction’ (Donaldson and O’Toole, 2007, p. 29).

Social exchange theory does not presuppose equity or equivalence in exchanges (Scanzoni, 1979); however the norm of reciprocity maintains the importance of returning any favours received (Gouldner, 1960). In his seminal work, Homans (1958, p. 606) succinctly described the reciprocal nature of social exchange in the following terms:

‘Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person in an exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behavior changes less as the difference of the two, profit, tends to a maximum.’

Centric to social exchange theory is the concept of embeddedness which refers to the degree that individuals are embedded in a social structure, formed by individuals connected to others through inter-personal relationships, which influences their economic actions (Granovetter, 1985; Powell, 1990; Gulati, 1998; Uzzi, 1997). Embeddedness emphasises the importance of interpersonal relationships in generating trust and discouraging opportunism and malfeasance (Granovetter, 1985). The logic of embeddedness suggests that increased mutual dependence will increase the depth of economic interaction between exchange partners, thereby promoting a stronger relational orientation (Zaheer and Venkatraman, 1995; Uzzi, 1996, 1999). As Granovetter (1985, p. 490) explained, individuals have a ‘preference for transacting with individuals of known reputation’ and, in the absence of personal acquaintance, will seek out ‘trusted informants’ to provide information on perspective partners<sup>4</sup>. Research into embeddedness has advanced the understanding of how social structure affects economic life. For example in an empirical study of New York clothing firms, Uzzi (1996, p. 694) found that firms with embedded network style ties ‘can produce competitive advantages that are difficult to emulate with arm’s length ties’. Uzzi (1996) cautioned that embeddedness is not universally beneficial as, under certain conditions, it can diminish adaptive capability. In summary, social exchange theory encompasses both the norm of reciprocity and the concept of embeddedness both of which are important elements (enhancers) in the development of a tourism network.

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<sup>4</sup> Similarly, in the field of anthropology, Boissevain (1974) highlighted the importance of ‘friends of friends’ in assessing potential relationship partners.

Social exchange theory emphasises the social elements of relationships and will assist the researcher to better understand the behaviour of individuals in interorganisational relationships. However, social exchange theory is predominantly concerned with dyadic rather than network relationships. In isolation, this theory is not deemed to be a suitable theoretical basis for this research.

### **2.2.2 Interaction and Networks approach**

The interaction and networks theoretical stream is a composite approach that has been influenced by many different theories of organisation including transaction cost economics, resource dependence theory and social exchange theory. The research of the Industrial Marketing and Purchasing Group (IMP group) has generated an abundant seam of ideas, models and insights into interorganisational relationships.

The underlying rationale of the interaction and networks approach is that ‘no business is an island’ (Hakansson and Snehota, 1990). Similar to social exchange theory, the IMP group maintain that a relationship between two parties is seldom accomplished in isolation from other relationships that are occurring in the broader environment. Thus, under this lens business networks are considered in their entirety rather than viewing business relationships as a series of dyadic relationships (Easton, 1992; Hakansson and Ford, 2002; Ford et al., 2008). Researchers using the interaction and networks approach aim to understand and describe the complexity of interorganisational relationships; their focus is ‘more on relationships as they are than as they should be’ (Mattsson, 1997, p. 449). This approach recognises that interorganisational relationships are inherently both economic and social (Gronroos, 1994; Ford, 1997; Mattsson, 1997; Baraldi et al., 2007; Ford et al., 2008). A distinguishing feature of this approach to studying business relationship is the emphasis it places on ‘rich description and efforts to understand the underlying processes behind interaction between organisations in networks’ (Baraldi et al., 2007, p.879).

The interaction model describes and explains dyadic interorganisational relationships while the focus of the network model is on organisational market structures that are depicted as networks. The approach highlights the range of influences on individual companies and relationships as well as the nature and implications of different actions by relationship and network participants. The interaction and network models provide

useful frameworks for the analysis of business situations; in combination they can generate a useful and wholly realistic picture of business markets. Other aspects of this theoretical stream that are pertinent to this study are:

- The interaction and network approach is based on a substantial volume of empirical research into relationships and networks (Turnbull and Cunningham, 1981; Hakansson, 1982 and 1987; Hallen et al., 1991; Axelsson and Easton, 1992; Ford, 1990 and 1997).
- This approach considers both the economic and social aspects of interorganisational relationships (Hakansson, 1982; Hakansson and Snehota, 1990 and 1995; Turnbull et al., 1996; Ford et al., 2008).
- This approach is fundamentally concerned with interorganisational relationships, and with examining relationships as they are rather than as they should be (Ford, 1990 and 1997; Mattsson, 1997; Ford et al., 2003).
- The approach looks at relationships from both sides; in other words it is a relational perspective suited to examining interorganisational and service situations where actors on each side of an exchange are active, and where interaction and relationships are important (Hakansson, 1982 and 1987; Ford et al., 2008; Ford and Mouzas, 2010). This is particularly appropriate given that the aim of this study is to understand the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network.
- Unlike all of the other theories examined in this chapter, the focus of this theoretical stream is on the entire network as the unit of interaction, rather than a specific dyadic relationship (Easton, 1992; Hakansson and Ford, 2002; Ford and Hakansson, 2006a; Ford et al., 2008).

For the foregoing reasons the interaction and networks theoretical stream is highly relevant for this study and is deemed to be the most suitable theoretical foundation for investigating the factors that influence and inhibit the development and maintenance of a business network. Furthermore, this study has the dual goal of developing theory and improving practice, this research orientation concurs with that of the IMP approach. The interaction and networks theoretical stream is considered the most suitable theoretical foundation for investigating the factors that influence and inhibit the development and maintenance of a tourism network as it will facilitate the development of a contextual understanding of the dynamic evolution of networks and

long-term relationships. A comprehensive review of the interaction and network approach follows. The review commences with a summary of the origins of the interaction and network approach. The Interaction and Network models are then explored in detail. The principal contributions that this approach has made to understanding how interorganisational relationships work are then explored. This is followed by a discussion of the links between this theoretical stream and other theories of organisation.

### **2.2.3 Origins of the Interaction and Networks Approach**

The Industrial Marketing and Purchasing Group (IMP group) was formed by a group of European researchers in 1976 (Ford, 2004); their primary objective was, and continues to be, to increase the understanding of business relationships and the behaviour of companies in the real world (Ford et al., 1986). The group considered that it was important to address an apparent disjoint between the realities of interorganisational relationships and how they were portrayed in the extant literature (Hakansson and Snehota, 1995; Ford, 1997; Easton, 1998). In particular the researchers involved were dissatisfied with the traditional marketing mix approach to the buyer seller relationship in which the manufacturer is an active player and buyers and customers are considered individually insignificant and passive (Gronroos, 1994; Ford, 1997). The interaction and networks theoretical stream (or 'IMP view') emerged from the work of these researchers. Using empirical results from two large scale research projects, the IMP researchers produced a number of books and papers (Turnbull and Cunningham, 1981; Hakansson, 1982; Hallen et al., 1991; Axelsson and Easton, 1992; Ford, 1990 and 1997) and developed a range of models to explain their findings.

The IMP research stream considers relationships holistically and highlights the importance of the interactions that take place between participants in a business relationship (Hakansson, 1982); the themes of interaction, relationships and networks are the major research foci of the IMP group (Turnbull et al., 1996). An implicit assumption of the interaction and network approach is that relationships enhance performance (Hakansson, 1982), although it is recognised that there is no single, ideal relationship type (Wilkinson and Young, 1994) and that 'close or co-operative

relationships are not always a good thing' (Ford, 1997, pxiii). The approach accepts that all interorganisational relationships 'simultaneously exhibit conflict and cooperation, with guile and self-seeking' (Turnbull et al., 1996, p 46). Typically, the IMP research approach is qualitative, inductive, theory developing and descriptive. In the context of this research, the most influential models devised by the IMP group<sup>5</sup> are the interaction and network models, both of these models are reviewed in the sections that follow.

#### **2.2.4 Interaction Model**

The first IMP study<sup>6</sup> highlighted the centrality of interaction processes in business relationships and revealed a strong connection between interaction and interdependence (Ford et al., 2008). Relationship interdependencies were observed to simultaneously empower and restrict the ability of an actor to achieve change and growth (Hakansson and Ford, 2002). The interaction model (shown in Figure 2.1) was devised by the IMP researchers to outline the main characteristics and processes of a business relationship (Hakansson, 1982; Hakansson and Johanson, 1992).

Perhaps the most significant contribution of the interaction model was recognition of the fundamental role and far reaching impact of interactions in the evolution of relationships as Ford and Hakansson (2006b, p.44) explained:

'Interaction emphasises that the processes that occur between organisations are beyond the complete control of any individual actor. Interaction is not the outcome of the factors that drive a single action by a single actor. Instead, it is a process in which the effects of any action are affected by how that action is perceived and reacted to by the counterparts. This reaction then triggers re-reactions from the initiating actor and so on'.

The interaction model (see Figure 2.1) highlights the importance of relational exchange in dyadic interorganisational relationships and illustrates that it is not what happens within a company, but between companies that comprises the doing of business (Ford et al., 2008). The model draws on the 'embeddedness' concept of

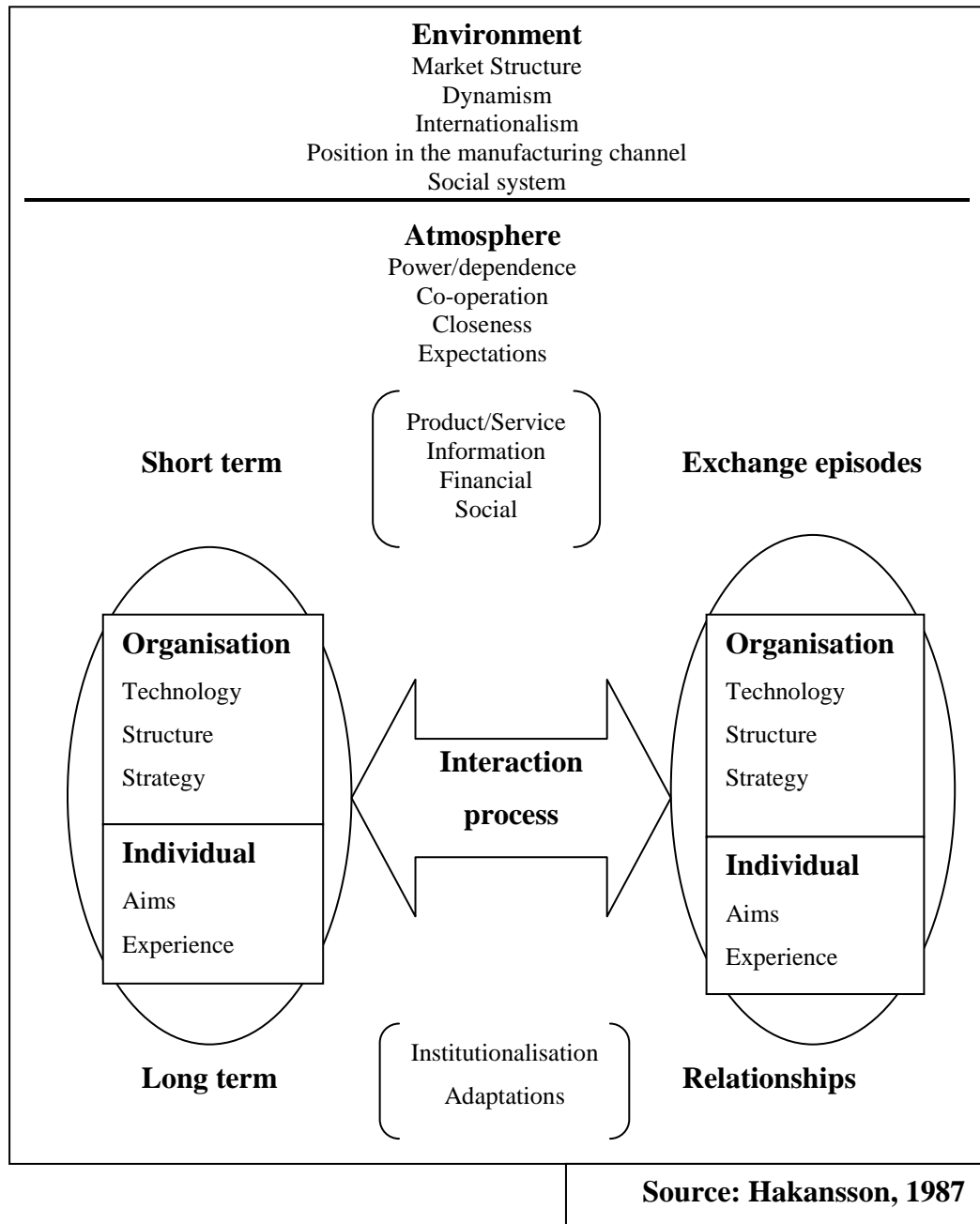
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<sup>5</sup> Other significant models devised by the IMP group include a Relationship Development Model (Ford et al., 1998) and a Model of Interaction (Ford et al., 2008)

<sup>6</sup> The first IMP study was carried out in the 1970s and involved a large scale study of relationships between buying and selling firms from France, Sweden, Italy West Germany and the UK.

Granovetter (1973, 1985); in that it sees companies as being embedded in networks of interpersonal relationships and larger social structures.

**Figure 2.1 The Interaction Model**



The interaction model is a dyadic model that is built on the principle that companies frequently enter into long-term relationships in which both exchange partners are active participants in the exchange processes. The model identifies four basic elements that describe and influence the interactions that occur between firms (IMP Group, 1982; Hakansson, 1982 and 1987), namely (1) the interaction process, (2) the participants in the interaction process, (3) the environment within which interaction

takes place and (4) the atmosphere affecting and affected by the interaction. All four elements of the interaction approach are interrelated and co-dependent (Hakansson, 1987); a description of each element of the model follows.

*The Interaction Process:* Interaction represents a series of actions between actors and includes past actions as well as expectations of future actions which can be broken down into exchange episodes and relationships. Exchange episodes, are short term in nature, relate to the exchange or adaptation of products or services, information, financial and social benefits (IMP Group, 1982). Long-term relationship behaviours include institutionalisation and adaptations (Hakansson, 1982). Interaction is viewed as a process that changes and transforms features of the resources and activities of the companies involved and aspects of the companies themselves (Ford et al., 2008). Interaction allows companies to take advantage of a continually changing business landscape that contains potentially cooperative or mutually beneficial partners (Ford et al., 2008) and can also provide a degree of stability in a turbulent environment. Hence, interaction is simultaneously a dynamic and a stabilising force (Easton, 1992).

*The Participants:* The organisations, and the individuals that represent them, are the interaction participants; their characteristics influence the interaction process. Organisations are characterised by their technology, size, structure, strategy and experience; individuals are characterised by their function, personality, experience, aims and motivation (Hakansson, 1982; IMP Group, 1982). Prior interaction experiences will influence the attitude and behaviour of relationship participants. In the words of Ford et al. (2008, p. 17) ‘each actor brings its own baggage from the past’; or, as eloquently stated by Turnbull et al. (1996, p. 45): ‘the relationship between companies is the receptacle for the combined experience of the participants’.

*The Environment:* Hakansson (1987, p.9) pointed out that interaction ‘is not taking place in a vacuum’, hence environmental factors must also be considered. The environmental context includes features such as structure, dynamism, internationalisation, channel position and the social system (IMP Group, 1982).

*The Atmosphere:* The atmosphere is a product of a relationship; it influences the way in which companies or individuals deal with each other as ‘transactions do not take



place in an attitudinally neutral setting' (Hakansson, 1982, p.21). Relationship atmosphere is described in terms of power and dependence, the state of co-operation (or conflict), overall closeness or distance and the mutual expectations of the parties (Hakansson, 1982, 1987). Each of these relationship atmosphere features, which are specifically human attributes, have the ability to influence the nature of the interaction between participants. Through conscious planning, the overall atmosphere of a relationship can be changed (Hakansson, 1982).

### **2.2.5 Network Model**

The unit of analysis taken in the interaction model was the relationship between business organisations thus the model is dyadic in nature and does not directly address the role of third parties that can influence the relationship (Ford, 1997). To generate a more holistic view of business-to-business exchanges, the IMP group, in their second major study, moved the unit of analysis from dyads to networks and developed the network perspective (Hakansson and Snehota, 1995). A significant empirical finding of the second IMP study was that all interorganisational relationships have a profile that can be described in terms of actor bonds, resource ties and activity links (Hakansson, 1987). A network model (see Figure 2.2) was developed to illustrate the relationship between each of these variables<sup>7</sup>. The underlying rationale of the model is that no one interaction can be understood without reference to a relationship, and no one relationship can be understood without reference to the wider network (Easton, 1992; Hakansson and Ford, 2002).

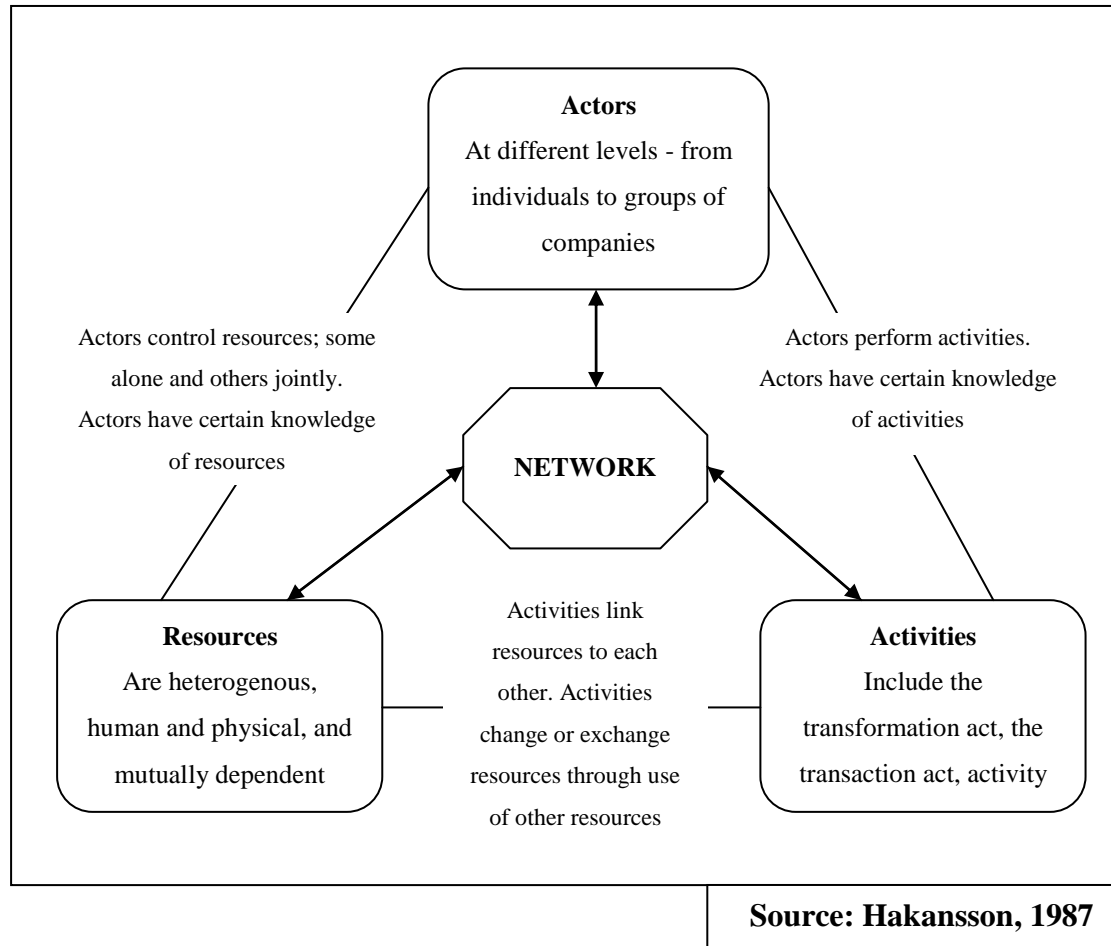
The complex web of connections and interactions that occurs between companies was described by Hakansson and Ford (2002, p. 133) as 'a structure where a number of nodes are related to each other by specific threads'. Under this lens, business markets are depicted as networks of inter-firm relationships (Ford, 1997; Ford et al., 2003 and 2008) where one actor is connected directly and indirectly to other actors through exchange relationships. The strength of exchange relationships can vary from weak to strong, depending on the connections between resources, how complementary the activity structures are, and the bonds established between individual actors. The network model adds another level of complexity to the depiction of business market

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<sup>7</sup>This study looks at network theory within the business environment. For an overview of general network theory from a social science perspective see Degenne and Forse (1999) and from a natural science perspective see Barabasi (2002).

behaviour and to understanding of interorganisational relationships (Turnbull et al., 1996).

**Figure 2.2 The Network Model**



The characteristics of each element of the network model are described in the following sections.

### 2.2.5.1 Actors

Actors<sup>8</sup> are those who perform and control activities with the help of resources; actors can be individuals, groups, parts of firms, entire firms or groups of firms (Hakansson and Johanson, 1992). Actors develop and maintain relationships with each other (Johanson and Mattsson, 1987) through interaction in which ‘information is exchanged, adaptations are agreed, negotiations are performed, crises are overcome and social bonding occurs’ (Turnbull et al., 1996, p. 57). Over time, with repeated

<sup>8</sup> IMP uses the term “Actor” because it views the terms “customer” and “supplier” to be both restrictive and misleading in the business environment.

interactions, actor bonds evolve based on the actor's ability to create mutually beneficial outcomes (Hakansson and Snehota, 1995). Actors are embedded in a network of more or less strong relationships, which gives access, or 'conduit' (Easton, 1992, p. 26), to the resources of other actors. It is the unique combination of resources and activities that are controlled by, or accessible to, each actor that constitutes their identity (Turnbull et al., 1996). Ford et al. (2008, p.13) point out that 'the degree to which the actors see, know and feel close to each other; how they trust, appreciate and influence each other and become mutually committed' will influence the strength of the bonds between actors. It is in the actor layer that the relational components of a business relationship such as attraction, trust, and commitment, emerge, grow or decline.

#### **2.2.5.2 Resources**

In the network model, resources are heterogeneous and include physical, financial and human assets (Hakansson, 1987; Easton, 1992). Resource heterogeneity implies a turbulent business environment characterised by uncertainty. Resource ties arise as the two parties in a relationship exchange or access each other's resources, over time transforming and adapting existing resources and creating new resources. Resource adaptations can improve the efficiency of resource usage and can become a valuable resource. Actors can increase their influence and power within a network based on their control of resources (Hakansson and Johanson, 1992). Resource collections reside within individual firms while resource constellations straddle company boundaries.

#### **2.2.5.3 Activities**

Activities are performed by actors; they occur when actors use certain resources to develop exchange or create other resources (Hakansson and Johanson, 1992). The two principal activity categories are transformation and transaction. Transformation activities change resources in some fashion; typically by improving one resource through the use of other resources (Hakansson, 1987). Transaction activities 'link transformation activities, forming chains of activities, and creating relationships with other actors' (Hakansson, 1987, p. 15). Transformation activities are always directly

controlled by one actor, however transaction activities are never under the control of one actor as they influence and are influenced by the relationship between the actors involved (Hakansson and Johanson, 1992).

Activity links are ‘a sequence of acts directed towards a purpose’ (Hakansson and Snehota, 1995 p. 52); they reflect the degree of integration and linkage of activities between relationship partners and the mutual adaptations in activities that occur within a relationship. Adaptations can be made to tangible physical resources such as plant or equipment and can also involve intangible assets such as knowledge and skills (Ford et al., 2008). The adaptation process can make resource usage more efficient and can also, significantly, lead to new, innovative resource combinations (Hakansson, 1987; Biemans, 1992; Easton, 1992; Hakansson and Waluszewski, 2002).

#### **2.2.5.4 Commentary on the Network Model**

The network perspective differs from the approach traditionally adopted in organisational studies wherein individual actors are examined in isolation. The network model suggests that the outcomes of an interaction process (or the substance of a business relationship) can be described in terms of how activities are linked together, how resources are utilised, and how strong the bonds between the actors are (Hakansson and Johanson, 1992; Hakansson and Snehota, 1995). The model recognises that individual relationships exist within a network of interdependent relationships and that companies interact with several other companies concurrently. Business interactions can be depicted in terms of an ongoing, continuous set of actions, reactions and re-reactions, indeed the business network can be viewed as a reciprocal ‘problem coping’ process (Ford and Mouzas, 2010).

Three layers of substance in business are depicted in the network models: actors, resources and activities (hence, it is often referred to as the ARA model). Each layer is seen as dependent on the other two. Hakansson and Johanson (1992, p. 28) described how the layers interconnect in the following terms:

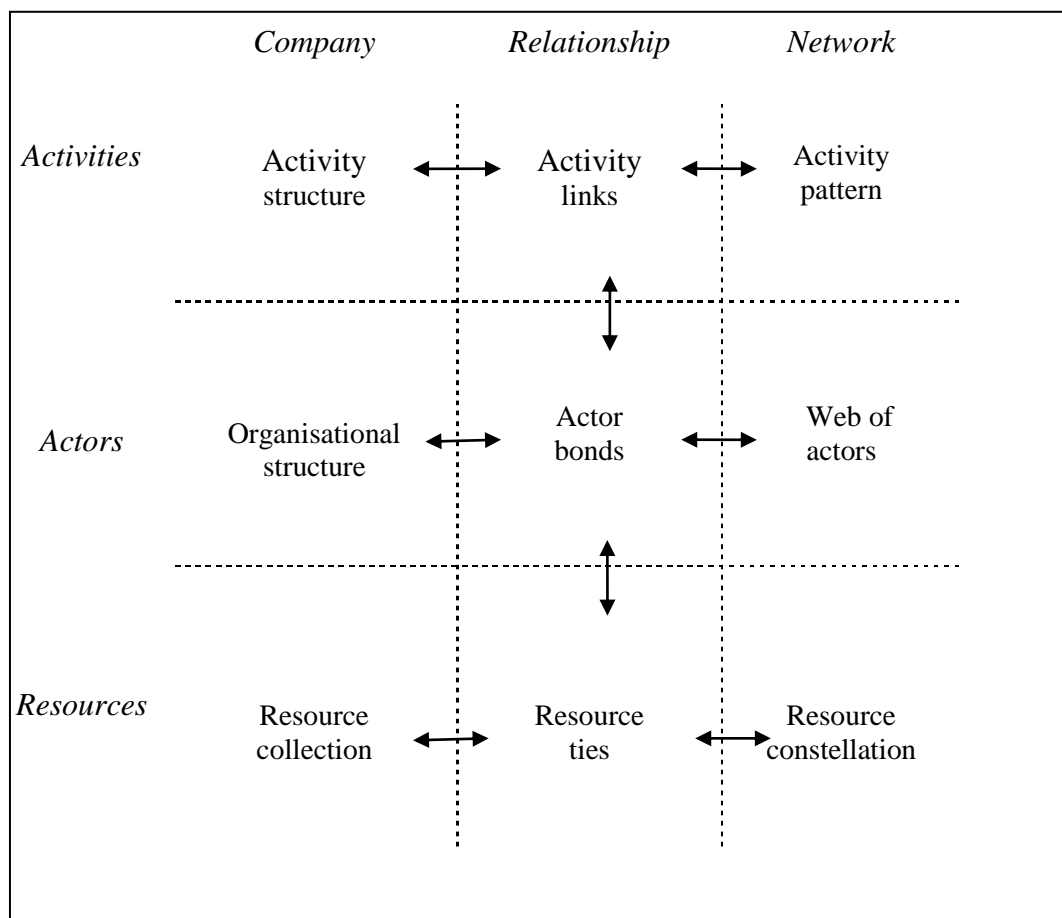
‘Actors are defined as those who perform activities and/or control resources. In activities actors use certain resources to change other resources in various ways. Resources are means used by actors when they perform activities. Through these circular definitions a network of actors, a network of activities and a network of resources are related to each other’.

Ford et al. (2008, p. 14) outlined the interdependency of the layers in the following terms:

‘Activity links may limit or facilitate resource adaptations; resource ties may limit or favor the possibility of activity co-ordination and actor bonds may open up the possibility of developing activity links and resource ties’.

It follows that, under the network perspective, all interorganisational relationships have a profile that can be described in terms of actor bonds, resource ties and activity links (Hakansson, 1987). The three layers of the model interact to create and weave very complex and complicated business networks that function in a context of simultaneous stability and change (Easton, 1992; Hakansson and Snehota, 1995). The layers exist on three levels: the company level, the relationship level and the network level. The interconnection between the layers and levels can be seen in the scheme of analysis depicted in Table 2.2.

**Table 2.2 Scheme of Analysis of Development Effects of Business Relationships**



**Source: Hakansson and Snehota, 1982**

The scheme of analysis shows that each relationship affects, and is affected by, a company's activity structure, organisational structure and resource collection. In addition each relationship influences and is influenced by the network's activity pattern, web of actors and resource constellation. This scheme of analysis can be used as a conceptual framework to identify the factors that affect the development of a relationship within a network.

As shown in Table 2.2, a business network is composed of actor webs, resource constellations and activity patterns that provide individual actors with indirect access to the resources and activities of many others. Through interaction ideas, solutions, technologies, problems and interdependencies can be transferred across a network of companies (Ford et al., 2008). Combining resources from a variety of actors is a real strength of a network (Provan, 1993). Grabher (1993) outlined four essential characteristics of the network: reciprocity, interdependence, loose coupling and power relations. Each relationship and its constituents are subject to multiple influences from across the network hence the interaction between any two companies may have widespread repercussions on their interactions with others (Ford et al., 2008). Thus, business networks are dynamic in nature.

The range and scope of business networks are indeterminable; in fact they are characterised as having 'no clear boundaries, nor any centre or apex' (Hakansson and Snehota, 1995, p.40). Ford et al. (2003, p. 4) observed that:

'There is no single, objective network. There is no 'correct' or complete description of it. It is not the company's network. No company owns it. No company manages it, although they all try to manage in it. No company is the hub of the network. It has no 'centre', although many companies may believe that they are at the centre'.

The foregoing statement summarises the IMP approach to business networks. Ford et al. (2003, p. 7), conclude that the processes involved in developing and maintaining networks, or 'networking':

'...isn't something carried out by a single company that 'manages its network' or something that is done 'to' some other companies. All companies are networking by suggesting, requesting, requiring, performing and adapting activities, simultaneously. The outcome is the result of *all* those interactions!' (Emphasis in original).

Business networks, under the IMP lens, are complex bundles of relationships that are hard to plan, predict or manage.

### **2.2.6 Theoretical Foundations of the Interaction and Networks Approach**

The interaction and networks theoretical stream (or IMP view) has been influenced by many different theories of organisation including transaction cost economics, resource dependence theory and social exchange theory. A summary of the points of convergence and divergence between these influential theories and the interaction and networks approach follows.

The interaction and network approach takes the relationship as its unit of analysis rather than the individual transaction (Axelsson and Easton, 1992). Thus the IMP view considers relationships in the context of the network in its entirety, this approach contrasts sharply with the atomistic actors conceived by transaction cost economists. The interaction and network approach does share some concerns with transaction cost economics, for instance what accounts for the existence of different governance structures. In addition, the IMP view is in accord with the transaction cost economic approach that all businesses look for profits, but maintain that the quest for profits is achieved by interaction rather than by faceless transactions. The interaction and network approach rejects the static, comparative framework of the transaction cost economics approach. Furthermore, the IMP view is largely opposed to the fundamental concepts of neoclassical economics such as market equilibrium, atomistic firms, perfect information and wholly rational decision making as well as its reliance on unbridled opportunism as an inherent aspect of human nature (Easton, 1992).

The interaction and network approach concurs with social exchange theory in that it recognises that all business relationships involve social aspects, are often long term, stable and complex in nature (Hakansson and Snehota, 1990). Furthermore under the IMP lens inter-organisational relationships are seen as strongly interdependent and reciprocal based on variables that moderate the impact of potential struggles for power, cooperation, trust and commitment (Axelsson and Easton, 1992). The interaction and network approach takes into account the social embeddedness of business relationships and views social exchange as a vehicle for communication which reduces uncertainty and promotes the development of trust. However, unlike

social exchange theory, the IMP view stresses the importance of business relationships as a method of coordination akin to markets and hierarchies, hence it does not regard business relationships as being fundamentally social or chiefly explained by trust and commitment.

The interaction and network approach draws from resource dependence theory recognition of the assortment of relationships that a firm engages in and the central part that resources play in determining behaviour (Axelsson and Easton, 1992). The interaction and network approach takes a holistic view of relationships and their interrelatedness. In this way it diverges from resource dependence theory which, as discussed in section 2.1.3, takes a unilateral view of relationships in that it is concerned with the actions of a single firm and the way that firm handles individual relationships. Both resource dependence theory and the IMP approach recognise the importance of resources. The interaction and network approach rejects the notion that resources are fixed in value arguing that the value of resources can change over time and that the value of a particular resource is dependent on how and with which other resources it is combined (Hakansson and Snehota, 1995). Clearly, the IMP view of resources is very different from neoclassical economic theory in which resources are generally assumed to be homogenous and measurable.

### **2.3 Chapter Summary**

The important constructs of a range of theoretical perspectives pertaining to interorganisational relationships were discussed in this chapter. This study is concerned with understanding the key drivers and inhibitors of relationship development in a network context. The interaction and network theoretical stream was chosen as the theoretical perspective most appropriate for this study. In the next two chapters the principal types of interorganisational relationships, the interorganisational relationship development process, and the key relationship variables and relational norms that underpin successful interorganisational relationships will be reviewed.



## **Chapter 3. Interorganisational Relationships**

### **3.1 Introduction**

In Chapter Two, the perspectives used by a range of theoretical schools to assess and explain relationships were reviewed. This exploration illustrated that discrete relationships, characterised by minimal levels of cooperation or exchange, are best described by economic theories, while the intricate organisation of highly collaborative close relationships are best described by behavioural theories (Clements et al., 2007). Economic theories are concerned with power, risk avoidance and opportunism, whereas the emphasis in the behavioural theories is on relationship variables such as trust, commitment, communication and cooperation.

Interorganisational relationships are built on interpersonal relationships (Mavondo and Rodrigo, 2001). Wilson (2000, p. 58) noted that: ‘friendly interpersonal relationships have existed in business relationships since the first caveman traded furs for fish with a neighbour’. The motivations that lead individuals to establish social relationships have intrigued philosophers and social scientists for centuries (Huston and Burgess, 1979). Researchers from various perspectives (organisational, psychological, economic and sociological) have looked at how relationships form and evolve. Different levels of analysis have been utilised by researchers; some have considered relationships at the individual level with the focus being on the close, intimate, personal relationships of family members, lovers or friends (Scanzoni, 1979; Huston and Burgess, 1979; Knapp and Vangelisti, 1992), while others have addressed their attention to intra organisational working or task related relationships such as those within groups and work teams (Thibaut and Kelley, 1959; Blau, 1964; Tuckman, 1965; Tuckman and Jenson, 1977; Feldman, 1984; Gabarro, 1990; McAllister, 1995). In addition, there is a large body of research that is concerned with relationships at the interorganisational level (Dwyer et al., 1987; Morgan and Hunt, 1994; Ring and Van de Ven, 1994; Wilson, 1995; Ford et al., 1998, Batonda and Perry, 2003; Jap and Anderson, 2007). Interorganisational relationships consist of more than just economic exchanges; they are built on interpersonal relationships (Ring and Van de Ven, 1994) which, in turn, are influenced by social networks (Heide and John, 1990; Uzzi, 1999) including ‘friends of friends’ (Boissevain, 1974).

As argued by Blois (1999), it is individuals who effect the evolution, development, maintenance, and dissolution of interorganisational relationships; in essence interorganisational relationships are the product of interactions between individuals. Thus, to generate a rich and comprehensive understanding of how relationships within a tourism network evolve and grow it is necessary to consider the relationship literature at multiple levels of analysis (Ring and Van de Ven, 1994; House et al., 1995). In this literature review, particular consideration will be given to the interorganisational relationship literature; in addition, where appropriate, relationship literature at both the individual and group levels of analysis will be referenced.

This chapter commences with a review of the characteristics of the principal types of relationships that exist in an interorganisational setting (discrete, dominant, recurrent and relational). This is followed by an exploration of the literature on interorganisational relationship development. In Chapter Four, literature concerning relationship variables and relational norms will be reviewed.

### **3.2 Types of Interorganisational Relationships**

People and organisations do not operate in a vacuum but instead seek advice from and are influenced by others in their environment (Hakansson, 1982; Hakansson and Snehota, 1995); hence all organisations are part of a context or a network of relationships within which they interact (Gummesson and Polese, 2009). The range of relationships that a firm partakes in represents its relationship portfolio (Ritter et al., 2004). A collaborative business relationship can be described as a process where two firms or other types of organisations ‘form strong and extensive social, economic, service and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit’ (Anderson and Narus, 1991, p. 96). Time and effort are required to develop interorganisational relationships (Wetzels et al., 1998). Organisations enter into and remain in relationships in the expectation that they will derive benefits from the relationship (Thibaut and Kelley, 1959) greater than what they could achieved through unilateral actions (Mohr and Spekman, 1994). Relationship benefits can be social or economic, extrinsic or intrinsic (Frazier, 1983). When the outcomes expected from a relationship are greater than that from any available alternatives, the relationship will commence or continue (Thibaut

and Kelley, 1959). Close interorganisational relationships have been found to reduce transaction costs, enhance cooperation and to improve business performance through the achievement of sustainable competitive advantage (Barney and Hansen, 1994). The potential disadvantages of participating in interorganisational relationships include the loss of proprietary information, reduced decision making autonomy and constrained flexibility (Barringer and Harrison, 2000).

Interorganisational relationships have been considered from several perspectives: relationship governance (Macneil, 1980; Williamson, 1985; Ring and Van de Ven, 1992; Heide, 1994), relationship development (Dwyer et al., 1987; Heide, 1994; Ring and Van de Ven, 1994; Wilson, 1995; Ford et al., 1998), and relationship classification (Donaldson and O'Toole, 2000; Golicic and Mentzer, 2006; Clements et al., 2007). Interorganisational relationships have routinely been categorised along a theoretical spectrum which shows a range of relationship types, this spectrum will be reviewed and the principal interorganisational relationship types identified in the literature will be considered in the next section.

### **3.2.1 Spectrum of Interorganisational Relationship Types**

Interorganisational relationships have been categorised along a theoretical spectrum which depicts relationships as ranging from discrete relationships (also described as transactional or arms length) to close (also described as relational or bilateral) relationships (Thorelli, 1986; Sako, 1992; Webster, 1992; Uzzi, 1997; Cannon and Perreault, 1999; Clements et al., 2007). While there is some consensus on the start and end points of the spectrum, between the two extremes a wide variety of intermediate or hybrid forms of cooperative interorganisational relationships occur, involving varying degrees of interdependence and relational closeness (Williamson, 1991; Webster, 1992; Ring and Van de Ven, 1992; Heide, 1994; Cannon and Perreault, 1999; Donaldson and O'Toole, 2000). Webster (1992) categorised a range of marketing relationship types on a spectrum with relationships ranging from discrete transactions, repeat transactions, long-term relationships, buyer–seller partnerships, strategic alliances, network organisations to vertical integration<sup>9</sup>, reflecting increasing

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<sup>9</sup> When vertical integration occurs the relationship is no longer interorganisational, as a consequence such relationships are not included in this review.

interdependence and relational closeness across the spectrum. Despite considerable academic focus, no consensus has been reached on either the number or the determining features of the hybrid relationship types that exist between the two polar extremes (Golicic et al., 2003; Clements et al., 2007); indeed, this area of research has also suffered from ‘excessive neologism’ (Sako, 1992, p. 23).

It is apparent that there is no consensus on the delineation of the intervening relationship types, nevertheless it is recognised that interorganisational relationships ‘can vary in content, strength and duration’ (Ford et al., 2003, p. 37). In the interorganisational relationship management literature, relationship attributes, character and governance structure have been used to delineate the intervening relationship types (see Ring and Van de Ven, 1992; Donaldson and O’Toole, 2000; Golicic and Mentzer, 2006; Clements et al., 2007). Customer types have been classified using the concepts ‘cost to serve’ and ‘net price’ (Shapiro et al., 1987). Krapfel et al. (1991) classified interorganisational relationships by supplier type, using the concepts ‘relationship value’ and ‘interest commonality’. Wilson (1997) identified three types of interorganisational relationship, which he delineated by relational closeness, entitled transactional, facilitative and integrative. Wilkinson and Young (1994) classified interorganisational relationships based on levels of cooperativeness and competitiveness. Cannon and Perreault (1999) differentiated relationship types based on: (1) expectations of information sharing, (2) the degree to which operations are linked, (3) contractual agreements, (4) expectations about working together, and (5) relationship-specific adaptations by the seller or buyer. Palmer (2007) identified three relationship types, transactional, sustained transactional and relational, which were differentiated by relational variables including trust, commitment, dependence, power and cooperation.

Ring and Van de Ven (1992) used the concepts ‘risk’ and ‘reliance on trust’ to delineate four common relationship types, namely, discrete, dominant (hierarchical), recurrent, and relational (bilateral). Donaldson and O’Toole (2000), building on the work of Ring and Van de Ven (1992), devised a two dimensional relationship strength matrix to distinguish relationship types based on the strength of the relationship. The matrix assesses the strength of a relationship by evaluating both the behavioural (belief) and the economic (action) elements of the relationship. Relationship strength measures ‘the underlying motivation or assumptions guiding the relationship and the

intensity of interaction between the parties to determine the structure of the relationship' (Donaldson and O'Toole, 2000, p. 494). The characteristics of the four relationship types identified by Ring and Van de Ven (1992) and Donaldson and O'Toole (2000) can be ranked in ascending order of closeness as being: discrete, dominant, recurrent and relational, each will be explored in turn in the following sections.

### **3.2.2 Discrete Relationships**

Discrete interorganisational relationships consist of simple once-off exchange transactions with the buyer spreading their risk by selecting from a range of suppliers. As a result, risk levels are minimised and levels of trust between the parties may be low or non-existent (Ring and Van de Ven, 1992). Parties in discrete relationships act autonomously, are self-serving and opportunistic; they typically rely on economic and legal measures to enforce contractual obligations (Heide, 1994). Indeed, discrete relationships are not truly relationships at all in that the parties remain autonomous, the identity of the exchange partner is not considered important, interdependence is low (Sako, 1992; Wilkinson and Young, 1994), and communication, typically formal and ritualistic, is confined to the transaction in progress (Dwyer et al., 1987; Frazier et al., 1988; Clements et al., 2007). Discrete relationships are also described as adversarial or arm's length as they award little importance to joint value creation or the development of commitment (Dwyer et al., 1987; Sako, 1992). With virtually no interaction between the parties, transactions are typically evaluated and decided by price, which becomes the most important criterion for buyers and sellers (Gronroos, 1994; Clements et al., 2007). Dwyer et al. (1987, p. 12) neatly summarise the characteristics of a discrete relationship by using the example of 'a one-time purchase of unbranded gasoline out-of-town at an independent station paid for with cash'. As a relationship type, discrete market based relationships rarely have the potential to generate competitive advantage; indeed it may be counterproductive to attempt to develop such relationships (Heide and John, 1990; Barney and Hansen, 1994). Nevertheless, it is important to point out that all relationships begin as discrete relationships (Dwyer et al., 1987). Discrete relationships are the weakest relationship form on the relationship strength matrix as they have negligible levels of either behavioural or economic components (Donaldson and O'Toole, 2000).

### **3.2.3 Dominant Relationships**

Dominant or hierarchical interorganisational relationships characterised by an uneven distribution of power between the exchange partners, with the dominant partner controlling, directing and monitoring the transaction (Donaldson and O'Toole, 2000) often in an adversarial manner. Dependence, the reciprocal of power (Thibaut and Kelley, 1959; Emerson 1962), implies that the weaker partner will be highly dependent and vulnerable to opportunism or abusive behaviour by the dominant partner (Kumar et al., 1995) and trust between the partners will be low. The dominant partner may unilaterally dictate operating procedures, roles and termination clauses (Heide, 1994). In relationships characterised by uneven power distribution, communication is infrequent, punitive and unilateral in nature (Mohr and Nevin, 1990; Daft, 2003); relationship disputes are typically resolved through hard bargaining (Dant and Schul, 1992) or by fiat or authority (Ring and Van de Ven, 1992). Dominant relationships are typified by significant economic interaction between the partners; with the weaker partner often required to make significant transaction specific investments to meet the needs of the dominant partner (Ring and Van de Ven, 1992). In dominant relationships, behavioural content, in particular the commitment of the weaker partner, is low while economic activity is high (Donaldson and O'Toole, 2000). Franchising relationships are prime examples of the dominant relationship type as they rely on formal contractual agreements with the franchisee relinquishing decision making power to the franchisor in exchange for assistance in the form of advertising, brand image, training, and so forth (Heide, 1994; Mohr et al., 1996).

### **3.2.4 Recurrent Relationships**

Recurrent interorganisational relationships are typified by ongoing, regular, routine transactions which allow trust and commitment to evolve between the partner firms (Frazer et al., 1988). Recurrent relationships are efficient, cooperative and dependable with the focus firmly on the transaction. Limited strategic commitments (for instance transaction specific investments) are made in these relationships (Donaldson and O'Toole, 2000). In recurrent relationships the level of trust between the parties is high and the risks involved in the transaction are low (Ring and Van de Ven, 1992). Communication, centred on operational issues, occurs frequently and across a range of

functional levels (Frazer et al., 1988). A 'just-in-time' relationship typifies this type of exchange (Frazer et al., 1988; Donaldson and O'Toole, 2000). Recurrent interorganisational relationships involve a high degree of behavioural activity, their social structures are typically well developed, however economic investments are generally low in recurrent relationships (Donaldson and O'Toole, 2000).

### **3.2.5 Close Relationships**

Close interorganisational relationships (also called relational, collaborative or bilateral relationships) are complex, inimitable and intricate in nature and involve a high degree of social exchange that yields individual, intangible benefits to the participants (Dwyer et al., 1987). Close relationships 'produce something that neither of the two can produce in isolation and something that cannot be easily duplicated' (Hakansson and Snehota, 1995, p. 152). There is general consensus within the literature that the closer the relationship, the higher the level of trust (Altman and Taylor, 1973, Dwyer et al., 1987; Ring and Van de Ven, 1992; Morgan and Hunt, 1994; Inkpen and Tsang, 2005). In close relationships the partners work together to secure mutual benefits from the relationship (Heide and John, 1990). Close relationships are characterised by high interdependence (Huston and Burgess, 1979) and interaction (Sako, 1992), both social and economic (Donaldson and O'Toole, 2000). According to Granovetter (1973), a strong interpersonal relationship is characterised by long temporal duration, emotional intensity, intimacy, and reciprocity. While Granovetter's focus was on interpersonal relationships, the proposed dimensions have also frequently been used to classify interorganisational relationships. In close interorganisational relationships, the partners are willing to share resources and skills to achieve both joint and individual goals (Heide, 1994); this entails a mutual focus on cooperation and maintenance of the relationship in order to generate common benefits (Dwyer et al., 1987; Sako, 1992).

Close interorganisational relationships require time to develop and tend to be long-term in orientation (Rao and Perry, 2002). The expectation that the relationship will be beneficial for a prolonged period of time acts as a restraint on unilateral or opportunistic behaviour (Heide, 1994) and mitigates the drive to maximise short term gains (Noordewier et al., 1990). During the gradual development of a close relationship trust is nurtured, mutual dependence is created and shared norms evolve

(Ring and Van de Ven, 1994; Jap and Anderson, 2007). It should be noted that the duration of an interorganisational relationship cannot be used as an indicator of either the closeness or the quality of a relationship (Kumar et al., 1995; Palmer, 2007).

In close relationships, communication, both formal and informal, is frequent and occurs at multiple levels within both organisations (Mohr and Nevin, 1990; Sako, 1992). Uzzi (1997) described close relationships as being characterised by ‘thick’ information exchange involving tacit and proprietary knowledge. Within close relationships, information is freely shared, tasks are coordinated, transaction specific investments are made, and norms evolve to govern the relationship (Morgan and Hunt, 1994; Dwyer et al., 1987). Thus, close relationships involve high levels of adaptability and flexibility, these attributes are particularly important in times of rapid change (Palmatier et al., 2007).

The relationship marketing concept is based on the assumption that close relationships are more beneficial to organisations than arm’s length or transactional exchanges (Morgan and Hunt, 1994; Doney and Cannon, 1997; Cannon and Perreault, 1999). Empirical support for this viewpoint was provided by Palmatier et al. (2007) who found that, in turbulent conditions with high environmental uncertainty, close and relational exchange relationships outperformed exchange relationships that were discrete and transactional in nature. It is apparent that not all relationships are close (Macneil, 1980), indeed it is neither desirable nor feasible that all interorganisational relationships should be close (Donaldson and O’Toole, 2000). Relationships involve benefits and burdens (Hakansson and Snehota, 1998) that can simultaneously empower and restrict the ability of the participants to achieve change and growth (Hakansson and Ford, 2002). Close relationships can sometimes become ‘black-holes’ as increasing mutual expectations lead to escalating demands on each other’s resources; ultimately such a relationship can, unbeknownst to the participants, become an economic burden (Hakansson and Snehota, 1995). A close relationship with an inappropriate partner can prevent an organisation from finding a better match (Gulati et al., 2000). Furthermore, it is important to recognise that not all firms want to enter into relationships (Blois, 1996) and that not all relationships are suitable for development (Heide and John, 1990; Krapfel et al., 1991; Wilson, 1995). In reality only a small proportion of relationships will progress to ‘a state of peak functioning and performance’ (Jap and Anderson, 2007, p. 274). Finally it should be recognised



that close relationships can have negative impacts as the demands that close relationships place on the resources of each partner, caused by high and increasing mutual expectations, can become a severe burden to participants (Hakansson and Snehota, 1995; Zineldin, 2004).

The foregoing review of the characteristics of the principal types of relationships that exist in an interorganisational setting (discrete, dominant, recurrent and relational) highlights the range and complexity of interorganisational relationships. The literature that investigates how interorganisational relationships develop and the factors that influence their development process will be explored in the next section.

### **3.3 Interorganisational Relationship Development**

The literature that investigates how interorganisational relationships develop and the factors that influence their development is extensive; contemporary interest in relationship marketing has stimulated interest in this field. Many renowned authors have prepared models that describe the complex process by which interorganisational relationships are initiated, evolve and develop. Theories of interorganisational relationship development can be broadly categorised into two streams: (1) the stages theory stream and (2) the states theory stream (Rao and Perry, 2002; Batonda and Perry, 2003), a description of these two approaches follows.

#### **(1) The stages theory stream**

Adherents of the stages theory stream view relationship development as a unidirectional and linear process, with relationships evolving in a sequential and incremental manner through a series of stages (Dwyer et al., 1987; Heide, 1994; Wilson, 1995). As the relationship evolves the parties gradually build their commitment to each other, trust and relational norms develop, and interdependencies increase, a process of ‘increasing experience and commitments as transactions take place’ (Ford and Rosson, 1982, p.71). The relationship may ultimately develop into a mature, institutionalised stage in which the expectations and functions of both parties are set (Donaldson and O’Toole, 2000). Stages theorists contend that once an interorganisational relationship starts to decline ‘psychological scars’ prevent resurrection of the relationship (Dwyer et al., 1987; Anderson and Weitz, 1992; Jap

and Anderson, 2007). The stages theory models draw on a broad range of literature including social exchange theory (Homans, 1958; Thibaut and Kelley, 1959; Blau, 1964; Altman and Taylor, 1973) transaction cost economics (Williamson, 1985) and relational exchange theory (Macneil, 1980); these broad foundations enhance the predictive and explanatory potential of the stages theory models. Nevertheless, this approach has been criticised for being simplistic in that it fails to adequately capture the actual, real life, complexity of interorganisational relationships and is inclined to meet the needs of academia rather than practice (Hakansson and Snehota, 1995; Batonda and Perry, 2003).

## **(2) The states theory stream**

States theorists also view the development of interorganisational relationships as a complex, dynamic and unpredictable process. They differ from stages theorists in that they believe that relationships can move forward and backward through various stages or remain in the same state for a protracted period of time (Ring and Van de Ven, 1994; Rao and Perry, 2002; Palmer, 2007). States theory proponents do not consider relationship development to be a unidirectional process and believe that ‘the relationship development process is not necessarily orderly or progressive over time’ (Ford and Rosson, 1982, p. 78).

The academic discussion regarding the predictive value of the stage and states theories of relationship development is ongoing (Batonda and Perry, 2003; Jap and Anderson, 2007; Palmer, 2007). Whether viewed as states or stages, the development phases or episodes (Ford, 1980) identified in the relationship life cycles are a useful method of conceptualising the initiation, evolution and decline of relationships (Jap and Anderson, 2007; Claycomb and Franwick, 2010).

Influential interorganisational relationship development models<sup>10</sup> have been produced by many eminent authors including Dwyer et al. (1987), Heide (1994), Ring and Van de Ven (1994), Wilson (1995), Ford et al. (1998), Jap and Ganesan (2000) and Batonda and Perry (2003). Table 3.1 provides an overview of the key interorganisational relationship development models.

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<sup>10</sup>Many of the interorganisational relationship models have their origins in the interpersonal relationship development models of Altman and Taylor (1973) and Scanzoni (1979).

**Table 3.1 Key Interorganisational Relationship Development Models**

Dwyer et al. (1987)	Heide (1994)	Ring and Van de Ven (1994)	Wilson (1995)	Ford et al. (1998)	Jap and Ganesan (2000)	Batonda and Perry (2003)
Attraction			Search and selection	Pre relationship		Searching Process
Exploration	Relationship initiation	Negotiation	Defining purpose	Exploratory	Exploration	Starting Process
Expansion	Relationship maintenance	Commitment	Boundary definition. Value creation	Development	Build-up	Development Process
Commitment		Execution	Relationship maintenance	Stable Stage	Maturity	Maintenance process
Dissolution	Relationship termination	Termination	Relationship termination		Decline	Termination process
						Dormant/ Reactivation state
<b>Source: Compiled by author</b>						

Clearly, there are many similarities between the models, each follows a general pattern of awareness, exploration, growth, and commitment through which interdependence grows and the relationship matures<sup>11</sup>. The models depict a gradual movement towards interdependence and relationship closeness, culminating in the partners being able to confidently interpret and predict the feelings and likely behaviour of each other.

The Dwyer et al. (1987) relationship development model has been particularly influential. This model has been extensively cited and empirically tested (Jap and Ganesan, 2000; Batonda and Perry, 2003; Jap and Anderson, 2007), and has been found to be ‘predictively valid’ (Jap and Anderson, 2007, p. 261). The Dwyer et al. (1987) model proposes that interorganisational relationships develop through five phases entitled awareness, exploration, expansion, commitment and dissolution. Because of its influence, the Dwyer et al. (1987) model will be used as the referent model for considering the relationship development process in the following subsections.

<sup>11</sup> In the related but distinct field of small group development research, group development was conceptualised by Tuckman (1965) as progressing sequentially through four stages, memorably categorised as forming, storming, norming, and performing. These stages are analogous to those identified in the relationship development models outlined above. An additional final stage, adjourning, was later added to Tuckman’s original model (Tuckman and Jackson, 1977).

### **3.3.1 Phase 1: Awareness**

The first step in the development of a relationship is the identification and selection of an appropriate partner. The awareness phase described in the Dwyer et al. (1987) relationship development model draws heavily on the work of Scanzoni (1979). During the awareness phase each party independently assesses potential partners and considers whether the relationship is worth developing further (Claycomb and Frankwick, 2010). Experience of existing and previous relationships aids this evaluation (Hakansson, 1982). It is possible, as suggested by Wilson (1995), that the potential partners are known to each other as they may have engaged in some previous exchanges. In practice, relationships between firms rarely commence in a vacuum (Ring and Van de Ven, 1994); initial conditions influence the evolution of collaborative interorganisational relationships (Doz, 1996; Arino and de la Torre, 1998; Arino et al, 2005). If the potential partners are unknown entities, their reputation for performance and trustworthiness may be evaluated by reference to third parties such as friends of friends (Boissevain, 1974; Wilson, 1995; Burt and Knez, 1996; Gulati and Gargiulo, 1999; Terawatanavong et al., 2007; Nguyen and Rose, 2009). Third parties can act as referrals capable of priming the emergence of trust between two previously unconnected parties (Uzzi, 1999; Wong and Boh, 2010). During this phase, prospective partners engage in positioning and posturing activities to show themselves in the best possible way to potential partners (Dwyer et al., 1987; Wetzels et al., 1998). The awareness phase involves identifying partners that have similar values, beliefs, and practices with a view to developing a mutually beneficial relationship.

### **3.3.2 Phase 2: Exploration**

The exploration phase marks the commencement of interaction between the partners; this is a search and trial phase in which the strengths and weaknesses of potential partners are evaluated (Jap and Ganesan, 2000). Prior economic or social exchange between the parties can accelerate this phase (Ring and Van de Ven, 1994). The decision to interact can be based on the desire for immediate rewards or in anticipation of future returns (Altman and Taylor, 1973; Huston and Burgess, 1979). The exploration phase incorporates five sub-processes described as: attraction,

communication and bargaining, development and exercise of power, norm development, and expectations development (Scanzoni, 1979; Dwyer et al., 1987)<sup>12</sup>.

The first sub-process of the exploration phase is attraction; individuals are attracted to each other for numerous reasons, both cognitive and affective, including physical attributes, personality, similar beliefs, complementary resources, information, flexibility and so on. Once attraction has occurred, bilateral communication commences; this allows the partners to exchange information regarding their wants, issues, inputs and priorities (Dwyer et al., 1987) and allows the exploration of 'affinities' (Anderson and Jack, 2002, p. 206). Once established, communication facilitates bargaining. Bargaining is used to establish the ground rules of the relationship and marks a milestone in the development of a relationship, as Scanzoni (1979, p.72) elucidates: 'a significant indicator of development or progressive change in any association is found at the point where partners perceive that the potential rewards are great enough to take the trouble, go to the bother, and expend the psychic and physical energies necessary to negotiate'. Bargaining is closely linked to the two next sub-processes of the exploration stage: power distribution and norm development.

The partners begin to test their ability to exercise power during the bargaining process. Power, in this context, is defined as the ability of one partner to get the other partner to do something they would not normally do (Anderson and Weitz, 1989). Each partner explores their ability to control and influence others. Power can be exercised in a just (voluntary compliance) or an unjust (coercive) method (Dwyer et al., 1987). The application of power in a method that is viewed as unjust may lead to the termination of the relationship. Power inequality is directly related to the extent of one partner's dependence on the other partner (Emerson, 1962; Wilson, 1995). Relationships that are asymmetric in dependence and power are more dysfunctional, less stable and less trusting than symmetric relationships (Anderson and Weitz, 1989).

Norm development also occurs in the exploration phase. Thibaut and Kelley (1959, p. 129) define a norm as: 'a behavioral rule that is accepted, at least to some degree, by

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<sup>12</sup> Models that depict the evolution of networks typically incorporate a development stage that equates to the exploration phase described in this section, in which network decision makers lay the groundwork for cooperation and resolve network conflicts (D'Aunno and Zuckerman, 1987; Zajac and Olsen, 1993; Doz, 1996; Human and Provan, 2000).

both members of the dyad'. Norms provide relationship participants with a general, shared code of acceptable behaviour to guide their actions (Feldman, 1984; Heide and John, 1992; Gundlach et al., 1995). As the frequency of interaction between the two parties grows personal, confidential, relationship specific information is exchanged and new relational norms, specific to their shared relationship, develop (Thibaut and Kelley 1959; Macneil 1980; Axelrod, 1984; Mohr and Nevin, 1990; Gundlach et al., 1995). Close relationships are characterised by the presence of relational norms with the relationship partners implicitly sharing understandings, expectations, routines and practices (Macneil, 1980; Axelrod, 1984). Relational norms reduce uncertainty and help to build a common culture which accelerates the social bonding process, critical for achieving mutual goals (Wilson, 1995; Jap and Ganesan, 2000). Heide and John (1992, p. 34) point out that: 'relational exchange norms are based on the expectation of mutuality of interest, essentially prescribing stewardship behavior, and are designed to enhance the well-being of the relationship as a whole'. Relational norms provide a means to regulate long-term close business relationships and to reduce opportunistic behaviour; in reality business relationships are governed as much by norms as by legal obligations (Macneil, 1980; Noordewier et al., 1990; Heide and John, 1992)<sup>13</sup>.

The ultimate sub-process of the exploration phase is expectations development, in which the parties identify, clarify, test and work out their mutual expectations (Gabarro, 1978). Expectations management is an important process (Jap and Anderson, 2007); if expectations do not evolve rationally and in tandem with a mutual learning process, disappointment and suspicion will arise with the potential to seriously damage the relationship (Doz, 1996; Arino et al., 2001). Conversely, if expectations are fulfilled the relationship will continue and grow; positive feedback assists this process (Arino and de la Torre, 1998). The relationship evolves as the partners move from relying on reputational trust to assessing trust based on actual experience (Doz, 1996; Abodor, 2005; Terawatanavong et al., 2006). The tacit or explicit testing of the strength and boundaries of trust in the relationship is an important phase as without this process the relationship will only develop in a superficial manner (Gabarro, 1978).

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<sup>13</sup> In the group development literature, power and norm development issues are dealt with in the storming stage as group members make bids for territory and position in the group (Tuckman, 1965).

Throughout the exploration phase the parties assess each other's compatibility, integrity and performance to determine whether it is worthwhile to develop the relationship further (Dwyer et al., 1987). Familiarity and repeated interaction (Gulati, 1995) aids the growth of trust, communication and cooperation between the parties (Dwyer et al., 1987; Ring and Van de Ven, 1994); the immature relationship is evaluated and tested and the potential opportunities and threats of continued exchange are considered (Gabarro, 1978; Jap and Ganesan, 2000). Concern for the attainment of mutual goals replaces individualistic interests and the objectives of both partners become more closely aligned (Scanzoni, 1979). In the exploration phase, the ground rules of the relationship are drafted as the partners work together to develop relationship norms, establish methods of interaction, reduce the distance between their organisations and improve the atmosphere of interaction (Ford, 1997; Andersen, 2001). Reciprocal co-operative gestures, which, in the absence of exchange history or relational norms, are important signals of relational intention, assist this process (Wilson, 1995). Past collaborative experiences, personal values and professional expertise will impact on the views of each partner and their role in the relationship (Ring and Van de Ven, 1994; Lambe et al., 2001a).

High levels of risk and uncertainty exist in the exploration phase. Relationships are very fragile and can be easily terminated as minimal investments (social, economic or temporal) have been made and interdependencies have not evolved (Scanzoni, 1979; Dwyer et al., 1987).

### **3.3.3 Phase 3: Expansion**

The expansion phase is characterised by increasing levels of interdependence, investment and technology sharing between the partners. Throughout this phase, the relationship intensifies, social interaction increases, uncertainty and distance between the parties lessens (Hakansson, 1982; Ford, 1997), and the partners begin to develop a shared history (Jap and Anderson, 2007). The partners experience mutually beneficial interactions, increased interdependence, and a growing awareness of complementarities (Terawatanavong et al., 2006). During this phase, the partners expand the range and depth of their mutual commitments and dependencies (Scanzoni, 1979; Dwyer et al., 1987; Morgan and Hunt, 1994; Jap and Ganesan, 2000) and reach

mutual agreement on such areas as relationship norms, task roles, social relationships and conflict management (Batonda and Perry, 2003). The foundations of trust and commitment that were laid in the exploration stage are built upon and lead to increased risk taking by the parties (Dwyer et al., 1987; Ford et al., 1998). The main distinction between the expansion and exploration phases is that the partners' trust in, and satisfaction with, the relationship has increased to such an extent that they are prepared to take more risks (Wetzels et al., 1998). Relationship outcomes, as they become increasingly positive, result in higher perceptions of goal congruence and cooperativeness and commitment between the business partners strengthens (Dwyer et al., 1987; Arino and de la Torre, 1998). This prompts the partners to increase the range and depth of their interactions; the partners, in effect 'move beyond probing each other, towards enlargement of the kinds of rewards they supply one another' (Scanzoni 1979, p. 791). In an empirical study of the method by which interorganisational relationships develop, Jap and Anderson (2007) found that certain relationship properties that aid relationship expansion, such as goal congruence and information exchange, peak in this phase (which they call the build-up phase) and decline in subsequent phases.

#### **3.3.4 Phase 4: Commitment**

The commitment phase has been described as 'the peak of relational bonding' (Terawatanavong et al., 2006, p. 923). In this phase the relationship stabilises and commitment, cooperation and trust are at high levels; the interests of the partners intertwine, interdependencies increase and goals become co-aligned (Scanzoni, 1979; Dwyer et al., 1987; Terawatanavong et al., 2006). Common norms and values are so well established that the relationship is institutionalised and a stable atmosphere prevails (Ring and Van de Ven, 1994; Wilson, 1995). Initial relationship expectations have been met (Tuten and Urban, 2001), both parties are satisfied with the relationship, believe it will continue (Claycomb and Frankwick, 2010), and are no longer actively seeking alternative partners (Scanzoni, 1979; Dwyer et al., 1987). At this point in the relationship, with increased interdependency, the parties make an explicit or implicit pledge to each other to consistently commit resources to the relationship (Dwyer et al., 1987). Significant investments may be required to maintain the flexibility and mutual adaptation that interdependence demands (Wilson, 1995;



Claycomb and Franwick, 2010). To make these investments, both parties must be in agreement on the goals of the relationship and have confidence that the partner will deliver on their side of the exchange (Terawatanavong et al., 2006). The expectation of future interactions provides an incentive to comply with the norms established within the relationship and acts as a deterrent to opportunistic behaviour (Axelrod, 1984; Jap and Ganesan, 2000). In the commitment phase, the relationship outcomes are deemed by the partners to exceed those of the next best alternative (the CLalt described by Thibaut and Kelley, 1959). Hence, either implicitly or explicitly, the parties are committed to continuation of the relationship (Jap and Ganesan, 2000), and the parties focus their attention on cooperation and the long-term maintenance of the relationship (De Burca et al., 2004).

### **3.3.5 Phase 5: Dissolution**

Relationships are dynamic, misunderstandings and disputes occur and expectations change (Ring and Van de Ven, 1994). A variety of factors, both exogenous and endogenous, can provoke a review of the relationship which can lead to renegotiation or termination. Exogenous factors could be a natural disaster, a change in government, or new legislation. Endogenous factors could be a change of personnel or organisational structure, completion of the business deal, or an unresolved disagreement between the parties (Ring and Van de Ven, 1994). Where the mutual relationship goal has been achieved the partners may agree to amicably terminate the relationship or place it into a dormant state (Ring and Van de Ven, 1994; Rao and Perry, 2002). In situations where one party becomes dissatisfied with the relationship and judges that the costs of continuing the relationship exceed the benefits to be obtained from the relationship (Dwyer et al., 1987), the relationship may enter the dissolution phase. As Jap and Anderson (2007, p. 272) comment: 'it takes two parties to build a relationship, but only one to tear it down'. An unsatisfied partner may refuse to compromise or cooperate to resolve disputes; this will lead to further degradation of the relationship. Once the relationship starts to decline, the impetus for dissolution is strong. The existence of relational norms is particularly useful for managing disengagement because relational norms act as emotional and procedural buffers that lessen the stresses associated with dissolution (Jap and Ganesan, 2000).

### **3.4 Chapter Summary**

The study of relationships is inherently complex, involving multi-dimensional, multi-faceted concepts and requiring analysis at multiple levels. In this chapter the characteristics of the principal types of interorganisational relationships and the process by which interorganisational relationships are initiated, evolve and develop was reviewed. Interorganisational relationships can be arrayed on a spectrum with discrete or adversarial relationships anchoring one end, progressing, through a range of relationship types characterised by increasing interdependence between the relationship partners, to close and relational relationships at the other polar extreme.

Relationship development models are a useful mechanism to conceptualise the initiation, evolution and decline of relationships. A broad range of relationship variables and relational norms have been identified in the literature that underpins the relationship development models. As a relationship evolves along the relationship spectrum from discrete exchanges toward relational relationships, relationship variables and relational norms assume more significance. In the next chapter, the relationship variables and relational norms that are integral to facilitating the relationship development process are considered.

# **Chapter 4. Relationship Variables and Relational Norms**

## **4.1 Introduction**

In this chapter the major relationship variables and the relational norms of significance to this research will be reviewed. Relational norms and relationship variables are often used together to explain the positive influence of relational marketing (Gundlach et al., 1995; Jap and Ganesan 2000). The chapter concludes with a commentary on the interrelationship between relationship variables and relational norms.

## **4.2 Relationship Variables**

Relationship variables underpin the relationship development process. Relationship variables intertwine and impact on each other intensely, often in a reciprocal fashion (Morgan and Hunt, 1994); they have been described as ‘complex, overlapping, amorphous and often ambiguous constructs’ (Gundlach et al., 1995, p. 79). Donaldson and O’Toole (2000) recognize the need to incorporate a wide range of variables in any attempt to examine relationships.

The principal relationship variables identified in the relationship marketing literature that either promote or inhibit successful relational exchanges are summarised in Table 4.1. Trust and commitment stand out as the dominant relationship variables. While there is consensus regarding the significance of commitment and trust, there is little agreement concerning the other variables that are important to building strong relationships. Table 4.1 shows a number of other variables that are regularly identified in the interorganisational literature as important relationship components. Some congruency amongst researchers is evident, with communication and cooperation receiving consistent attention. Receiving somewhat less focus are shared values, conflict, power and opportunism. All of the relationship variables shown in Table 4.1 are important variables that either promote or inhibit successful relational exchanges and each will be explored in detail in the following subsections.

**Table 4.1 Key Relationship Variables**

Author(s)	Trust	Commitment	Communication	Cooperation	Shared Values	Conflict	Power	Opportunism
Anderson and Narus (1990)	*		*	*		*	*	
Anderson and Weitz (1989)	*	*	*		*		*	
Dwyer et al. (1987)	*	*	*	*	*	*	*	
Friman et al. (2002)	*	*	*		*			*
Gundlach et al. (1995)		*			*		*	*
Hakansson (1982)	*		*	*		*	*	
Leonidou et al. (2006)	*	*	*	*		*		
Lewin and Johnston (1997)	*	*	*	*			*	
Mohr and Speckman (1994)	*	*	*	*		*		
Monczka et al. (1998)	*	*	*	*		*		
Morgan and Hunt (1994)	*	*	*	*	*	*		*
Palmatier et al. (2007)	*	*	*	*		*	*	*
Powers and Reagan (2007)	*	*		*	*		*	
Terawatanavong et al. (2006)	*	*		*		*		
Wilson (1995)	*	*		*	*		*	
Zineldin and Jonsson (2000)	*	*	*		*			*

**Source: Compiled by Author**

Trust is a central organising construct (McEvily et al., 2003) that plays a major role in the development of interorganisational relationships (Jap and Anderson, 2007). Dwyer et al. (1987, p. 28) direct that: ‘as a facet of expectations development, trust deserves priority attention’. Given the fundamental role it plays in relationships, trust will be the first relationship variable to be considered in detail.

### 4.2.1 Trust

Trust is a pervasive and significant concept that has been considered from a broad range of theoretical perspectives, drawing from the organisational, psychological, economic, anthropological, political science, and sociological fields.<sup>14</sup> Eminent authors, such as Deutsch, (1958), Bok (1979), Zucker (1986), Putnam (1993), Gambetta (1988), Fukuyama (1995), Ridley (1996), Solomon and Flores (2001) and Seabright (2004), have argued that trust is critically important to the survival and prosperity of organisations and society as it represents an essential component of all economic relationships, and is fundamental to the conduct of business. Detailed, systematic research on trust within and between organisations has been carried out for over forty years (see Lewicki et al., 1998); academic focus on relationship marketing has contributed to a renewed interest in the concept of trust. Notwithstanding this focus, the study of trust continues to be extremely ‘fragmented’ (McEvily et al., 2003, p. 91). Blois (1999, p. 197), described trust as a ‘central, superficially obvious but essentially complex concept’. Trust is the dominant feature in personal relationships (Ring and Van de Ven, 1992); it pervades the most diverse situations, from personal and business relationships to economic development to international relations (Fukuyama, 1995). Trust is ubiquitously referred to as a fundamental ingredient or lubricant, essential for social interaction. Relationships that are built on trust are valued by all participants, inculcating a desire to maintain and nurture such relationships (Barry et al., 2008). Social exchange theorists and interorganisational researchers have depicted trust as the most important variable in relational exchange (Homans, 1958; Blau, 1964; Dwyer et al., 1987; Morgan and Hunt, 1994, Wilson, 1995). Indeed, Shockley-Zalabak et al. (2000, p. 36) found ‘a general consensus among researchers concludes that trust is important in a range of organizational activities and processes such as team work, leadership, goal setting, performance appraisal, and in general co-operative behaviours’.

Trust is a complex variable; Rousseau et al. (1998) and Lewis and Weigert (1985) each describe the difficulties involved in researching trust, noting multiple definitions of trust, types of trust, levels of trust, disciplines investigating trust, roles of trust (trust as a dependant, independent and mediating variable), and new emergent forms of trust. There are three broad strands of trust research identifiable in the literature, trust

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<sup>14</sup> See Arnott (2007) for a comprehensive compilation of trust-related articles from disparate fields.

between individuals (an interpersonal phenomenon), trust within organisations (an intra-organisational phenomenon), and trust between organisations (an interorganisational phenomenon). Rousseau et al. (1998), building on the work of House et al. (1995), reflected on the multi-level prevalence of trust and argued that trust represents a psychological state which encompasses individuals, groups and organisations and, as such, entails analysis at multiple levels. Schoorman et al. (2007, p. 245) stressed the need to understand trust ‘both within and between organizations’ and emphasised the importance of adopting multi-level and cross level perspectives when examining trust. This dissertation is concerned with the relationships formed by organisations and individuals within a network. Reference will be made to research drawn from multiple levels of analysis (interpersonal, intra-organisational and interorganisational) as appropriate.

Empirical research has highlighted the importance of trust in interorganisational transactions (Anderson and Narus, 1990; Mohr and Spekman, 1994); an organisation's ability to develop trusting relationships is an important source of competitive advantage (Sako, 1992; Barney and Hansen, 1994) and an important antidote to uncertainty (Speckman, 1988). Trust is a critical variable in the development of close relationships (Morgan and Hunt, 1994) as it can improve the efficiency and effectiveness of communication and information sharing (Anderson and Narus, 1990; Dyer and Chu, 2003; Inkpen and Tsang, 2005). By providing an atmosphere of psychological safety (Edmondson, 1999), trust enables risk taking (Wetzels et al., 1998) and facilitates cooperation, collaboration and mutual adaptation (Morgan and Hunt, 1994; Mayer et al., 1995; Williams, 2001). The presence of trust in a relationship enables the partners to presume that each will take actions that are both predictable and mutually acceptable (Das and Teng, 1998; Uzzi, 1997; Powell, 1990; Hoang and Antoncic, 2003). Trust motivates individuals ‘to contribute, combine and co-ordinate resources towards collective endeavours’ (McEvily et al., 2003, p. 94) and leads to increased levels of commitment (Moorman et al., 1992; Morgan and Hunt, 1994; Ganesan, 1994; Geyskens et al., 1996; Ryssel et al., 2004). Trust plays a critical role in resolving conflicts (Axelrod, 1984; Mu et al., 2008) as it has been shown to reduce dysfunctional conflict (Zaheer et al., 1998; Massey and Dawes, 2007) and to facilitate productive functional conflict (Morgan and Hunt, 1994; Massey and Dawes, 2007). It has been established that the risk or threat of opportunistic behaviour is

lowered in a trust based, social governance environment (Granovetter, 1985; Morgan and Hunt, 1994). Decreased opportunism reduces the level of monitoring or formal governance required (Gulati, 1995), which in turn minimises negotiation and contracting costs (Dyer et al., 1998; Sako, 1992; Dyer and Chu, 2003) and lowers transaction costs (Ring and Van de Ven, 1994; Zaheer et al., 1998; Shockley-Zalabak et al., 2000). Trust is particularly important where decision outcomes are both uncertain and important to the trusting party (Moorman et al., 1992, Morgan and Hunt, 1994). While the positive effects of trust are recognised, there is potential for the abuse of trust by relationship partners (Zaheer et al., 1998); there is a ‘downside’ to trust (McEvily et al., 2003, p. 99). Barnes (1981) pointed out that excessive levels of trust could result in exclusive and dysfunctional reliance on ‘soft feelings’ rather than ‘hard facts’ to inform decision making. Langfred (2004) found that, in self-managing work teams characterised by high levels of individual autonomy, the presence of high levels of trust can make the members of reluctant to monitor one another which can harm team performance. Granovetter (1985, p. 491) cautioned that the emergence of trust and trustworthiness is not sufficient to guarantee trustworthy behaviour, and it may even provide ‘the occasion and means for malfeasance and conflict on a scale larger than in their absence’.

Cognisant of the complexities involved in conceptualising trust, the following structure will be followed in this examination of trust: (1) an overview of trust and trustworthiness, (2) a review of cognitive and affective forms of trust, (3) a review of the dimensions that influence the development of trust, (4) a review of the debate on level of analysis in the trust literature, (5) a review of the principal forms of trust identified in the interorganisational literature.

#### **4.2.1.1 Trust and Trustworthiness**

As already outlined, trust has been investigated from a broad spectrum of disciplines and theoretical perspectives. Despite, or perhaps because, of the wide ranging interest in and focus on trust, there is no universally accepted scholarly definition of either the concept, or the measurement, of trust (McEvily et al., 2003; Bunker et al., 2004, Morrow et al., 2004; Lewicki et al., 2006). A selection of the most frequently cited

definitions of trust that appear within the interorganisational literature is shown in Table 4.2.

**Table 4.2 Frequently Cited Definitions of Trust**

<b>Author</b>	<b>Definition</b>
Zand (1972, p. 230)	'The conscious regulation of one's dependence on another.'
Moorman et al. (1992, p. 315)	'A willingness to rely on an exchange partner in whom one has confidence.'
Morgan and Hunt (1994, p. 23)	Trust exists 'when one party has confidence in an exchange partner's reliability and integrity.'
McAllister (1995, p. 25)	'The extent to which a person is confident in, and willing to act on the basis of the words, actions and decisions of another.'
Mayer et al. (1995, p. 712)	'The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that party.'
Rousseau et al. (1998, p. 395)	'Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another.'
Lewicki et al. (1998, p. 439)	'Confident positive expectations regarding another's conduct.'
<b>Source: Compiled by author</b>	

It is apparent from the definitions cited in Table 4.2 that researchers have conceptualised trust in a variety of different ways, however there is some consensus that, at its core, trust is the willingness to be vulnerable based on positive expectations about the intention or behaviour of others (Moorman et al., 1992; Mayer et al., 1995; McAllister, 1995; Rousseau et al., 1998; Lewicki et al., 2006). This implies that both vulnerability and uncertainty are crucial to trust because trust would be unnecessary if outcomes were not important to the trustor or if the trustor could have complete knowledge of, or control over, an exchange partner's actions. There is broad agreement in the literature that two key elements: belief (perceived trustworthiness) and behavioural intention (trusting behaviour) must be present for trust to exist (Moorman et al., 1992; Mayer et al., 1995; McAllister, 1995; Rousseau et al., 1998; Huff and Kelley, 2003).



The decision to trust is based on a belief or expectation that the other party is trustworthy and will be reliable, competent, honest, benevolent and cooperative (McEvily et al., 2003; Abodor, 2005). This expectation is influenced by the trustor's perception of the expertise, reliability, motives and integrity of the potential partner (Ganesan, 1994; Doney and Cannon, 1997; Zaheer et al., 1998; Doney et al., 2007). Hence, the belief element of trust is based on the cognition of the trustor.

Behavioural intention reflects a willingness to take action (Moorman et al., 1992) and involves the trustor's vulnerability, exposure to risk and reliance on the other party (Mayer et al., 1995; Rousseau et al., 1998; McEvily et al., 2003). Vulnerability, or the 'willingness to take a risk in the relationship and be vulnerable' (Mayer et al., 1995, p. 714), is necessary for trust to function. The behavioural element of trust is affective in nature as it is influenced by the trustor's emotions and feelings.

It is important to distinguish between trust and trustworthiness. As discussed above, trust involves the willingness to be vulnerable based on positive expectations about the intention or behaviour of others. Trust is an action or characteristic of the trustor that is normally based on a perception of whether the potential trustee is trustworthy (Morrow et al., 2004). Hence trustworthiness can be conceptualised as the view or perception by the trustor that another party (the trustee) is worthy of trust and will not take advantage of exchange vulnerabilities (Barney and Hansen, 1994; Morrow et al., 2004). Trustworthiness is a quality or attribute of an individual (Dietz and Den Hartog, 2006) whereas trust is an attribute of a relationship (Barney and Hansen, 1994). Trust and trustworthiness are related yet distinct constructs (Mayer et al., 1995) with trustworthiness a significant predictor of trust (Mayer et al., 1995, Williams, 2001; Morrow et al., 2004). Trust and trustworthiness typically evolve simultaneously in relationships (McEvily et al., 2003). There is a failure in the literature to clearly make a distinction between the terms trust and trustworthiness; indeed a great deal of the literature barely mentions trustworthiness even though much of it is principally about trustworthiness and not about trust (Hardin, 1996; Blois, 1999).

Perceptions, cognitive or affective, regarding the trustworthiness of a potential partner will influence the nature of the contractual safeguards employed in a relationship (Morrow et al., 2004) and will determine the attitude adopted in relationship negotiations (Schurr and Ozanne, 1985). Thus, cognitive and affective processes are

involved in assessing the trustworthiness of a potential partner and in the creation and maintenance of trust between individuals (Williams, 2001). The distinction between cognitive and affective forms of trust will be explored in the following section.

#### **4.2.1.2 Cognitive and Affective Trust**

As discussed in the preceding section cognitive and affective processes are involved in both the decision to trust (the act of the trustor) and the assessment of trustworthiness (perceptions of the quality of the trustee) (Lewis and Weigert, 1985; McAllister 1995; Morrow et al., 2004; Dietz and Den Hartog, 2006). A cognitive process refers to how one rationalises that others may be trusted, whereas an affective process refers to how one senses that another may be trusted (Lewis and Weigert, 1985; McAllister, 1995; Kumar, 1996). Williams (2001) proposes that affective responses (both positive and negative) influence the development of both cognitive and affective trust between members of dissimilar groups.

Cognitive trust is based on reliability and dependability or, as McAllister (1995) elucidated, cognitive trust is built on what individuals believe to be 'good reasons'. Individuals determine whether another individual, group or organisation is trustworthy by carefully and methodically considering the information available about the other party. Variables that indicate the intentions or competence of the other party, and thus are strong indicators of cognitive trust, include predictability, reliability, reputation, dependence, quality and certification (Schurr and Ozanne, 1985; Moorman et al., 1992; Rousseau et al., 1998; Lewicki et al., 2006; Massey and Dawes, 2007). Cognitive trust is employed by game theorists; they predict that where one party acts in a consistent, trusting manner this behaviour is then reciprocated by others (Axelrod, 1984). Cognitive trust is objective in nature; it is the product of a rational, systematic assessment of the opportunities and threats of an exchange (Morrow et al., 2004). Cognitive trust is easier and swifter to establish than affective trust (Massey and Dawes, 2007); however relationships that are built solely on cognitive trust are not as strong as those based on affective trust (Barney and Hansen, 1994; Doney and Canon, 1997). Cognitive trust is the foundation on which affective trust is built (Lewis and Weigert, 1985; Rousseau et al., 1998; Massey and Dawes, 2007).

Affective trust is built on reciprocated interpersonal care and attention (McAllister, 1995). Affective trust is subjective in nature; it is based on the emotional and socio-psychological bonds (instincts, intuitions or feelings) an individual develops concerning whether another individual can (or cannot) be trusted (Lewis and Weigert, 1985; McAllister, 1995; Rousseau et al., 1998; Morrow et al., 2004). This form of trust is particularly important for dispute resolution as it helps to reduce tension and prevents the development of antagonistic behaviour, thereby reducing the possibility of dysfunctional conflict emerging (Anderson and Narus, 1990). Affective trust takes time to develop; it is found in close relationships where the partners are mutually dependent. Affective based trust has a stronger impact on the perceived effectiveness of personal relationships than cognitive based trust (Massey and Dawes, 2007). Williams (2001) argues that affective responses (which may be positive or negative) influence the development of trust between members of dissimilar groups.

To summarise, cognitive trust involves the development of ‘good reasons’ to trust others, whereas affective trust requires ‘emotional bonds’ to develop between parties (Lewis and Weigert, 1985; McAllister, 1995). Affective based trust is more resilient and deep rooted than cognitive based trust (McAllister, 1985; Rousseau et al., 1998). Cognitive and affective forms of trust have different foundational factors and represent distinct forms of trust; however both theory (Lewis and Weigert, 1985) and empirical evidence (McAllister, 1995; Massey and Dawes, 2007) suggest that cognitive trust is a positive predictor of affective trust. Interorganisational relationships that are close and bilateral in nature are typically characterised by affective trust, whereas discrete or arms length relationships are typically based on cognitive trust (Dietz and Den Hartog, 2006). Having established the distinction between trust and trustworthiness and the two principal forms of trust identified in the literature (cognitive and affective), in the next section the dimensions that influence the development of trust will be explored.

#### **4.2.1.3 How Trust Develops**

Trust develops based on positive experiences of past performance<sup>15</sup> (Thorelli, 1986; Ford, 1997; Rodriguez and Wilson, 2002, Lewicki et al., 2006), or, as Anderson and

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<sup>15</sup> The reverse is also possible, i.e. negative experiences can lead to distrust

Weitz (1989) concluded: 'experience breeds trust'. There is consensus amongst researchers from diverse fields that trust develops incrementally through repeated social interactions which enable individuals to update their information regarding the trustworthiness of others (e.g. Zand, 1972; Gabarro, 1978; Axelrod, 1984; Mayer et al., 1995; McAllister, 1995; Lewicki and Bunker, 1996; Blois, 1999; Abodor, 2005). Ring and Van de Ven (1994, p. 110) depicted the emergence of trust as 'a cumulative product of repeated past interactions among parties through which they come to know themselves and evolve a common understanding of mutual commitments'. The development of trust in working relationships has been described as the outcome of 'a process of mutual learning, exploration, testing and some negotiation' (Gabarro, 1978, p. 301). While trust is important at all stages of a relationship, it is of particular importance in the expansion and commitment relationship development phases (Powers and Reagan, 2007).

Trustworthiness lies at the core of trusting (McEvily et al., 2003). As Hardin (1996, p. 27) asserted: 'the best device for creating trust is to establish and support trustworthiness'. Trustworthiness has been defined as the belief that the partner's 'word or promise is reliable and it will fulfil its obligations in an exchange relationship' (Schurr and Ozanne, 1985, p. 940). Trust researchers have found that individuals are more likely to trust others when they evaluate others' trustworthiness more favourably (Mayer and Davis, 1999; Gillespie and Mann, 2004), hence perceived trustworthiness is a key antecedent of trust (Mayer et al., 1995, Williams, 2001; McEvily et al., 2003; Abodor, 2005). There is consensus in the literature that repeated interactions enhance understanding and allow individuals to reassess their views regarding the trustworthiness of others; which, ultimately, facilitates the emergence of trust (Zand, 1972; Gabarro, 1978; Axelrod, 1984; Mayer et al., 1995; McAllister, 1995; Lewicki and Bunker, 1996; Rousseau et al., 1998; Uzzi, 1999; Abodor, 2005).

The intra-organisational and interpersonal literature streams have directed a lot of attention at specifying the dimensions of trustworthiness (Gabarro, 1978; Mayer et al., 1995; Blois, 1999; Shockley-Zalabak et al. 2000; Dietz and Den Hartog, 2006). Character, competence, and judgment were found by Gabarro (1978) to be indicators of trustworthiness in working relationships. Blois (1999) found that trustworthiness can be signalled and trust fostered by demonstrating reliability, integrity and

competence. Shockley-Zalabak et al. (2000), building on the work of Mishra (1996), identified competence, openness and honesty, concern, reliability and identity as dimensions of trust. Based on an extensive review of dimensions of trustworthiness identified in the intra-organisational trust literature, Dietz and Den Hartog (2006) selected ability, benevolence, integrity and predictability as indicators of potential trustworthiness. Following an empirical test they ranked these components in order of importance or strength as follows: integrity, benevolence, ability and predictability.

In their seminal article, Mayer et al. (1995) found that trustworthiness can be signalled and trust can be fostered (at all levels of analysis) by demonstrating ability, benevolence and integrity. Ability refers to the other party's capabilities to carry out their obligations (in terms of skills, competencies and knowledge). Ability is evidenced by a competency or perceived ability in a relevant field (Mayer et al., 1995). Benevolence reflects the belief that one partner is genuinely and altruistically interested in the other partner's welfare (McAllister, 1995); it involves a degree of personal kindness toward the other party, and a genuine concern for their welfare (Mayer et al., 1995). Benevolence can be indicated by acting in a fair, honest, ethical and compassionate manner (Kumar, 1996; Wetzels et al., 1998; Whitener et al., 1998, Schoorman et al., 2007). Integrity refers to the constancy of the trustee's past performance, their reputation, ethical values and evidence that the words and actions of the trustee match up (Whitener et al., 1998). Integrity is evidenced by fairness, consistency, reliability, honesty, truthfulness and adherence to high ethical and behavioural standards (Moorman et al., 1992; Mayer et al., 1995). Integrity can be demonstrated by admitting limitations, acting consistently and behaving in a business like fashion (Schoorman et al., 2007).

In any assessment of the trustworthiness of another person, Blois (1999, p. 202) argues that the question to be answered is 'what are the trusted's interests in being trustworthy?' Each of the dimensions of trustworthiness identified above are important and independent, they are idiosyncratic to the circumstances, context and trustee (Lewicki et al., 1998). It must be noted that demonstrating trustworthiness should be approached with caution, as Blois (1999, p. 207) notes: 'the person who tries too hard to demonstrate their trustworthiness often produces the opposite effect to that which they intended!'

Mayer et al. (1995) found that some people have an inherent predisposition to trust, in other words a general willingness to trust others; this is an important factor in the development of a trusting relationship as a willingness to trust others is a signal of one's own trustworthiness (Abodor, 2005). Equally, some individuals have a predisposition to distrust others, usually the result of prior trust violations (Mayer et al., 1995). The differences in an individuals' willingness to trust can be attributed to developmental experiences, cultural backgrounds or personalities (Mayer et al., 1995; Whitener et al., 1998; Huff and Kelley, 2003). If an individual has a reputation for being untrustworthy, this will encourage the distrust of others once they become aware of that negative reputation (Deutsch, 1960; Lewicki and Bunker, 1996). Trust creation is influenced by initial impressions (Lewis and Weigert, 1985; Williams, 2001); positive initial expectations positively affect behaviour and trust building between exchange partners (Deutsch, 1958; Abodor, 2005). The frequency, duration, and diversity of interaction experiences will either confirm confidence in positive expectations (trust) or confidence in negative expectations (distrust) (Lewicki et al., 2006). Individuals that are perceived to have acted in an untrustworthy or opportunistic way ('cheaters') can lose social legitimacy, indeed the fear of being perceived as untrustworthy is a form of social pressure that reduces the inclination of both individuals and firms to act opportunistically (Granovetter, 1985). Cooperation will be withdrawn if trust is violated and the repair of trust is difficult, requiring both parties to be willing to cooperate again (Harris and Dibden, 1999).

The defining characteristics of cognitive and affective trust forms were outlined previously; it was shown that each trust form has different foundational factors. It follows that cognitive and affective trust can be encouraged in different ways. Cognitive or competence based trust can be fostered by providing evidence of predictability, reliability, dependability, quality and certification (Schurr and Ozanne, 1985; Moorman et al., 1992; Rousseau et al., 1998; Massey and Dawes, 2007). Hence, the dissemination of objective information regarding the skills, competencies and accomplishments of individuals will aid the development of cognitive trust (Morrow et al., 2004). Affective based trust can be stimulated through altruistic or citizenship behaviours such as the provision of evidence of interpersonal care and attention (Lewis and Weigert, 1985; McAllister 1995; Webber, 2008). Expressing empathy with the other party and respecting their opinions signals benevolence (Leonidou et

al., 2006) and aids the emergence of affective trust. Further, participation in activities that cultivate a sense of inclusiveness, camaraderie and positive feelings can promote the development of affective trust (Morrow et al., 2004; Webber, 2008). Affective, emotional factors such as personal emotions and moods can influence an individual's perception of the trustworthiness of others (Jones and George, 1998; Williams, 2001; Weber et al., 2005; Young 2006) even where these emotional states are unrelated to the situation or trustee (Dun and Schweitzer, 2005).

Trust and communication are interrelated with communication a determinant of trust (Anderson and Narus, 1990; Morgan and Hunt, 1994). Bilateral communication, the formal or informal sharing of relevant and timely information by both partners, fosters trust as it aids the resolution of disputes and facilitates the alignment of expectations (Anderson and Weitz, 1989; Anderson and Narus, 1990; Mohr and Nevin, 1990; Moorman et al., 1992; Morgan and Hunt, 1994). Establishing personal rapport, sharing business information and practices were found by Nguyen and Rose (2009) to enhance the growth of trust between firms. Based on a study of group interactions, Zand (1972) found the growth of trust to be a dynamic, self-reinforcing phenomenon wherein the disclosure of information, acceptance of influence and exercise of control represent constructs that have a direct relationship with trust. According to Zand (1972), when one party (A) reveals information, accepts influence and reduces control, party B will perceive this as a positive sign of trustworthiness. This in turn will lead to increases in B's level of trust, and will prompt party B to behave in a similar fashion. This then reinforces A's initial trust, leading to further trusting action, reinforcing B's trust and so forth. Zand (1972, p. 237) described this process as a 'pattern of spiral reinforcement' which can work in a positive (increasing trust) or negative (increasing distrust) direction. The progressive amplification of trust or distrust depicted by Zand (1972) has also been described as a self fulfilling prophecy (Ghosal and Moran, 1996; McEvily et al., 2003).

In addition to personal experience and observation, information communicated by third parties provides a basis for attributions of trustworthiness (Burt and Knez, 1996; Gulati and Gargiulo, 1999; Nguyen and Rose, 2009). Uzzi (1999) highlighted the role of third parties as referrals capable of priming the emergence of trust between two previously unconnected parties. He suggested that third parties can become advocates who, by communicating positive information about an individual to their contacts, can

enhance that individual's reputation and perceived trustworthiness. Wong and Boh, (2010), leveraging on the work of Uzzi (1999), found that advocates can not only prime but also influence contacts to trust a stranger.

Other variables that have been found to positively influence the development or intensification of trust include the existence of shared values or culture (Dwyer et al., 1987; Morgan and Hunt 1994; McAllister, 1995; Rodriguez and Wilson, 2002), keeping promises (Blau, 1964; Gronroos, 1990), interdependence and goal congruence (Anderson and Weitz, 1989; Wilson, 1995; Lewicki et al., 2006). Factors that negatively impact on the development or intensification of trust include the use of coercive power (Morgan and Hunt, 1994), opportunistic behaviour (Morgan and Hunt, 1984) and an uneven distribution of power (Anderson and Weitz, 1989).

Clearly, an individual can decide to trust another individual; whether a person can trust an organisation and whether organisations themselves can trust are contentious issues that have been much debated in the trust literature (Doney and Cannon, 1997; Blois, 1999; Shockley-Zalabak et al., 2000; Dyer and Chu, 2003; Morrow et al., 2004; Schoorman et al., 2007). In the next section, the academic discussion concerning individual level trust and interorganisational trust will be explored.

#### **4.2.1.4 Levels of Analysis: Interpersonal and Interorganisational Trust**

Interpersonal trust is particularly important in business transactions as business relationships are influenced by embedded understandings and practices that rely on trust as well as by formal legal contracts (Macneil, 1980; Anderson and Weitz, 1989). Fundamentally, trust is an individual level concept as evidenced by the fact that most definitions of trust involve one person's belief that another person will not exploit or harm them (Dyer and Chu, 2003; Morrow et al., 2004; Arino et al., 2005). Blois (1999) contended that, due to the cognitive and affective nature of trust, only individuals have the capacity to trust. Shockley-Zalabak et al. (2000) have argued that individuals can trust groups or organisations. In an empirical study, Doney and Cannon (1997) measured the trust of purchasing firms at the individual level (to the salesperson) and at the interorganisational level (to the selling firm), and reported these factors as separate constructs; they found that the purchasing firm developed trust at both the individual and organisational levels. Zaheer et al. (1998) found



interpersonal and interorganisational trust to be related, but separate constructs, that impact on negotiation processes and exchange performance in different ways. In the context of an interorganisational relationship, interpersonal trust refers to the trust that exists between individuals in different organisations, whereas interorganisational trust refers to the trust held by individuals in one organisation for another organisation (Zaheer et al., 1998).

Occasionally, in the study of interorganisational relationships, the level of analysis employed is not clearly distinguished (Zaheer et al., 1998); indeed in some cases the analysis levels used are inconsistent. For example, Ganesan (1994) in a significant study on the long-term development of buyer-seller relationships, asked specific questions regarding trust in the representatives of the firms (individual level), but reported the findings as general trust in the firm (interorganisational level). Researchers must ensure that ‘theory, measurement and organizational circumstances fit together logically’ (Morrow et al., 2004, p. 51) when addressing the level of analysis issue. There is a growing argument in the literature that multi-level and cross-level research on trust should be carried out (Rousseau et al., 1998; Zaheer et al., 1998; McEvily et al., 2003). Schoorman et al. (2007, p. 345) support this view, pointing out that ‘there is a need to understand trust both within and across organisations’, noting that this will involve methodological difficulties for researchers. The principal types of interorganisational trust that have been identified within the interorganisational literature will be explored in the following section.

#### **4.2.1.5 Types of Interorganisational Trust**

Barney and Hansen (1994) identified three forms of trust that can exist in an interorganisational context: weak form trust, semi-strong form trust and strong form trust. Sako (1992) ranked trust types, in order of ascending strength, as follows: contractual trust, competence trust and goodwill trust. Lewicki and Bunker (1996, p.118) also identified three categories of trust described as calculus based trust, knowledge based trust and identification based trust; these forms of trust were described as being: ‘linked in a sequential iteration in which the achievement of trust at one level enables the development of trust at the next level’. Thus the literature points to a triad of trust types which will be considered in order of ascending strength.

The weakest form of trust arises in the early stages of a relationship (Lewicki and Bunker, 1996); it is cognitive and calculative in nature (Rousseau et al., 1998); it arises where there are few opportunities for opportunism (Barney and Hansen, 1994). This form of trust is based on both parties fulfilling the expectations specified (explicitly and implicitly) within a contract, and compliance by both parties with the rules or norms generally applicable to business (Sako, 1992). Weak form trust is found in discrete exchange relationships where the quality of goods is easy to evaluate and where there are plenty of equally qualified buyers and sellers. Weak form trust is typically not a source of competitive advantage as all the exchange partners have equal access to the market (Barney and Hansen, 1994).

Where a relationship develops beyond discrete transactions, the participants will develop a history of interaction; they will be able to make predictions about each other (Lewicki and Bunker, 1996), believe that their partner is dependable (Blois, 1999) and has the ability and competence required for the project (Sako, 1992). These factors allow a deeper, semi-strong form of trust to emerge. As trust intensifies, exchange vulnerabilities (such as adverse selection, moral hazard, or hold-up vulnerabilities) and opportunities for opportunism will arise; these threats can be mitigated by utilising governance mechanisms which can be legalistic, contractual, reputational, or social in form (Barney and Hansen, 1994). Applied effectively, governance devices can drive up the cost of opportunistic behaviour to such a high level that both parties will be persuaded by self-interest to behave in a trustworthy way. Dominant relationships such as franchising relationships, where the economic level of activity is high, behavioural content is low and heavy reliance is placed on formal contractual agreements, are representative of relationships characterised by semi-strong form trust (Heide, 1994; Mohr et al., 1996; Donaldson and O'Toole, 2000).

The highest form of trust is characterised by a unity of purpose and affection where each of the partners can 'effectively act for the other' (Lewicki and Bunker, 1996, p. 122). This strong form of trust only develops within long-standing, close relationships (Sako, 1992) where, through repeated exchange, each of the partners has confidence and belief in the trustworthiness of the other partner (Barney and Hansen, 1994) and are willing to perform tasks in excess of the agreed terms and conditions (Sako, 1992). This type of trust is based on the mutual sharing of internal values and principles

(Barney and Hansen, 1994), thus it is more affective than cognitive in nature (Rousseau et al., 1998).

In close or bilateral relationships where strong form trust exists, social governance measures mitigate opportunism and exchange vulnerabilities. In an empirical study Kumar (1996) found that where companies based their relationships on trust they typically used minimal contracts and in some instances had done away with contracts altogether. Reliance on social governance measures allows partners to focus their attention on activities that will maximise opportunities and avoid expending time, cost and effort on the creation and enforcement of other governance mechanisms to counter the risks of exchange vulnerabilities and opportunism, thus liberating resources (McEvily et al., 2003). This can lead to significant competitive advantages as compared to relationships characterised by weaker forms of trust.

This review of the trust relationship variable has illustrated the multi-dimensional, multi-faceted and multi-level nature of the trust concept and the importance of trust in the development of successful interorganisational relationships. A strong positive relationship between trust and commitment is evident in the literature (Homans, 1958; Dwyer et al., 1987; Anderson and Weitz, 1989; Mohr and Nevin, 1990; Moorman et al., 1992; Kumar et al., 1995; Doney and Canon, 1997). The relationship variables trust and commitment are considered centric to the development of close interorganisational relationships (Morgan and Hunt, 1994; Zineldin and Jonsson, 2000; de Ruyter et al., 2001, Rodriguez and Wilson, 2002); consequently the relational variable commitment will be explored next.

#### **4.2.2 Commitment**

Commitment has been studied at the interpersonal (Blau, 1964; Scanzoni, 1979), intra-organisational (Meyer and Allen, 1991 and 1994) and interorganisational (Dwyer et al., 1987; Morgan and Hunt, 1994; Noordewier et al., 1990; Anderson and Weitz, 1992; Kumar et al., 1995; Gundlach et al., 1995) levels of analysis. Commitment plays a central role in relationships and has been identified as an essential component of effective long-term, mutually beneficial business relationships (Blau, 1964; Dwyer et al., 1987; Noordewier et al., 1990; Morgan and Hunt 1994; Kumar et al., 1995; Gundlach et al., 1995; Fullerton, 2005). Commitment indicates a bilateral expectation

regarding the continuity of the relationship (Wilson, 1995; Barry et al., 2008), signals allegiance to the relationship (Terawatanavong et al., 2007), implies a mutual belief that their counterparts will act with integrity (Zineldin and Jonsson, 2000) and provides a basis for the development of social norms of governance (Macneil, 1980; Dwyer et al., 1987; Noordewier et al., 1990; Morgan and Hunt, 1994; Kumar et al., 1995; Gundlach et al., 1995). According to Lawler and Yoon (1993, p. 465), once commitment develops ‘actors tend to remain in a relation despite alternatives and to provide benefits beyond those necessary to maintain the relationship’. It follows that commitment is considered the ultimate sign of success in relationships (Scanzoni, 1979; Mavondo and Rodrigo, 2001). However, disproportionate commitments can lead to opportunism by the less committed partner (Gundlach et al., 1995; Ganesan et al., 2010).

Commitment allows partners to work together to achieve individual and joint goals in a cost effective and efficient manner (Anderson and Weitz, 1992) and is an important antecedent of cooperation (Dwyer et al., 1987; Morgan and Hunt, 1994; Wetzels et al., 1998). Interpersonal commitment has been found to positively influence the emergence of interorganisational commitment (Mavondo and Rodrigo, 2001; Pesamaa and Hair, 2008). Morgan and Hunt (1994, p. 23) summed up their literature review on the commitment construct as follows:

‘A common theme emerges from the various literatures on relationships: parties identify commitment among exchange partners as key to achieving valuable outcomes for themselves, and they endeavour to develop and maintain this precious attribute in their relationships’.

Similarly, Wetzels et al. (1998) found that the presence of mutual commitment in interorganisational relationships produces significant benefits for the companies involved and acts as a deterrent to the pursuance of alternative relationship partners. As the forgoing discussion indicates, commitment is a powerful and generally positive relationship variable. In the next section definitions of commitment, primarily drawn from the interorganisational relationship literature, will be reviewed.

#### **4.2.2.1 Definition of Commitment**

Scholars in the intra-organisational and organisational psychology fields have devoted much attention to commitment. The work of Meyer and Allen (1991)<sup>16</sup> has been particularly influential and has influenced many studies on commitment in the interorganisational literature. Within the interorganisational literature, commitment is generally defined as a desire or pledge (implicit or explicit) to maintain a valued relationship into the future by exerting effort or making short-term sacrifices in order to achieve mutual benefits (Dwyer et al., 1987; Moorman et al., 1992; Anderson and Weitz, 1992; Morgan and Hunt 1994; Wilson, 1995; Kumar et al., 1995; Wetzels et al., 1998; Jap and Ganesan, 2000; Mavondo and Rodrigo, 2001; Sharma et al., 2006; Pesamaa and Hair, 2008). In essence, commitment ‘only makes sense if tomorrow matters’ (Zineldin and Jonsson, 2000, p. 248). Like trust, commitment is complex and multi-dimensional in nature (Gundlach et al., 1995). Interpersonal commitment is built on trust (Axelrod, 1984; Morgan and Hunt, 1994; Wetzels et al., 1998) and is typically informal; it facilitates the development of stronger personal relationships (Pesamaa and Hair, 2007). Commitment within a relationship grows in an iterative, reciprocal manner, with interpersonal commitment promoting interorganisational commitment (Axelrod, 1984; Ring and Van de Ven, 1994; Mavondo and Rodrigo, 2001; Pesamaa and Hair, 2008). Intra-organisational commitment represents the desires, needs and obligations that tie an individual to an organisation (Meyer and Allen, 1991). The components of commitment are reviewed in the next section.

#### **4.2.2.2 Components of Commitment**

Within the interorganisational literature, following Meyer and Allen (1991), commitment is typically delineated into three components: an input component, an attitudinal component and a temporal component (Gundlach et al., 1995)<sup>17</sup>. The input component represents an ‘affirmative action by one person that creates a self interest

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<sup>16</sup> In the intra-organisational literature, Meyer and Allen (1991) conceptualised the commitment of an employee to an organisation as consisting of three distinct (but not mutually exclusive) components described as affective, continuance and normative commitment. Affective commitment (desire), describes an individual’s emotional attachment, identification with and involvement in a relationship. Continuance commitment (need), reflects the costs associated with terminating the relationship. Normative commitment (obligation), reflects a sense of obligation or duty to continue the relationship into the future.

<sup>17</sup> Refer to Sharma et al. (2006) for a comprehensive review of empirical research into commitment in interorganisational relationships.

stake in the relationship and demonstrates something more than a mere promise' (Gundlach et al., 1995, p.79). Examples of input components include pledges, transaction specific investments, the dedicated allocation of resources and the sharing of sensitive market information (Williamson 1985; Anderson and Weitz, 1992; Gundlach et al., 1995). High levels of tangible and intangible inputs are a feature of committed relationships (Blau, 1964). Commitment inputs are typically specific to a particular relationship hence, once deployed; they increase the cost of exiting the relationship. The attitudinal component represents an expectation that the relationship will continue into the future signalled by a willingness to develop and maintain the relationship (Anderson and Weitz, 1992). The temporal component represents the regularity, dependability and predictability of the inputs and attitudes brought to the relationship. The components of commitment all relate to psychological states, but are based on different motivations for maintaining a relationship (Geyskens et al., 1996). The three components are not mutually exclusive; indeed elements of each can exist in any committed relationship (Sharma et al., 2006) and the components can mutually interact and reinforce each other (Anderson and Weitz, 1992).

#### **4.2.2.3 Types of Commitment**

The relationship marketing literature has focused primarily on two types of commitment: calculative and affective (Kumar et al., 1994; Wetzels et al., 1998; de Ruyter et al., 2001; Gustafsson et al., 2005; Ganesan et al., 2010). Calculative commitment is objective in nature; it is based on a rational, cognitive assessment of the benefits obtainable from the relationship (Anderson and Weitz, 1992; Wetzels et al., 1998). This form of commitment involves the continuous measurement and evaluation of the costs and rewards from continuing the relationship and reflects a need to 'maintain a relationship given the significant anticipated termination or switching costs associated with leaving' (Geyskens et al., 1996, p. 304). Gustafsson et al. (2005, p. 211) described calculative commitment as being 'colder, or more rational' than affective commitment.

Relationships based solely on calculative commitment are unlikely to be long-term in duration (Wetzels et al., 1998) as this form of commitment tends to promote the search for alternative partners and increases the likelihood of opportunistic behaviour

(Fullerton, 2005; Ganesan et al., 2010). Ganesan (1994) found a positive relationship between dependency and calculative commitment; while de Ruyter et al. (2001) found a negative relationship between trust and calculative commitment which implies that trust will be low in relationships characterised by calculative commitment. Calculative commitment can be positive (incentive based) or negative (deterrent based). Positive calculative commitment involves the rational economic assessment of the gains achievable from continuing in a relationship (Sharma et al., 2006) whereas negative calculative commitment arises where significant transaction specific investments have been made and switching costs are high (Williamson, 1985).

Affective commitment is subjective in nature, this form of commitment is 'hotter, or more emotional' than calculative commitment (Gustafsson et al., 2005, p. 211). Affective commitment describes the desire to develop and strengthen a relationship with another person or group due to a sense of liking, an emotional attachment, identification with, or an involvement in a relationship (Geyskens et al., 1996; de Ruyter et al., 2001; Sharma et al., 2006; San Martin, 2008). Affective commitment enhances the perception of partner performance (Jap and Ganesan, 2000), and positively influences a firm's intention and desire to continue in, and their willingness to invest in, a relationship (Kumar et al., 1995). Affective commitment positively influences cooperation and is negatively related to conflict (Palmatier et al., 2007).

Research indicates that in relationships characterised by affective commitment opportunistic behaviour is lowered (Gundlach et al., 1995), the search for alternative partners is suppressed (Wetzels et al., 1998; Fullerton, 2005) and the partners demonstrate stronger intentions to develop and maintain the relationship than in relationships characterised by strong calculative commitment (Schurr and Ozanne, 1985; Wetzels et al., 1998). However, the negative impact of severe opportunistic behaviour is magnified in relationships characterised by affective commitment and the search for alternative partners is stimulated (Ganesan et al., 2010).

#### **4.2.2.4 How Commitment Develops**

Commitment only emerges when a relationship is well established and relates to the importance placed on continuing the relationship, thus it is of greatest importance in the commitment phase of relationship development (Dwyer et al., 1987, Powers and

Reagan, 2007). Commitment, similar to trust, cannot be forced or imposed; it must be earned (Zineldin and Jonsson, 2000). Calculative and affective forms of commitment are based on different motivations for maintaining a relationship (Geyskens et al., 1996), and can be fostered in different ways. Calculative commitment, as outlined earlier, is objective in nature and involves an ongoing assessment of the costs and rewards associated with continuing a relationship. The presence of idiosyncratic, relationship specific investments, such as knowledge, capital, or personnel, will increase the cost of terminating a relationship (Anderson and Weitz, 1992; Morgan and Hunt, 1994). Furthermore significant idiosyncratic investments can increase the costs associated with identifying and securing an alternative partner (Dwyer et al., 1987; Heide and John, 1994). It follows that high relationship termination and switching costs will lead to increased levels of calculative commitment. Therefore calculative commitment can be fostered by inducing or persuading a partner to invest in non-transferable or transaction specific assets.

Affective commitment is subjective in nature, involving a sense of liking and emotional attachment to a relationship; it develops through sharing, identifying with, or adopting the moral and ethical values of the partner organisation (Morgan and Hunt, 1994). Trust is an acknowledged antecedent of relationship commitment with empirical evidence that it has a positive impact on affective commitment (Anderson and Weitz, 1989; Morgan and Hunt, 1994; Geyskens et al., 1996; de Ruyter et al., 2001; Friman et al., 2002). Trust fosters a sense of affiliation and identification between the relationship partners that inculcates a positive motivation to maintain the relationship. Wetzels et al. (1998) found that benevolence and honesty had a positive influence on the establishment of affective commitment. Therefore, by demonstrating the characteristics necessary for creating trust, in particular by acting in an honest and benevolent manner, affective commitment can be fostered (Morgan and Hunt, 1994; Gundlach et al., 1995; Wetzels et al., 1998). Shared moral or ethical values promote the emergence of affective commitment (Morgan and Hunt, 1994).

Bilateral, collaborative communication has been found to positively impact on the development of affective commitment (Mohr et al., 1996) the conceptual argument being that frequent bilateral engagement and collaborative communication creates a sense of community between the exchange partners, which prompts the emergence of affective commitment (Lawler and Yoon, 1993). The persistent negative use of power



(particularly coercive power) lowers both commitment and trust, thus damaging relationships, sometimes beyond repair (Kasulis and Speckman, 1980; Morgan and Hunt, 1994; Kumar, 1996). Opportunistic behaviour negatively affects the development of commitment in a relationship (Macneil 1980; Morgan and Hunt, 1994; Williamson 1985). It has been found that disproportionate commitments (particularly if the commitment is calculative) can lead to opportunism by the less committed partner (Gundlach et al., 1995).

Anderson and Weitz (1992) found that one firm's commitment to a relationship is influenced by perceptions of the other firm's commitment. By making implicit or explicit pledges, firm A can demonstrate commitment, which, if reciprocated by the other party, further increases the commitment of firm A, in effect a 'reinforcement cycle that increases the level of commitment by both parties over time' (Anderson and Weitz, 1992, p. 20). The level of social and economic rewards derived from a relationship impacts significantly on commitment levels (Lambe et al., 2001a). Firms that consider a relationship has met or exceeded prior expectations are likely to view that relationship as valuable, beneficial and important to maintain (Moorman et al., 1992; Morgan and Hunt, 1994). As a consequence, they are more likely to expend the time and resources necessary to achieve the mutual goals of the relationship (Lambe et al., 2001a). Commitment can produce significant benefits for companies in terms of reduced costs and lower risks; however developing commitment requires a considerable investment of time, effort and funds. Communication plays a major role in the development of both trust and commitment in all relationships; this variable is explored in the next section.

### **4.2.3 Communication**

Communication, the 'lifeblood of relationships' (Knapp and Vangelisti, 1992, p. 1) is a critical component in the formation of relationships at all levels of analysis. As Dwyer et al. (1987, p. 17) observe: 'a relationship seems unlikely to form without bilateral communication of wants, issues, inputs, and priorities'. Without communication relationships cannot prosper (Duncan and Moriarty, 1998). Through the exchange of personal, privileged, confidential and relationship specific information (Hakansson and Gadde, 1982; Mohr and Nevin, 1990) the quality and

closeness of a relationship can be enhanced and relational norms can be fostered (Anderson and Narus, 1990; Mohr and Nevin, 1990; Morgan and Hunt, 1994; Mohr et al., 1996). Bilateral communication stimulates mutual understanding between the partners which leads to the emergence of common goals and objectives (Anderson and Narus 1990; Anderson and Weitz, 1992; Morgan and Hunt, 1994; Hutt et al., 2000). The mutual exchange of timely and rich information reduces uncertainty (Anderson and Weitz, 1989), promotes commitment (Mohr et al., 1996), and facilitates adaptation (Ford et al., 1998) within a relationship.

Communication and trust are interrelated (Morgan and Hunt, 1994; Andersen, 2001). The frequency and quality of communication exchanged increases as the level of trust increases<sup>18</sup> (Moorman et al., 1992; Dyer and Chu, 2003). Similarly, increased communication, particularly proprietary or personal, increases trust. Indeed the mere perception of timely communication has been found to promote trust (Moorman et al., 1992). Furthermore, Burt and Knez (1996) found that that indirect communication linkages such as third party gossip, can act to strengthen the development of trust and, equally, distrust.

Communication can be a source of non-economic satisfaction in that interaction with an exchange partner may generate personal fulfilment and satisfaction (Mohr et al., 1996). Quality communication is a critical element in the relationship development process; specifically it acts to reduce uncertainty in the exploration phase (Claycomb and Franwick, 2010). Communication has been shown to have a profound impact on the success (or failure) of a relationship (Dwyer et al., 1987; Mohr and Spekman, 1994; Mohr et al., 1996; Tuten and Urban, 2001). In the next section definitions of communication, from both the interpersonal and interorganisational literature streams, are explored.

#### **4.2.3.1 Definition of Communication**

Communication, ubiquitously described as the glue that holds together relationships (Mohr and Nevin, 1990), is essential for all stages, types and levels of relationships.

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<sup>18</sup> Anderson and Narus (1990) highlighted a lack of consensus as to the directionality of the communication-trust relationship; ultimately they modelled communication as an antecedent to trust.

Ohmae (1993, p. xvi) signalled the importance of communication when he commented that 'the most carefully designed relationship will crumble without good, frequent communication'. Communication can be defined as the process by which information (verbal and non-verbal) is exchanged and understood by two or more people with the aim of motivating or influencing behaviour (Daft and Marcic, 2004). Interorganisational communication refers to 'the formal as well as informal sharing of meaningful and timely information between firms' (Anderson and Narus, 1990, p. 44). Communication and information are not synonymous terms; communication requires effort by both the sender and the receiver; in other words issuing a message does not represent communication, the receiver must interpret and respond to the message for communication to occur.

#### **4.2.3.2 Communication Dimensions**

Participation, quality and information sharing were identified by Mohr and Spekman (1994) as important dimensions of communication behaviour. The depth (participation and communication quality) and the breadth (range and extent of sharing) of information communicated will influence the success, in either economic or social terms, of the relationship (Monczka et al., 1998).

Participation refers to the extent to which both partners work together in planning and goal setting (Mohr and Spekman, 1994). Joint participation creates mutual expectations and improves cooperation and coordination. Communication quality refers to the timeliness, accuracy, adequacy and credibility of the information exchanged (Daft, 2003; Mohr and Spekman, 1994; Mohr and Sohi, 1995). Communication quality influences the degree to which the content of the message is received and understood by the other party in the relationship and is one of the most critical aspects of a business relationship (Mohr et al., 1996). Prahinski and Fan (2007) found a direct and strong relationship between communication quality, or the perception of quality, and commitment. The provision of misinformation or inaccurate information will damage a partner's ability to build and sustain a successful relationship (Mohr and Spekman, 1994).

Information sharing refers to the extent to which significant and sensitive information is communicated between the relationship partners (Mohr and Spekman, 1994). The

efficient and timely sharing of information can generate competitive advantage by facilitating rapid response to changing market conditions. Information sharing promotes conflict resolution (Monczka et al., 1998). Organisations are often reluctant to share sensitive or proprietary information with other organisations due to fear of loss of competitive advantage (Mohr and Speckman, 1994); however the disclosure of information is essential for coordination and the growth or intensification of relationships (Altman and Taylor, 1973, Knapp and Vangelisti, 1992). Therefore organisations must strike a balance between sharing enough information to allow successful coordination of activities and effective decision making, but not so much information that their competitive viability is damaged (Mohr and Speckman, 1994).

In conceptual (Mohr and Nevin, 1990) and empirical (Mohr et al., 1996) works, Mohr and her colleagues defined collaborative communication in terms of four facets: frequency, direction, modality and content. Frequency refers to the amount of contact and communication exchanged between the relationship partners. Too much communication can overload the participants and have dysfunctional outcomes. Direction refers to the flow of information which can be classified as vertical or horizontal and either unilateral or bidirectional. The power structure within a relationship will influence the directional flow of information (Kasulis and Speckman, 1980). Modality refers to the method used to transmit information. Communication methods can be formal, (routine, planned, or structured) or informal (unplanned, brief or impromptu in nature) (Mohr et al., 1996). Content refers to the message that is to be delivered; content can be formal (explicit and detailed) or informal (vague or loose) (Mohr et al., 1996). Mohr and Nevin (1990) developed a model that linked communication facets with channel conditions arguing that in close relational exchanges communication would be higher in frequency, more bi-directional, more informal and would utilise more indirect content. For the authors, collaborative communication can result in increased cooperation, satisfaction and ultimately relational closeness and improved performance.

#### **4.2.3.3 Types of Communication**

Influence strategies, which describe the means by which individuals communicate with exchange partners to affect their behaviour, can be delineated into coercive

(direct) and non-coercive (indirect) strategies (Frazier and Summers, 1984; Boyle et al., 1992; Stern et al., 1996; Simpson and Mayo, 1997). Coercive communication involves direct (autonomous) influence strategies such as requests, promises, threats and legal enforcement. This type of communication involves the use of power and is typically infrequent, punitive and unilateral in nature (Daft, 2003). Coercive influence strategies aim to change the behaviour of the receiver without altering the views of the receiver as to the desirability of the behaviour or outcome sought (Frazier and Summers, 1984; Mohr and Nevin, 1990). This type of communication is prevalent in discrete relationships, in unsupportive climates and in situations where power is unevenly distributed (Mohr and Nevin, 1990).

Non-coercive communication, such as information exchange and recommendations, are collaborative in nature, they aim to change the receiver's beliefs and attitudes in relation to the intrinsic desirability of the behaviour or outcome sought (Frazier and Summers, 1984; Mohr et al., 1996). Non-coercive communication involves frequent and bi-directional communication using a wide range of communication methods (Mohr and Nevin, 1990). Simpson and Mayo (1997) found that the frequent use of non-coercive influence strategies were associated with increased levels of commitment and trust. Relationships that have behavioural content (recurrent and close) will be characterised by non-coercive communication methods (Mohr and Nevin, 1990).

#### **4.2.3.4 Communication Methods**

There are a variety of communication methods or channels that can be utilised to transmit and interpret messages, the principal ones being verbal, nonverbal, written and electronic (Lengel and Daft, 1988). Verbal and nonverbal communication methods are typically used simultaneously to transmit information; in combination they enhance the meaning of the message being transmitted. Nonverbal communication encompasses all communication that is transmitted by means other than words. Nonverbal communication behaviours are spontaneous, ambiguous, and often outside conscious awareness and control (Gudykunst and Young, 2003); they add richness to the message being conveyed (Lengel and Daft, 1988). Kinesics and

paralanguage are the principal methods of nonverbal communication.<sup>19</sup> Kinesics refers to behaviours such as gestures, body movements and facial expressions that communicate meaning. Kinesic actions include smiles, nods, shrugs and winks (Jandt, 1998). Mirroring the body language of someone else indicates that they are understood. Paralanguage refers to nonverbal vocal nuances in communication that add meaning to language as it is used in context such as the tone of voice, laughter, sobs and vocal segregates such as ums and ahs (Gudykunst and Young, 2003). The old saying: 'it's not what you say; it's how you say it' illustrates the significant role that non-verbal communication methods can play in reinforcing (or distorting) the information being transmitted.

Communication methods can be ranked by the richness of the information that can be transmitted; methods differ in their information capacity based on their 'ability to facilitate multiple cues, feedback and personal focus' (Lengel and Daft, 1988, p. 226). Face-to-face communication is the richest communication method as it allows multiple information cues, immediate feedback, subtlety, emotion and urgency to be captured (Daft and Marcic, 2004). The next richest method is the telephone, followed by email or web based communications. Weaker still are written letters or memos, and finally, the weakest method is impersonal written media such as fliers and bulletins (Daft et al., 1987; Lengel and Daft, 1988; Daft, 2003). Rich communication methods, because they allow the 'direct, undiluted experience of events' (Daft et al., 1987, p. 364), should be used for delivering critical, sensitive, non-routine communications. Conversely, communication methods that are low in richness are appropriate for the efficient communication of objective data in support of routine decisions.

#### **4.2.3.5 How Communication Develops**

Altman and Taylor (1973) outlined the process by which participants increasingly share more intimate details about themselves through interpersonal communication as relationships develop. Gabarro (1990) identified eleven dimensions of communication along which relationships develop which he ranked in the following order: (1) openness and self disclosure, (2) knowledge of each other, (3) the ability to predict

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<sup>19</sup> Other nonverbal communication codes include physical appearances, proxemics (physical distance maintained between individuals), chronemics (perception and use of time), haptics (communication by touch), olfactics (communicating by smell) and silence (see Jandt, 1998 for further information).

and anticipate each other's reactions and responses, (4) uniqueness of interaction, (5) multimodality of communication, (6) substitutability of communication, (7) capacity for conflict and evaluation, (8) spontaneity of exchange, (9) synchronisation and pacing, (10) efficiency of communication, and (11) mutual investment. In a similar approach, Knapp and Vangelisti (1992) devised a model of the interaction states of relationships and identified eight dimensions of interpersonal communication behaviour (see Table 4.3) to portray the evolution of communication over the lifecycle of a relationship.

**Table 4.3 Dimensions of Interpersonal Communication Behaviour**

<b>Relationship Growth Stages</b> ⇒ ⇒ ⇒		<b>Relationship Decay Stages</b> ⇐ ⇐ ⇐	
Narrow	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Broad
Stylised	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Unique
Difficult	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Efficient
Rigid	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Flexible
Awkward	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Smooth
Public	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Personal
Hesitant	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Spontaneous
Overt Judgement Suspended	⇒ ⇒ ⇒	⇐ ⇐ ⇐	Overt Judgement Given

**Source: Knapp and Vangelisti (1992)**

Communication within a relationship was modelled by Knapp and Vangelisti (1992) as increasing in intensity during relationship growth stages, which they ranked as initiating, experimenting, intensifying, integrating, and culminating in the ultimate relationship state of bonding. The stages through which communication progressively deteriorates in the relationship decay process were described as differentiating, circumscribing, stagnating, avoiding and ultimately terminating (Knapp and Vangelisti, 1992).

Based on the work of Altman and Taylor (1973) and the dimensions identified by Gabarro (1990) and Knapp and Vangelisti (1992), it is apparent that as relationships develop (at both the interpersonal and interorganisational levels of analysis)

communication evolves from being autonomous to collaborative in nature and reverses in direction as relationships decline. Thus, communication will increase in mutuality, frequency and depth, and become more informal and expansive as relationships develop (Altman and Taylor, 1973; Gabarro, 1990; Knapp and Vangelisti, 1992; Moorman et al., 1992; Mohr and Speckman, 1994; Sias and Cahill, 1998). Bilateral communication, and ultimately relational closeness, can be fostered through the provision of prompt and accurate information about critical problems, strategic issues and performance expectations (Mohr and Nevin, 1990; Morgan and Hunt, 1994).

The progressive development or intensification of communication can be related to the relationship development stages identified by Dwyer et al. (1987) (as discussed in Section 3.3). During the awareness stage of a relationship, communication will be limited and autonomous in nature; physical proximity facilitates communication in this stage (Altman and Taylor, 1973; Knapp and Vangelisti, 1992). In the exploration and expansion stages communication intensifies and conflict resolution mechanisms evolve (Prahinski and Fan, 2007); this process validates the partner's mutual investment in the relationship (Dwyer et al., 1987). Repeated interactions enable the partners to understand how their counterparts use subtle phrases and ways of explaining difficult concepts (Uzzi, 1997); thus communication becomes more efficient (Knapp and Vangelisti, 1992).

When the relationship reaches the commitment stage, communication will be less cautious and more collaborative and expansive in nature with significant and consistent communication resources exchanged (Sias and Cahill, 1988). The quality and range of communication exchanged increases in tandem with increases in the level of trust (Anderson and Narus, 1990; Moorman et al., 1992; Morgan and Hunt, 1994; Friman et al., 2002); in effect trust and communication are subject to 'mutual causality' (Dyer and Chu, 2003). Intensive bilateral communication and effective conflict resolution mechanisms can result in a situation where partners, while aware of potential alternate partners, do not actively evaluate possible replacement partners (Dwyer et al., 1987). Where a relationship stagnates or enters the dissolution stage, the breadth, depth and duration of communication will decrease, communication will become difficult, rigid, hesitant and awkward with face-to-face communication increasingly avoided (Knapp and Vangelisti, 1992).



The forgoing illustrates that communication is essential for all stages, types and levels of relationships; indeed, relationships cannot function without communication. Communication provides a foundation that allows trust and commitment to develop and facilitates the development of cooperation; this variable is explored in the next section.

#### **4.2.4 Cooperation**

The concept of cooperation enjoys considerable attention in academic literature and is frequently cited as a vital relationship element (see Macneil, 1980; Hakansson, 1982; Anderson and Narus, 1990; Wilson, 1995; Payan, 2007). The term cooperation refers to an agreement, relationship or exchange between two or more actors that is conducted freely by each of the participating parties. Interorganisational cooperation refers to circumstances in which organisations work together to achieve mutual goals (Anderson and Narus, 1990; Morgan and Hunt, 1994); it is built on interpersonal cooperation (Smith et al., 1995). The possibility of mutual gain is the key motivation for interorganisational cooperative behaviour (Axelrod, 1984; Oliver, 1990). Interorganisational cooperation tends to emerge when organisations are unable to provide a specific service or a response to a specific need (Huxham and Vangen, 2005).

Cooperation reduces economic (Axelrod, 1984) and personal (Blau, 1964) risks. Firms that understand the role of cooperation will accept individual short-term sacrifices to achieve long-term mutual benefits (Dwyer et al., 1987; Anderson and Narus, 1990; Morgan and Hunt, 1994; Gundlach et al., 1995). Coordinated, joint efforts can generate outcomes greater than those a firm could achieve if it acted independently or unilaterally (Anderson and Narus, 1990; Porter 1998). Cooperation can result in greater efficiency, the achievement of individual and joint objectives and, ultimately, to higher levels of satisfaction, both economic and social (Anderson and Narus, 1990; Mohr and Speckman, 1994). The variables cooperation and commitment act together to increase the effectiveness of relationships and to facilitate mutual relationship benefits (Wilson, 1995). Cooperation does not imply the absence of competition or conflict; each can be present in various combinations in any relationship (Wilkinson and Young, 1994). Cooperation can generate significant benefits for all those involved; however there is a 'dark side' to cooperation as it can lead to the imposition

of burdens and the generation of conflict (Zineldin, 2004). In the next section, definitions of interorganisational cooperation are explored.

#### **4.2.4.1 Definition of Cooperation**

One of the most frequently cited definitions of interorganisational cooperation is ‘similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or similar outcomes with expected reciprocation over time’ (Anderson and Narus, 1990, p. 45). Cannon and Perreault (1999, p. 443) defined cooperative norms as ‘expectations the two exchanging parties have about working together to achieve mutual and individual goals jointly’. Thus, cooperation requires input from both sides of the relationship (Anderson and Narus, 1990), indicates a willingness to continue the relationship into the future (Axelrod, 1984; Ring and Van de Ven, 1994), and signals the ability (and willingness) of firms to work with other firms towards the achievement of individual and mutual goals (Frazier, 1983; Smith et al., 1995). Cooperation requires active participation, by one or both partners, toward sustaining the relationship (Morgan and Hunt, 1994). Cooperation does not imply the absence of conflict (Frazier, 1983); partners can have ongoing disputes about goals yet may continue to cooperate because both parties’ relationship termination costs are high.

Cooperation is often viewed as synonymous with coordination; indeed Anderson and Narus (1990) incorporate the word coordination in their definition of cooperation. One reason that this appears to be a generally accepted definition is because it is assumed that ‘coordination implies cooperation’ (Morgan and Hunt, 1994, p. 26). Based on an extensive review of the literature, Payan (2007) argued that cooperation and coordination should be treated as separate, but related, issues. Payan (2007, p. 228) defined cooperation as: ‘an orientation that reflects a spirit of willingness of one organization to work with another organization’, and defined coordination as: ‘general joint activities that take place between organizations’.

Collaboration is another term that is frequently used interchangeably with cooperation. In the literature collaboration is generally portrayed as involving higher levels of trust and mutual dependence than cooperation (Jamal and Getz, 1995; Gray,

1996; Huxham, 1996; Mentzer et al., 2000; Golicic et al., 2003). Interorganisational collaboration is deemed to occur when ‘a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structures, to act or decide to act on issues related to that domain’ (Wood and Gray, 1991, p. 146). Various types of cooperation have been identified in the literature; these are considered in the next section.

#### **4.2.4.2 Types of Cooperation**

Cooperation, at the interorganisational level, may be formal (legalistic) or informal (psychological) in nature, or a combination of the two (Ring and Van de Ven, 1994). Formal cooperation is characterised by contractual obligations and formal control structures, whereas informal cooperation relies on behavioural norms and is more flexible and adaptive in nature (Ring and Van de Ven, 1994; Gulati, 1995). Pesamaa et al. (2008) argued that the presence of either a strong aggressive company or a strategic hierarchical network facilitates cooperation as, by coordinating activities from one point, information will be shared by the partners and conflict will be reduced. Levels of trust and risk will influence the type of cooperation present in a relationship. Over time, as a relationship develops, the type of cooperation employed in the relationship may evolve from being formal to informal in nature (Ring and Van de Ven, 1994). Further, positive prior experience with another firm leads to reduced reliance on formal, contractual safeguards and increased reliance on informal, cooperative measures (Gulati, 1995).

The supply chain literature delineates cooperation types into vertical, horizontal and lateral forms. Vertical cooperation occurs when firms, operating at different levels in a market, share responsibilities, resources and information to meet the needs of customers. Horizontal cooperation occurs when firms operating at the same level in a market work together to reduce costs or improve services. Horizontal cooperation is also referred to as ‘coopetition’ (Brandenberger and Nalebuff, 1996; Zineldin, 2004). Coopetition describes a business situation in which independent parties cooperate and co-ordinate their activities to achieve mutual goals and simultaneously compete with each other and with other firms (Zineldin, 2004). Coopetition is particularly effective where the cooperation element relates to non-critical activities while competition can

continue for core activities (Crujssen et al., 2007). Nonetheless, as it involves 'relationships, interactions, attitudes, motives, behaviour, needs, actions and satisfactions' (Zineldin, 2004, p. 781) between competitor firms, cooperation can be difficult to achieve (Browning et al., 1995). Difficulties in finding a trusted person to lead a cooperative initiative and opportunistic behaviour have been found to inhibit horizontal cooperation (Mentzer et al., 2000). Lateral cooperation reflects a combination of vertical and horizontal cooperation, with the aim being to increase flexibility by combining and sharing skills at a range of levels in a market (Crujssen et al., 2007).

#### **4.2.4.3 How Cooperation Develops**

As can be deduced from the definition section, cooperation requires agreement on the aims, goals and objectives of the relationship and as a consequence is of greatest significance in the expansion and commitment relationship development phases (Powers and Reagan, 2007). Cooperation evolves in situations where partners are dependent on each other to reach a desired goal (Ganesan, 1994), or where high relationship termination costs are anticipated (Dwyer et al., 1987; Morgan and Hunt, 1994). Three factors, commitment, trust, and communication have been found to significantly influence interorganisational cooperation (Morgan and Hunt, 1994; Anderson and Narus, 1998; Mentzer et al., 2000; Leonidou et al., 2006). In addition, goal consistency has been found to have a positive influence on interorganisational cooperation (Kim et al., 2010). To develop a cooperative (or coopetitive) relationship, partners must be willing (and able) to be flexible, share information and experiences, and eliminate or minimise insecurity and uncertainty (Zineldin, 2004).

Mentzer et al. (2000), in an investigation into supply chain collaboration (viewed as a higher order form of cooperation), found common interests, openness, mutual support, clear expectations, leadership, trust and benefit sharing to be significant enablers of collaboration. They found resistance to change, time pressures, inadequate communication, inconsistency and betrayal were impediments to collaboration. Similarly, in an article focusing on the transport and logistics sector, Crujssen et al. (2007) reviewed the supply chain literature on cooperation and categorised the impediments and facilitators of horizontal cooperation (coopetitive relationships)

apparent in that literature. They found that partner characteristics (for example, difference in interests and opportunism), difficulties in determining how benefits would be distributed, negotiation difficulties and high coordination costs were inhibitors to horizontal cooperation while horizontal cooperation was facilitated by information sharing, relationship and relationship characteristics (trust, commitment, interdependence, shared customers and integrity), relationship management attributes (clear expectations, conflict resolution skills), common or compatible information technology and physical proximity. In the alliance literature stream Simonin (1997) has highlighted the value of collaborative experience, arguing that this experience would enhance the benefits in any subsequent collaborative ventures. Doz et al. (2000) drew attention to the incremental benefits of cooperation, arguing that successful cooperation often leads to the unearthing of more successful methods of cooperation.

While a positive link between cooperation and trust is evident in the literature, the direction of the link is unclear. Some empirical studies have found cooperation to be a consequence of trust (Dwyer et al., 1987; Moorman et al., 1992; Ganesan, 1994; Morgan and Hunt, 1994; Ryssel et al., 2004), whereas others have found cooperation to be an antecedent of trust (Anderson and Narus, 1990). Thus, the causal direction of the cooperation–trust link is unclear, possibly signifying that the interrelationship between these two variables is reciprocal. It should be recognised that, in the absence of trust, cooperation can be compelled by the exercise of power or coercion (Mayer et al., 1995; Rousseau et al., 1998). Relationship variables such as trust, communication, commitment and interdependence facilitate cooperation while opportunism and conflict impede cooperation.

Cooperation is a skill that some individuals develop naturally, others, however, can find it difficult to appreciate the benefits of working together and, therefore, may not seek cooperative relationships (Pesamaa and Hair, 2007). The decision to cooperate is often influenced by the judgement and behaviour of others (Jeffries and Becker, 2008). Furthermore, cooperation can be influenced by shared values, mutual goals, personal characteristics and culture. Individuals and cultures with collectivist characteristics are more predisposed to establish cooperative long-term cooperative relationships than those with individualistic traits (Sako, 1992; Wagner 1995; Rodriguez and Wilson, 2002). Shared values and mutual goals are considered in the next section.

#### **4.2.5 Shared Values and Mutual Goals**

Shared values are of particular interest to intra-organisational researchers, in particular in the organisational commitment literature (Meyer and Allen, 1984; Anderson et al., 1994). Mutual goals are an important relationship variable at various stages in interorganisational relationships (Powers and Reagan, 2007).

Firms that share values understand their partner's behaviours and goals and have common beliefs about what is right or wrong, important and unimportant and appropriate or inappropriate (Dwyer et al., 1987; Anderson and Weitz, 1989; Powers and Reagan, 2007). Shared values signal that a potential partner is trustworthy (Hunt and Morgan, 1994). Relationship partners that share values can avoid possible misunderstandings in their communications, have more opportunities to exchange their ideas freely (Tsai and Ghoshal, 1998) and are more likely to trust one another and enter into committed relationships than firms that do not share many similar values, *ceteris paribus* (Zineldin and Jonsson, 2000). Powers and Reagan (2007) found that the presence of mutual goals assisted relationship development in the awareness phase. Shared values and mutual goals have also been found to be particularly important in the commitment phase of a relationship as they help to sustain mutual investment and contribute to the development of commitment and trust (Dwyer et al., 1987; Powers and Reagan, 2007).

Morgan and Hunt (1994, p. 25), defined shared values as 'the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong'. Shared values have a positive influence on relationship development and are considered foundational to the development of relational norms (Heide and John, 1992). Mutual goals are a similar, but narrower, concept than shared values. Wilson (1995, p. 9) defined mutual goals as 'the degree to which partners share goals that can only be accomplished through joint action and the maintenance of the relationship'.

Thus far, the relationship variables examined have been predominantly positive in nature, typically generating relational benefits as they increase in magnitude. There is a 'dark side' however; the relational variables conflict, power and opportunistic

behaviour can negatively impact on relationships as they increase in magnitude. Each of these variables will be examined in turn in the following sections.

#### **4.2.6 Conflict**

Conflict is a natural and inevitable element that is present in all relationships (Dwyer et al., 1987; Anderson and Narus, 1990; Monczka et al., 1998; Donaldson and O'Toole, 2007; Payan, 2007). Conflict arises when one party obstructs, interferes, impedes, blocks, frustrates, or makes less effective the behaviour of a relationship partner (Deutsch, 1973; Gaski, 1984). According to Hakansson and Gadde (1982, p. 413) 'there will be conflict as long as both parties remain independent, because they will never have identical goals'. Conflict is a consequence of different perceptions of goals and roles (Dwyer et al., 1987; Morgan and Hunt, 1994); the potential for conflict increases in tandem with increased interdependence (Robicheaux and El-Ansary, 1976). Relationships that are adversarial and highly conflictual are characterised by low levels of trust, commitment and cooperation (Anderson and Weitz, 1992; Leonidou et al., 2006). According to Ford et al. (1998) an excessive amount of conflict can cause friction, frustration, and hostility, and can, ultimately, lead to the disintegration of the relationship. Conflict can lead relationship partners to adopt a unilateral, selfish attitude (Leonidou et al., 2006). In the interorganisational relationship literature, conflict has often, though not exclusively, been associated with negative consequences (Anderson and Weitz, 1992). However, as Pondy (1967, p. 319), pointed out: 'conflict is not necessarily bad or good, but must be evaluated in terms of its individual and organizational functions and dysfunctions'. Conflict can operate as a mechanism through which problems can be aired and solutions reached (Deutsch, 1973). Hakansson and Gadde (1982) argued that, along with cooperation, interorganisational relationships require some degree of conflict to be effective; indeed, without conflict, interorganisational relationships can stagnate (Stern et al., 1996). The positive benefits of conflict were encapsulated by Hoffer (cited in Pascale 1990, p. 263) when he stated that: 'the most gifted members of the human species are at their creative best when they cannot have their way'. Conflict encourages creativity, adaptability, innovation and corrective behaviour (Weick, 1979; Ring and Van de Ven, 1994).

#### **4.2.6.1 Conflict Definition and Causes**

Deutsch (1973, p. 10) advised that conflict occurs ‘whenever *incompatible* activities occur’ (italics in original), explaining that where the actions of one person interferes with, obstructs or in some way impedes the actions of another a conflict will materialise. Pondy (1967) argued for the adoption of a broad working definition of conflict to encompass the principal causes of interorganisational conflict which he identified as: (1) competition for scarce resources; (2) a desire for autonomy; (3) goal divergence; and (4) differences in perception. Thomas (1992) identified three themes common in most definitions of conflict, namely: interdependence between the partners, a perception of incompatibility of interests, and some form of interaction.

#### **4.2.6.2 Types of Conflict**

Conflict is multidimensional in nature; the organisational literature typically makes a distinction between cognitive conflict, (also categorised as functional, task, or constructive conflict) and affective conflict (or dysfunctional, relationship, or destructive conflict). Cognitive conflict is conceptualised as differences in opinion relating to business issues that can be resolved by recourse to facts and logic (Jehn, 1995; Dirks and Parks, 2003). Massey and Dawes (2007, p. 1122) depicted cognitive conflict as the ‘constructive challenging of ideas, beliefs, and assumptions, and respect for others’ viewpoints even when parties disagree’. Similarly, Deutsch (1969, p. 19), described cognitive conflict as a ‘medium through which problems can be aired and solutions arrived at’ and noted that in strong, important relationships conflict is more likely to be resolved cooperatively and constructively. Cognitive conflicts can be resolved through positive joint interactions, such as the open, honest exchange of ideas and consultation (Anderson and Narus, 1990; Morgan and Hunt, 1994). Essentially, in cognitive conflicts the participants are willing to consider changes and new ideas proposed by others and are prepared volunteer information and ideas to other partners, this cooperative attitude increases the likelihood that conflict will be constructive and functional (Deutsch, 1973). This form of conflict allows the relationship participants to generate a better understanding of the nature of the conflict issue and to develop a broader range of solution options thereby enhancing relationship performance (Robicheaux and El-Ansary, 1976; Eisenhardt et al., 1997;



Jehn, 1997). Cognitive conflict is generally a positive phenomenon that promotes creative decision making (Massey and Dawes, 2007), prevents stagnation and apathy (Robicheaux and El-Ansary, 1976; Eisenhardt et al., 1997), strengthens trust (Anderson and Narus, 1990; Donaldson and O'Toole, 2007) and maintains interest in the relationship (Morgan and Hunt, 1994). In addition cognitive conflict can strengthen interorganisational relationships (de Ruyter, 2001; Monczka et al., 1998) and lead to increased productivity (Anderson and Narus, 1990).

Affective conflict involves personality differences and interpersonal stresses, often involving unproductive personal attacks and emotional confrontations (Eisenhardt et al., 1997), which result in friction and hostility, leading to further tensions, animosities, and frustrations (Kaufmann and Stem, 1988; Kumar et al., 1995; Dirks and Parks, 2003). Affective conflict is generally a destructive force that can reduce the desire of the relationship partners to communicate or interact with each other, ultimately resulting in relationship stagnation and even termination (Anderson and Weitz, 1992; Morgan and Hunt, 1994; Jehn, 1995). This form of conflict involves unhealthy behaviours between partners such as one partner distorting or withholding information, hostility, tension and distrust, and the creation of obstacles (Das and Teng, 1998; Jehn, 1995; Massey and Dawes, 2007). Thus, affective conflict lowers cooperation and hampers the ability of the relationship partners to reach decisions efficiently leading to poor performance. A competitive outlook increases the likelihood of dysfunctional or destructive conflict (Deutsch, 1973). Opportunistic behaviour (Morgan and Hunt, 1984) and persistent power asymmetry (Deutsch, 1969; Lin and Germain, 1998) foster affective or dysfunctional conflict. In relationships with uneven commitment levels, the less committed party will be more inclined to terminate the relationship and be reluctant to reciprocate favours, thereby increasing the potential for affective and dysfunctional conflict (Anderson and Weitz, 1989; Gundlach et al., 1995).

Cognitive and affective forms of conflict often have a mutual or complementary relationship; cognitive conflict can generate affective conflict through a process of biased information (Jehn, 1997). Deutsch (1973) claimed that the negative or positive nature of conflict can be defined in terms of the perceptions of the relationship participants. He argued that conflict is destructive if the participants feel dissatisfied

with the outcome; conversely, conflict is constructive if the participants feel that they have gained as a result of the conflict.

Conflict can also be classified as either covert or overt. Covert conflict involves concealed actions while overt conflict involves direct confrontation, persuasive actions, and hostile movements (Leonidou et al., 2006).

#### **4.2.6.3 Conflict resolution strategies**

Conflict is inevitable in interorganisational relationships, thus conflict management is an essential component of successful relationships (Anderson and Narus, 1990; Mohr and Spekman, 1994; Monczka, et al., 1998). Conflict resolution strategies can be functional and productive or destructive in nature. Joint problem solving, persuasion, avoidance, domination, and outside arbitration were identified by Mohr and Spekman (1994 and 1996) as possible conflict resolution techniques; each of these conflict resolution techniques will be considered in turn next.

Joint problem solving involves the search for integrative solutions that fully satisfy the concerns of the two parties, thus creating a 'win-win' solution (Mohr and Speckman, 1996; Monczka et al., 1998). This strategy allows grievances to be aired and underlying issues to surface through the open exchange of information and discussion of the concerns, priorities, ideas, and issues of the partners (Dant and Schul, 1992). Trust and cooperation are likely, but not essential, conditions for this approach to be successful. Persuasion refers to situations where one party uses information to convince another to adopt a particular solution (Mohr and Speckman, 1996). Avoiding conflict by smoothing over problems or appeasing a partner allows issues to fester and may irrevocably harm a relationship (Mohr and Speckman, 1994; Monczka et al., 1998). Thomas (1976) advises that in certain situations, for example where a conflict issue is trivial, avoidance tactics are not destructive to the relationship as they allow trust to be maintained. Domination describes situations where one partner uses power or threats to dominate decision making and places a premium on their own objectives, with limited attention paid to the goals of others (Thomas, 1976). A domination strategy forces compliance (Pfeffer, 1993). Outside arbitration involves the use of third parties, written contracts and informal binding agreements to obtain the desired outcome to a conflict (Frazier and Summers, 1984).

Mohr and Speckman (1994) found that the most successful partnerships rely primarily on constructive resolution techniques such as joint problem solving and, in certain circumstances, outside arbitration. Coercive conflict resolution techniques such as persuasion, avoidance and domination are destructive and likely to strain relationships as they do little to address the basic source of conflict and tend to exacerbate the fundamental differences that exist (Cadotte and Stern, 1979; Frazier and Rody, 1991; Mohr and Speckman, 1996; Claycomb and Franwick, 2010). Eisenhardt et al. (1997) argued that separating substantive and interpersonal issues, so as to rely on facts, helps teams work with conflict effectively.

Conflict, if it is managed dynamically and effectively, can produce positive outcomes (Johanson and Mattsson, 1987). The bilateral adoption of flexible, informal and personal mechanisms (Kaufmann and Dant, 1992), for example by setting clear and mutually accepted roles, sharing common expectations about the goals of the business venture, and improving communication, will reduce dysfunctional conflict (Ford et al., 1998). Trust, commitment and communication have positive impacts on the resolution of conflicts (Deutsch, 1973; Morgan and Hunt, 1994; Ring and Van de Ven, 1994). Massey and Dawes (2007) found that both cognition based and affect based trust reduce dysfunctional conflict and have strong positive effects on functional conflict. Gundlach and Codotte (1994, pp. 524-525) found that increased interdependence resulted in 'more frequent use of noncoercive strategies, lower levels of residual conflict, and more favourable evaluations of partner performance', leading them to conclude that 'increasing dependence between exchange partners promotes cooperation rather than conflict'. Where both partners are committed they are more likely to make efforts to ensure that the relationship endures indefinitely hence they will avoid or minimise dysfunctional conflict (Morgan and Hunt, 1994). Collaborative communication facilitates functional conflict as it minimises the likelihood that messages will be misunderstood or distorted in a dysfunctional manner (Mohr and Nevin, 1990; Mohr and Sohi, 1995).

Conflict resolution strategies vary according to where the relationship sits on the discrete-relational continuum. In discrete exchanges, conflict resolution is typically a formal, external process that often involves litigation, whereas in relational exchanges, conflict resolution is typically informal and internal (Macaulay, 1963; Macneil, 1980;

Kaufmann and Dant, 1992). The use (or abuse) of power will influence whether conflicts are resolved (or not) (Dwyer et al., 1987; Ganesan, 1994). Power is addressed in the following section.

#### **4.2.7 Power**

Gaski (1984, p. 19), described power as ‘an especially troublesome construct’. Power is a fundamental element of interorganisational relationships (Hingley, 2005) that can significantly alter the ‘atmosphere’ of a relationship (Ford, 1997). The unjust application of, or over reliance on, power hinders the emergence of trust and commitment within a relationship (Morgan and Hunt, 1994), promotes dysfunctional and unstable relationships (Anderson and Weitz, 1989) and, ultimately, can result in the dissolution of relationships (Kasulis and Speckman, 1980; Kumar, 1996; Hingley, 2005). An imbalance in power is considered detrimental to the quality (Naude and Buttle, 2000), stability (Huston and Burgess, 1979) and longevity of relationships (Gummesson, 1999). An uneven distribution of power has been found to counteract cooperation (Doney and Cannon, 1997) and to impact negatively on commitment and trust (Morgan and Hunt, 1994). Kumar (1996) found that in relationships where power was exercised routinely, levels of flexibility and adaptability were lower and costs were higher than in relationships where the partners worked together cooperatively. Zineldin and Jonsson (2000) were concerned with the negative aspect of coercive power, noting that this form of power leads to tension in a relationship. Much of the literature depicts power in a negative fashion with attention focussed on ‘sick’ relationships (Hunt, 1994; Young and Wilkinson, 1989). Stern et al. (1996) see power in a more positive light, viewing it as a positive tool to achieve coordination and cooperation between channel members.

In all relationships, power and dependency are intrinsically linked (Emerson, 1962; Blau, 1964; Dwyer et al., 1987; Anderson and Weitz, 1989; Pfeffer, 1992; Wilson, 1995; Ford, 1997; Ganesan, 1994), with power often portrayed as a function of dependence (El-Ansary and Stern, 1972; Casciaro and Piskorski, 2005). Relationships balanced in power tend to have less conflict (Dwyer et al., 1987; Ganesan, 1994), be more stable (Huston and Burgess, 1979), result in more frequent agreements (Lawler and Yoon, 1993) and are more long-term in orientation (Anderson and Weitz, 1989) than those characterised by asymmetrical power, perhaps because the lack of control

or power over the other party generates uncertainty and vulnerability (Moorman et al., 1992). In reality, relationships are rarely symmetrical in terms of power or dependency (Hakansson and Gadde, 1982; Hakansson and Snehota, 1985; Kumar, 1996), and the balance of power and dependency can vary throughout the life of a relationship (Ford, 1997; Hingley, 2005).

The development of relational bonds, in particular trust and commitment, can mitigate the impact of power asymmetry (Anderson and Narus, 1990; Morgan and Hunt, 1994; Kumar et al., 1995). In addition, restraint in the use of power, or the 'judicious application of power' (Dwyer et al., 1987, p. 13) can alleviate the problem of power asymmetry; indeed, restraint in the use of power is a feature of close relationships (Kumar, 1996). Power is a valuable resource that should be conserved for important issues (Pfeffer, 1992) and should be applied with care (Donaldson and O'Toole, 2000). In the next section definitions of power will be explored.

#### **4.2.7.1 Definition of Power**

In the sociological field, power was defined by Weber (1947, p. 152) as 'the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance'. In the context of interorganisational relationships power is generally defined as the ability of one partner to influence the behaviour of another (Emerson, 1962; Hunt and Nevin, 1974; Gaski, 1984; Dwyer et al., 1987; Anderson and Weitz, 1989) or 'the ability to compel compliance' (Morgan and Hunt, 1994, p.33). Thus power represents the potential to achieve influence and control over others; this potential does not need to be exercised for it to be effective (Frazier and Summers, 1984). Emerson (1962, pp. 32-33) highlighted the relationship between power and dependence:

'...power resides implicitly in the others dependency...the power of A over B is equal to, and based upon, the dependence of B upon A'

According to Pfeffer and Salancik (1978, p. 40), mutual dependence (or interdependence), arises where one partner:

'...does not entirely control all of the conditions necessary for the achievement of an action or for obtaining the outcome desired from an action'.

Essentially, power is inversely related to dependency (Casciaro and Piskorski, 2005).

#### 4.2.7.2 Types of Power

Many studies of interorganisational power draw upon the seminal work of French and Raven (1959) who classified power into five sources: coercive, reward, legitimate, referent, and expert power. Coercive power is based on fear (French and Raven, 1959), involves potential punishment (including the withdrawal of rewards) (Hunt and Nevin, 1974) or the threat of sanctions (Molm, 1997). Coercive power implies the unconditional ability to force compliance and is, by nature, detrimental to relationships due to the tendency to inflate conflict (Kasulis and Speckman, 1980). The probability of a relationship characterised by coercive power lasting a long time is low (Gummeson, 1999) due the possibilities of retaliation and decreased rewards for all participants (Molm, 1997). Reward power is based on the belief that the other firm has the ability to determine or award rewards in return for cooperation (Hunt and Nevin, 1974). If promises are not kept, reward power diminishes.

Legitimate power is derived from the belief that the other firm has the 'right' to prescribe behaviour. Legitimate power has two components: traditional legitimate and legal legitimate (Kasulis and Speckman, 1980). Traditional legitimate power relates to situations where power emanates from perceptions of legitimate influence or reputation. Legal legitimate power is based on contractual arrangements, for example franchising relationships are characterised by legal legitimate power (Stern et al., 1996; Frazier and Summers, 1986). Referent power is based on a willingness or desire to maintain a relationship typically based on a desire for identity with the other firm (Hunt and Nevin, 1974); hence this type of power is affective in nature. Expert power is based on the belief that the other firm has knowledge, skills or expertise in a particular area (Hunt and Nevin, 1974). If that expertise gets transferred, then this form of power diminishes and the relationship may cease. Kasulis and Speckman (1980, p. 183) identified a further source of power that relies on 'the ability to persuade others as to the merits of one's position'; they called this source of power 'informational'.

The sources of power described above can be further segmented into two types, coercive and non-coercive<sup>20</sup> (Hunt and Nevin, 1974; Morgan and Hunt, 1994).

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<sup>20</sup> Similarly, in the political science field, Joseph Nye (2004) made a distinction between "hard power," which is based on coercion, direct rewards, and extensive resource deployment to force the behaviour

Coercive power implies the unconditional ability to force compliance and represents a competitive, negative, aggressive and potentially destructive use of power (Hunt and Nevin, 1974; Molm, 1997). Coercive power is detrimental to the longevity of relationships (Kasulis and Speckman, 1980); hence the use of coercive power is a risky strategy that can produce losses as well as gains. In established relationships, this form of power is used sparingly because of the risk of retaliation and fear of loss (Molm, 1997).

Non-coercive power is the ability to provide or withhold rewards to influence the behaviour of others (Ireland and Webb, 2007); it entails an individual willingly (rather than begrudgingly) yielding to the power of another. Non-coercive sources of power include reward (although the withdrawal of reward is viewed as coercive), legitimate (although legal legitimate power can be used to force compliance), referent, expert and informational power (Hunt and Nevin, 1974; Kasulis and Speckman, 1980). Non-coercive sources of power are more restrained uses of power than coercive or authoritarian forms. The use of non-coercive strategies has been found to foster congruence in values and norms (Frazier and Summers, 1986) and a mutually supportive exchange atmosphere (Frazier and Rody, 1991). Hunt and Nevin (1974) found that franchisors that relied predominantly on non-coercive sources of power generally had more satisfied and less litigious franchisees and more productive and longer lasting relationships when compared with those franchisors that principally employed coercive power strategies. Gundlach and Cadotte (1994) found that as relationships grow in interdependence noncoercive strategies are used with much greater frequency than coercive ones. Santos and Eisenhardt (2009), in an empirical investigation of the behaviour of entrepreneurs in emergent markets, found that entrepreneurs made extensive use of noncoercive, or soft power strategies, based on subtle persuasion to reduce uncertainty and achieve dominance in new markets. John (1984) found that reward and coercive sources of power were positively correlated with opportunism, while expert, legitimate, and referent power sources had a negative relationship with opportunism.

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of others, and “soft power,” which is based on the use of subtle influence mechanisms to attract and persuade others to willingly behave in ways that benefit the focal actor.

#### **4.2.7.3 Generating Power**

As previously discussed, power is considered to be a function of dependence (Emerson, 1962; El-Ansary and Stern, 1972); hence by increasing the dependency of other firms an organisation can increase its power (Blau, 1964; Pfeffer, 1992). Key sources of power include the control of resources, technical skills or a body of knowledge; however, to be a source of power these assets must be important, scarce or non-substitutable (Mintzberg, 1983; Pfeffer, 1992). Moreover, a firm can limit its dependence on others by encouraging competition between suppliers of critical resources (Blau, 1964). The use of information is a major determinant of power for both strong and weak participants in a power struggle. When a party withholds or distorts information, its power base may be increased, at least in the short run. Alternatively, the receiving party may be empowered when information is shared (or leaked). Generally, information sharing increases trust and cooperation to the benefit of both parties (Mohr and Nevin, 1990).

The personal characteristics necessary for acquiring and maintaining power were listed by Pfeffer (1992) as: physical stamina, focus, sensitivity to others, flexibility, the ability to tolerate conflict, the ability to submerge one's ego and the ability to act as a team player. In addition a reputation for, or the perception of having, power typically generates further power (Thibaut and Kelley, 1959; Gaski, 1984; Pfeffer, 1992). Due to the coercive properties of power, Morgan and Hunt (1994) initially dismissed power as a variable in the relationship building process. In summary, power can have significant destabilising and negative effects on relationships. Another negative impact on relationships is opportunism or the pursuit of individual interests at the expense of partners. Opportunistic behaviour will be considered in the next section.

#### **4.2.8 Opportunistic Behaviour**

Opportunism involves actions taken by one party to maximise their own performance that are directly detrimental to the interests of the other (Friman et al., 2002; Ganesan et al., 2010), as a consequence opportunism undermines cooperation and can increase conflict (Palmatier et al., 2007). Opportunistic behaviour, or the perception of opportunism, undermines relationship performance because it leads to decreased



relationship trust and ultimately to lower commitment (Morgan and Hunt, 1994; Zineldin and Jonsson, 2000; Friman et al., 2002). Opportunism is considered to be the polar opposite of trust (Barney and Hansen, 1994). In relationships characterised by affective commitment, severe opportunism (or the abuse of trust) has been found to amplify the switching intentions of the injured partner (Ganesan et al., 2010).

Opportunism can have several serious consequences for any interorganisational collaboration. Where the risk (or perceived risk) of opportunism is high, the relationship partners must expend considerable resources on control and monitoring (Williamson, 1985; Wathne and Heide, 2000). Failure to see beyond the short-term maximisation of self-interest will hamper cooperation which is essential for successful collaboration. Hunt and Morgan (1994, p. 19) caution that companies should ‘beware of opportunists when prospective partners come courting’. Opportunistic behaviour, unlike the relationship variables power and conflict, has no positive benefits (or redeeming features). All opportunistic behaviour is detrimental to the longevity and quality of relationships.

#### **4.2.8.1 Definition of Opportunism**

Opportunism is one of the key behavioural variables underpinning transaction cost economics. Williamson describes opportunism as ‘self-interest seeking with guile’ (1975, p. 6). Opportunism was defined by Ganesan et al. (2010, p. 362) as:

‘a transgression of the norms of a specific business relationship through behaviors such as evading obligations, taking advantage of contractual loopholes, and exacting unfair concessions when market conditions allow’.

Opportunism involves deviant behaviour that can be overt (such as lying, cheating and stealing), or covert (such as shirking or withholding information or effort), in nature (Wathne and Heide, 2000). In essence, opportunism occurs when relationship specific norms are violated and reflects a form of behaviour which involves an element of deceit (Macneil, 1980). Conflictual behaviours such as hard bargaining, intense and frequent disagreements, although self-interest seeking in nature, do not represent opportunism as there is no element of deceit involved (John, 1984).

Uncertainty and information asymmetry increase the likelihood of opportunism occurring in a relationship whereas commitment and trust mitigate the risk of opportunism (Morgan and Hunt, 1994). Information asymmetry increases the difficulty of detecting opportunism and creates a situation where one partner can act opportunistically without being detected (Wathne and Heide, 2000). A firm is more likely to behave opportunistically: (1) when its exchange partner is dependent on it (Williamson, 1985), (2) when the firm has made a smaller commitment or investment to the relationship than its partner (Gundlach et al., 1995), and (3) when a high degree of environmental uncertainty exists.

#### **4.2.8.2 Types of Opportunistic Behaviour**

In the literature opportunism has been classified into temporal, formal and behavioural dimensions (Wathne and Heide, 2000). The first opportunism dimension, the temporal dimension, relates to the stage in the relationship in which opportunistic behaviour takes place. Ex ante opportunism occurs in early stages of the relationship and during the selection stage of the exchange partner, while ex post opportunism occurs during the course of the relationship (Williamson, 1985). Opportunism has also been classified as blatant or lawful by reference to the formality of the contract that is breached (Wathne and Heide, 2000). Blatant opportunism relates to the failure, by shirking or evasion, to honour a formal contract (Wathne and Heide, 2000) while lawful opportunism relates to violations of the implicit rules of social contracts (Macneil, 1980; Palay, 1984; Williamson, 1991). Thirdly, the behavioural dimensions of opportunism relate to the nature of the opportunistic act, specifically whether the act is active or passive. Active opportunism refers to situations where explicitly forbidden acts are committed (Wathne and Heide, 2000); this form of opportunism involves actions such as withholding or distorting information, misrepresentation, manipulation, cheating or deception (John, 1984). Active opportunism also relates to situations where one partner, due to changed circumstances, forces the renegotiation of a contract to extract further concessions from the other partner (Wathne and Heide, 2000). Passive opportunistic behaviours include free riding, shirking, the evasion of obligations, inflexibility, and the unwillingness to adapt to new circumstances. This form of opportunism involves the purposeful withholding of effort and the non

performance of planned actions (Anderson and Weitz, 1986; Wathne and Heide, 2000).

Wathne and Heide (2000) identify four distinct forms of opportunism: shirking or evasion of obligations, inflexibility or refusal to adapt, violation of explicit or implicit rules, and forced renegotiation aiming to secure additional privileges or concessions. Evasion and violation are opportunistic forms that arise under existing circumstances, whereas inflexibility or a refusal to adapt and forced renegotiation are opportunistic forms that arise when circumstances change. Similarly, evasion and refusal to adapt are opportunistic forms that are passive, whereas violation and forced renegotiation are opportunistic forms that are active in nature.

#### **4.2.8.3 Managing Opportunism**

A range of strategies including monitoring, incentives, selection, and socialisation can be used to manage different forms of opportunism (Wathne and Heide, 2000); each strategy will be discussed in turn.

Monitoring can increase the capability to detect opportunism, overcome the problem of information asymmetry and, by placing uncomfortable social pressure on the partner, can induce compliance and reduce opportunism (Williamson, 1975). However administering a governance mechanism that is rigorous enough to completely eradicate opportunism may not be cost effective (Wathne and Heide, 2000). John (1984) found that increased formalisation, centralisation, rule enforcement and monitoring increased the propensity of firms to behave opportunistically. Firms must make a trade off between managing opportunism and economising on governance costs. Dutta et al. (1994) found that tolerating some degree of opportunistic behaviour may be more productive than endeavouring to eliminate it completely.

Opportunism can be decreased through the creation of an incentive structure that makes the long-term gains from cooperative behaviour exceed the short-term payoff from opportunism. Williamson (1985) argued that firms that make idiosyncratic investments are unlikely to engage in opportunistic behaviour because such behaviour would threaten the continuation of the relationship. Essentially, transaction specific investments, because they increase the cost of relationship termination, reduce

opportunistic tendencies (Wathne and Heide, 2000) and increase dependence on the relationship (Heide and John, 1988; Palmatier et al., 2007).

Perhaps the simplest strategy to manage opportunism is to select exchange partners that are not opportunistically inclined, that possess the inherent skills to perform a particular task, and that share goals and values (Wathne and Heide, 2000). The final strategy to manage opportunism is socialisation which involves the deliberate cultivation of relational attributes that promote a sense of fair play, goal convergence and shared values, thereby reducing the inclination of partners to behave opportunistically (Gundlach et al., 1995; Wathne and Heide, 2000; Brown et al., 2009). Granovetter (1992, p. 44) argues that trust is more likely, and opportunistic behaviour less attractive, between people who have mutual friends, explaining that:

"My mortification at cheating a friend of long standing may be substantial even when undiscovered. It may increase when the friend becomes aware of it. But it may become even more unbearable when our mutual friends uncover the deceit and tell one another."

Armed with an appreciation of the key relational variables that underpin the interorganisational relationship development process, namely trust, commitment, communication, cooperation, shared values, conflict, power and opportunistic behaviour, the key relational norms that impact on interorganisational relationships are explored in the following section.

## **4.3 Relational Norms**

### **4.3.1 The Concept of Norms**

The concept of norms has been the focus of research in several disciplines including social psychology (Homans, 1958; Thibaut and Kelley, 1959; Blau, 1964), political science (Axelrod, 1986), law (Macneil, 1980; Palay, 1984), and transaction cost economics (Williamson, 1985). Norms can be conceptualised as patterns of accepted and expected attitudes and behaviour, shared by members of an exchange system that have the force of a social obligation or pressure (Thibaut and Kelley, 1959; Macneil, 1980; Axelrod, 1986; Gundlach et al., 1995) and represent important social and organisational ways of controlling an exchange (Blau, 1964; Gundlach and Achrol,

1993). Close and relational exchanges involve ‘heightened perceptions of relational norms, which contribute to exchange partners’ strategic ability to develop long-term, committed, trusting, value-creating associations that are difficult and costly to imitate’ (Palmatier et al., 2007, p. 174).

#### **4.3.2 Relational Norms: Relevance and Benefits**

Particular to this study’s context are relational norms that reflect ‘the behaviour that does occur in relations, must occur if relations are to continue, and hence ought to occur so long as their continuance is valued’ (Macneil, 1980, p. 64). The relational norm perspective suggests that the strength of relational norms in an exchange affects the level of cooperative behaviour and thus relationship performance (Cannon et al., 2000; Palmatier et al., 2007). Relational norms provide an indication of the closeness of a relationship and are used to distinguish between short and long term orientations.

Relational norms evolve over time as parties adopt mutually agreed strategies and goals and a longer term orientation (Macneil, 1980; Ganesan, 1994); they provide relationship partners with a general, shared code of acceptable behaviour to guide their actions (Feldman, 1984; Heide and John, 1992; Gundlach et al., 1995). Relational norms embody a promise of fair play and stewardship behaviour that emphasises the ‘wellbeing of the relationship as a whole’ (Heide and John, 1992, p. 34), thus they increase commitment, build cooperation and enhance trust (Macneil, 1980; Cannon et al., 2000; Palmatier et al., 2007). Furthermore, relational norms discourage opportunistic tendencies (Gundlach et al., 1995; Brown et al., 2009), support risk taking and encourage reciprocal behaviours (Cannon and Perreault, 1999). Relational norms are of particular benefit in conditions of uncertainty and dependence as they act as a restraint on the use of power (Kaufmann and Dant, 1992), reduce conflict levels (Jap and Ganesan, 2000), expedite conflict resolution (Cannon et al., 2000), increase flexibility (Noordewier et al., 1990), promote relationship continuity and facilitate joint goal attainment (Wathne and Heide, 2000). In relationships characterised by high levels of relational norms, exchange partners refrain from relationship damaging behaviours (Kaufmann and Stern, 1988) and respond more effectively to conditions of uncertainty and ambiguity (Kaufmann and Dant, 1992). It follows that, in relationships characterised by relational norms,

financial performance and efficiency can be enhanced (Heide and John, 1992; Barney and Hansen, 1994; Cannon et al., 2000). To establish relational norms, both exchange partners must make substantial investments of time, money, and personnel (Frazier et al., 1988; Ganesan, 1994; Palmatier et al., 2007). Consequently, relational norms are not easily replaced and represent valuable, inimitable assets for both partners which should result in higher mutual dependence.

### **4.3.3 Operationalisation of Macneil's Norms**

Macneil (1980) examined exchange relationships as a social contract, arguing that exchange transactions are immersed in the relationships that surround them, which can be described in terms of the relational norms of the exchange partners. Many eminent authors, such as Kaufmann and Dant (1992), Kaufmann and Stern (1988), Noordewier et al. (1990) Ganesan (1994), Heide and John (1992), Gundlach et al. (1995), Cannon, Achrol, and Gundlach (2000) and Palmatier et al. (2007), have supported the relational norms concept proposed by Macneil (1980 and 1983). The relational norms identified by Macneil (1980 and 1983) are complex, interdependent, overlap and have no clear causal structure (Heide and John, 1992; Cannon et al., 2000; Ivens and Blois, 2004; Ivens, 2006). This complexity, together with the absence of a clear set of dimensions for operationalising relational norms (Noordewier et al., 1990; Kaufmann and Dant, 1992) has challenged researchers since their identification. Empirical testing of the norms concept has proved difficult, leading Dwyer et al. (1987) to call for contractual dimensions to be classified into groups. Several authors, including Kaufmann and Dant (1992), Kaufmann and Stern (1988), Noordewier et al. (1990) Ganesan (1994), Heide and John (1992), Ivens (2006) and Palmatier et al. (2007), have developed scales to assess the degree of 'relationality' observed in an exchange situation using different subsets of Macneil's norms<sup>21</sup>. However, operationalisation of the relational contracting norms in the literature has been inconsistent and far from homogenous (Ivens and Blois, 2004). The academic discussion concerning the appropriate constituent norms to operationalise in close relationships is the subject of ongoing debate in academic literature (Blois, 2002; Ivens and Blois, 2004; Blois and Ivens, 2006; Tuusjarvi and Moller, 2009).

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<sup>21</sup> See Ivens and Blois (2004) for a comprehensive review of academic papers on interorganisational norms.

The approach taken in the literature to operationalise norms has typically drawn on the works of Kaufmann and Stern (1998) and Kaufmann and Dant (1992) which are context free and not specific to any particular industry. In this dissertation, the influential work of Kaufmann and Dant (1992) will be used as a framework to investigate relational norms since, within the interorganisational literature, this work represents the most prevalent and extensive operationalisation of Macneil’s norms concept (Holden and O’Toole, 2006). The dimensions identified by Kaufmann and Dant (1992) to characterise exchange relationships are reviewed in the next section.

#### 4.3.4 Dimensions of Exchange Relationships

In their influential and groundbreaking empirical work, Kaufmann and Dant (1992, p. 172) sought to ‘determine whether exchange types can be effectively characterised in terms of their contracting norms’. They identified and tested seven dimensions of commercial exchange governance (depicted in Table 4.4.) that are central to the study of relationships.

**Table 4.4 Dimensions of Commercial Exchange**

<b>Exchange dimensions</b>
1. Relational Focus
2. Solidarity
3. Mutuality
4. Flexibility
5. Role Integrity
6. Restraint (in the use of power)
7. Conflict Resolution
<b>Source: Kaufmann and Dant, 1992</b>

Their results confirmed six out of seven norms studied (they encountered measurement difficulties with the conflict resolution dimension). Subsequently other researchers found empirical support for the conflict resolution dimension (Holden and O’Toole, 2006; Ivens, 2006).

The relational focus norm refers to bilateral expectations that the relationship is more important than individual transactions (Kaufmann and Dant, 1992); it implies a mutual desire to continue the relationship. This norm has proved problematic to operationalise (Holden and O'Toole, 2006) and little empirical attention has been devoted to it.

The norm of solidarity involves shared, mutual expectations that parties will act in a manner that will be of mutual benefit (Heide and John, 1992) and describes the extent that the partners consider the relationship to be important and worthy of continuation (Kaufmann and Stern, 1988). Solidarity is built on a belief that the exchange partner is dependable (Ivens and Blois, 2004). Gundlach et al. (1995, p. 81) defined solidarity as: 'the extent to which unity or fellowship arising from common responsibilities and interests dominates the relationship'. The solidarity norm is evidenced through behaviours that contribute specifically to the maintenance of the relationship (Macneil, 1980; Heide and John, 1992) such as making important concessions to the other party (Heide, 1994), demonstrating fairness and sharing information (Kaufmann and Dant, 1992) and acting to preserve the relationship particularly when the other party is in a predicament (Ivens, 2004). Solidarity is viewed as the norm that holds exchanges together, indeed Macneil (1980, p. 52) asserts that 'without this norm no exchange is possible'. When solidarity is high, parties will develop a strong reliance on trust and cooperation (Macneil, 1980; Kaufmann and Dant, 1992).

The norm of mutuality represents a joint expectation that, over time, relationship benefits will be shared equitably (Kaufmann and Dant, 1992; Palmatier et al., 2007) and that occasional fluctuations in performance levels will be tolerated (Kaufmann and Dant, 1992). Blau (1964, p. 93) succinctly encapsulated the concept of mutuality (or reciprocity) as

'...the principal that one person does another a favour, and while there is a general expectation of some future return, its exact nature is definitely *not* stipulated in advance' (italics in original).

Mutuality implies the presence of mutual respect (Ivens, 2006), that there is a fair balance of obligations within the relationship and reflects a positive incentive to exchange (Macneil, 1980; Dant and Schul, 1992; Kaufmann and Dant, 1992). Macneil (1980) pointed out that mutuality does not imply equality but a form of 'evenness' within the relationship, in essence mutuality 'involves favors that create future diffuse obligations, not precisely specified ones' (Blau, 1964, p.93). Macneil (1980 p. 46)



argued that this norm is essential as without mutuality ‘contractual relations will not work’.

Flexibility, or adaptability to change, refers to the shared expectations that parties will respond positively and proactively to unforeseen events (Noordewier et al., 1990; Palmatier et al., 2007) and will be willing to modify the original terms of the contract to take into account changes in the contracting environment (Heide and John, 1992) particularly when difficult economic situations arise (Kaufmann and Dant, 1992; Palmatier et al., 2007). The need for flexibility arises primarily due to the omnipresence of bounded rationality, therefore any long-term exchange must have the capacity to be changed otherwise contracts would disintegrate (Macneil, 1980; Kaufman and Dant, 1992; Ivens and Blois, 2004). Autonomy and the absence of mutual goals undermine flexibility (Heide, 1994). Flexibility has been widely used as a relational norm in empirical studies (Noordewier et al., 1990; Heide and John, 1992; Gundlach and Achrol, 1993).

The role integrity norm implies that the nature of the roles the relationship partners perform must remain relatively stable (Kaufmann and Dant, 1992) to provide the predictability necessary for contractual relationships (Dant and Schul, 1992). In an exchange relationship, role integrity is evidenced by a complex range of actions including compliance with practice, customs, internal rules, social exchange, and expectations regarding the future (Macneil, 1980). In relational exchanges, the roles reflect the mutual promises made by each partner during the formation of the relationship and the expectations created concerning the other partner’s behaviour (Kaufmann and Stern, 1988). Thus each party to the exchange must ‘maintain highly complex and multi-dimensional roles’ (Kaufmann and Dant, 1992, p. 174). Ivens (2004) found that role integrity positively affected trust levels and economic and social satisfaction within a relationship.

The relationship variable power was considered in detail in Section 4.2.7. The relational norm restraint in the use of power refers to the degree to which the parties exercise moderation in their use of power (Kaufmann and Dant, 1992). Power, as discussed in Section 4.2.7, can have positive or negative effects on relationships (Hunt and Nevin, 1974; Kasulis and Speckman, 1980). Restraint in the use of coercive power, particularly where power is asymmetrical, is a feature of close relationships (Kumar, 1996).

Conflict (as discussed in Section 4.2.6) is inevitable in relational exchanges (Dwyer et al., 1987; Morgan and Hunt, 1994) and can be functional or dysfunctional in nature (Anderson and Weitz, 1992; Morgan and Hunt, 1994). The conflict resolution norm is concerned with the bilateral adoption of flexible, informal and personal mechanisms to resolve conflicts (Kaufmann and Dant, 1992), the intention being to reach mutually satisfactory compromises ‘via informal means and social interaction’ (de Ruyter et al., 2001, p. 274). This relational norm is directly related to cognitive or functional conflict which was discussed in detail in 4.2.6.2.

#### **4.4 Chapter Summary**

In this chapter, the relationship variables and relational norms that are integral to facilitating the relationship development process were explored in detail. These two approaches identify a different group of important concepts critical for understanding and evaluating interorganisational relationships (Palmatier et al., 2007). Relationship variables represent the conditions and behaviours crucial in influencing relationship outcomes, while relational norms provide a measure of the degree of relationality of exchange relationships. Direct correlations between the relationship variables power and conflict and (respectively) the relational norms of restraint in the use of power and conflict resolution have been noted. Other complementary and mutually reinforcing relationships between relationship variables and relational norms are evident, the most prominent of which are discussed below.

Commitment and trust promote the emergence of relational norms by fostering the emergence of harmonious behaviours and strategies to achieve shared goals (Gundlach, et al., 1995) and promote the emergence of relational norms (Palay, 1984; Dwyer et al., 1987; Jap and Ganesan, 2000), particularly the norms of relational focus and solidarity. Indicating the reciprocal and mutually reinforcing nature of the relationship between relational variables and relational norms, Palmatier et al. (2007) found that strong relational norms promote the growth of trust between exchange partners. Communication has a positive impact on relational norms because it helps to create an atmosphere of mutual support and participative decision making (Mohr and Nevin, 1990). Opportunistic behaviour indicates that the exchange partner is not concerned with the welfare or fairness of the exchange and has a negative impact on

the development of relational norms (Gundlach et al., 1995). Specifically, opportunistic behaviour has a negative impact on the norms of conflict resolution, restraint in the use of power, solidarity, mutuality and role integrity.

In this chapter the relationship variables and relational norms that explain the drivers and inhibitors of successful interorganisational relationships were explored. Methodological issues are discussed in the next chapter.

# **Chapter 5. Methodology**

## **5.1 Introduction**

The aim of this chapter is to describe the rationale for the chosen research methodology. This chapter commences with an overview of key philosophical issues in contemporary research and the rationale for the philosophical stance adopted is discussed. The research objectives are then outlined. Next, the selected research design and research approach are discussed, the data collection options are reviewed and the rationale underpinning the data collection phases are outlined. Subsequently, the methods utilised to collect, analyse and interpret the data collected are detailed. The chapter concludes with a review of issues relating to the legitimacy of the research.

## **5.2 Philosophical Issues**

Easterby-Smith et al. (2008, p.56) identify three principal reasons why an understanding of philosophical issues is important for management research and research methodology.

1. To clarify the research design.
2. To recognise which research designs may work and which will not.
3. To help the researcher to identify and possibly create designs that may be outside his or her past experience.

The philosophical stance adopted influences the methodology, guides the process of the research and provides a structure to support the logic and design of the research (Sarantakos, 2005). In essence, the researcher ‘approaches the world with a set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis) (Denzin and Lincoln, 2008, p. 28). The philosophical perspective governing research concerns two key dimensions which are the nature of society (the sociological dimension) and the nature of science (the subjective - objective dimension) (Burrell and Morgan, 1979). To build a philosophical perspective, the researcher must make several core assumptions regarding each of these dimensions (Holden and Lynch, 2004).

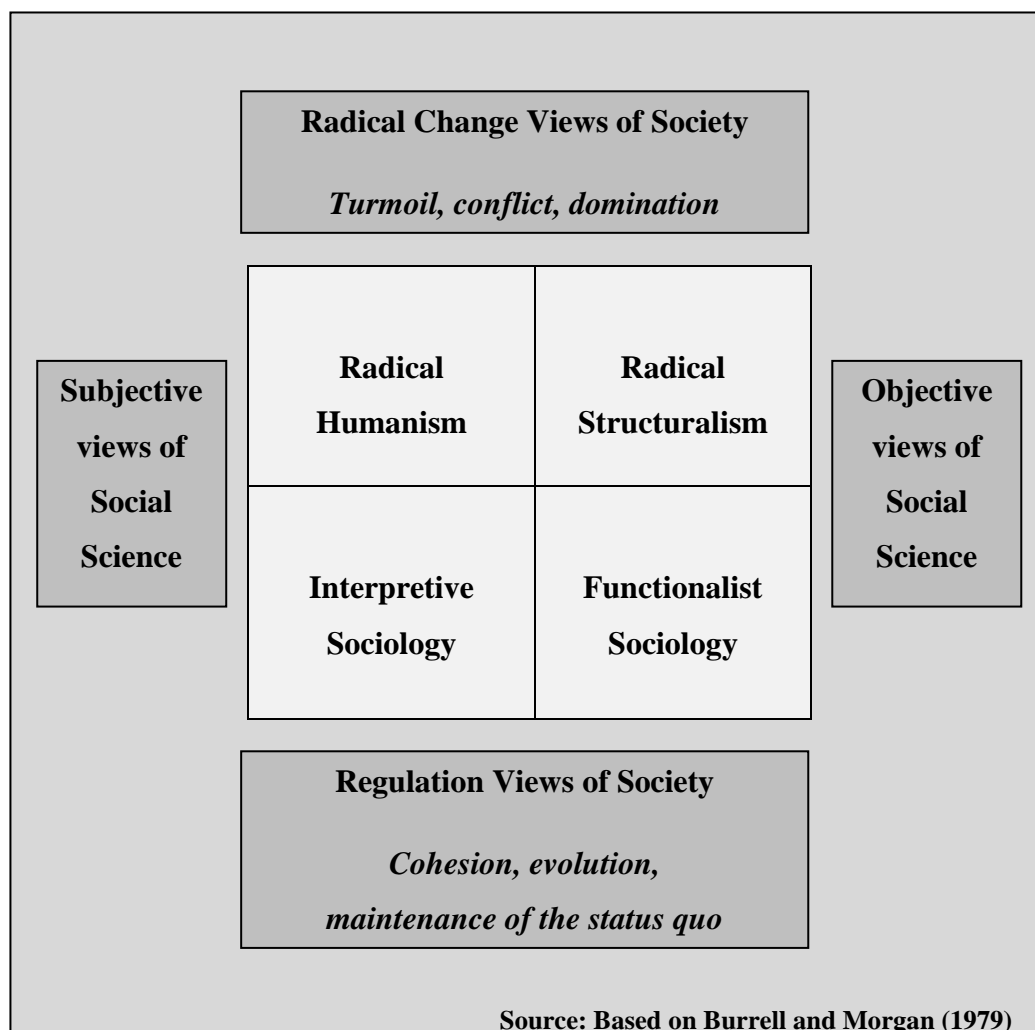
The sociological dimension involves two divergent views of the way society evolves, seeing evolution as occurring through radical change or through regulatory change. The radical change presumption views society as being in constant turmoil and conflict as individuals strive for freedom from the domination of social structures (Burrell and Morgan, 1979). This view underpins postmodernists who are opposed to systematic control and regularity and stress 'flux and flexibility' (Easterby-Smith et al., 2008, p. 76). The regulatory change presumption considers that society evolves rationally in a unified, logical and cohesive manner (Burrell and Morgan, 1979) with an emphasis on maintaining the status quo. Modernism is built on a rational view of society. The rational view of society has typically been adopted by business researchers (Holden and Lynch, 2004).

The second dimension, the nature of social science, is concerned with whether science is subjective, existing only in the mind and not independently of it, or objective, existing independently of the individual mind or perception. Subjectivity and objectivity sit at polar ends on a continuum, with a range of philosophical perspectives arrayed between them (Burrell and Morgan, 1979; Morgan and Smircich, 1980; Holden and Lynch, 2002; Easterby-Smith et al., 2008). In the study of human behaviour, the subjectivist approach places the researcher and those being researched into the context of the situation in order to understand it; the role that both play in shaping and influencing the research process is recognised. The aim of subjective researchers is to understand rather than measure (Hirschman, 1986; Holden and Lynch, 2004). An essential component of subjective research is to develop a relationship with those being researched by establishing rapport, empathy, trust and reciprocity. In contrast, the objective approach separates the researcher from those being researched and aims to control the research environment. Objectivists hold that science is value neutral; the objectivist researcher is deemed to be 'independent of and neither affects nor is affected by the subject of the research' (Remenyi et al., 1998, p. 33).

Burrell and Morgan (1979) used the sociological dimension and the subjective-objective dimension to develop a framework (see Figure 5.1) to define four distinct sociological paradigms that can be used in the study of organisations. Burrell and Morgan (1979) were quite specific that a synthesis between paradigms could not be achieved, in other words the four paradigms are mutually exclusive and

incommensurable. Subsequently, a ‘paradigm war’ erupted in the literature (Jackson and Carter, 1993). Support for the incommensurability argument came from Reed (1985) and Jackson and Carter (1991). Key articles written by critics of paradigm incommensurability include Donaldson (1985, 1988, and 1995), Aldrich (1988), Pfeffer (1993), and Willmott (1993a and 1993b). Further exploration of the paradigm war is beyond the scope of this study<sup>22</sup>.

**Figure 5.1 Four Paradigms for the Analysis of Social Theory**



<sup>22</sup> An overview the so-called ‘paradigm wars’ can be found in Clegg and Hardy’s introduction to *Studying Organizations* (1999). Denzin and Lincoln (2008) and Guba and Lincoln (2008) provide overviews of the major contemporary paradigmatic issues that researchers should be cognisant of.

The four paradigms of Burrell and Morgan (1979), shown in Figure 5.1, provide a useful framework to inform the design of research methodology. Under this framework the evolution of society is deemed to arise either from the status quo or from what can be. The two radical change paradigms (radical humanism and radical structuralism) emphasise sudden and discontinuous change and are seldom used in organisational research. Theorists in the radical humanist paradigm are primarily concerned with liberating the social constraints that they consider limit human potential. This paradigm is essentially anti-organisation, considering organisations to be ‘psychic prisons’ (Morgan, 2006). The radical structuralist paradigm is predicated upon a view of society as a potentially dominating force with organisations viewed as mechanisms of domination and division and emphasise the importance of self generated change. While all four paradigms should be explored thoroughly in any discussion of contemporary research methodologies, this study’s philosophical debate is focused on what Burrell and Morgan (1979) described as the interpretive and functionalist paradigms. Morgan and Smircich (1980 p. 492) argue that this is an acceptable approach for organisational research as within the radical humanist and radical structuralist paradigms discussions regarding research methods are regarded as ‘an ideological debate of minor importance’.

The regulatory change perspective sees society as evolving rationally in a cohesive and unified manner (Burrell and Morgan, 1979). Within the functionalist paradigm, or ‘positivist orthodoxy’ (Donaldson, 1985), the researcher employs a problem solving, objective and detached approach to achieve rational explanations (Bryman and Bell, 2007) based on the presumption that organisational behaviour can be understood through hypothesis testing. The functionalist paradigm, with its focus on facts, reason and logic, has been the dominant paradigm used for organisational analysis (Donaldson, 1985; Jackson and Carter, 1991; Burrell, 1996).

The interpretive paradigm ‘emphasises that the social world is no more than the subjective construction of individual human beings’ (Burrell and Morgan, 1979, p. 260). The interpretive paradigm views the world as being intangible in nature and in constant flux. Interpretative researchers are interested in the context and uniqueness of a certain situation (Remenyi et al., 1998; Kelliher, 2005); they strive to understand the different interpretations and meanings that individuals ascribe to their experience. In essence, the interpretive paradigm is concerned with the uniqueness of individual

situations which support the quest for contextual richness (Kvale, 1996). Despite the inherent complexity involved, the interpretive approach has gained currency in contemporary research (Hill and McGowan, 1999; Morrisson and Teixeira, 2004; Irvine and Gaffikin, 2006; Guba and Lincoln, 2008).

The subjective and objective approaches to the nature of science are differentiated by several core assumptions concerning ontology, epistemology, human nature, and methodology (Burrell and Morgan, 1979). Table 5.1 portrays the subjective-objective dimension and the assumptions and terminology associated with the two approaches. The core assumptions delineated by Burrell and Morgan (1979) and the stance adopted in this research for each assumption will be discussed in turn.

**Table 5.1 The Subjective-Objective Dimension**

<b>Subjective Approach</b>		<b>Objective Approach</b>
Nominalism	<b>← Ontology →</b>	Realism
Anti positivism	<b>← Epistemology →</b>	Positivism
Voluntarism	<b>← Human nature →</b>	Determinism
Ideographic	<b>← Methodology →</b>	Nomothetic
<b>Source: Burrell and Morgan (1979, p.3)</b>		

### 5.2.1 Ontology

Ontology is concerned with the nature of being or reality; the focus is on whether reality is a given or a product of the mind. The objective realist approach contends that the world exists independently of the researcher (Burrell and Morgan, 1979). Realism views the social world as a tangible, concrete structure; in effect there is a reality that exists ‘out there’ which can be measured and understood (Morgan and Smircich, 1980; Bryman and Bell, 2007). This is a reductionist approach that moves from complexity towards simplification based on a mathematical perspective of the world. Realist researchers consider that the social world is external and independent of individuals or their social construction of it (Burrell and Morgan, 1979; Coghlan and Brannick, 2005).



At the other end of the spectrum, the subjective nominalist approach considers reality to be a 'projection of human imagination' (Morgan and Smircich, 1980, p. 492). Nominalists conceive reality to be a creation of one's own mind or of individual cognition, hence multiple realities, shaped by individuals, exist (Creswell, 1994; Remenyi, 1996; Hill and McGowan, 1999). Nominalism views the social world as being composed of artificially created 'names, concepts and labels' (Burrell and Morgan, 1979, p. 4) that assist individuals to construct reality. The labels and names that individuals attach to experiences and events are considered to be important (Easterby-Smith et al., 2008).

In the study of social relationships, researchers can suffer from 'ontological oscillation' (Burrell and Morgan, 1979, p. 266) as they struggle to explain the subjective aspects of the observed phenomena in an empirical manner. Weick (1995, p. 35) argues that this should not be problematic for researchers (or 'sensemakers') as ontological oscillation is 'what helps them to understand the actions of people in everyday life who could care less about ontology'. The ontological polar extremes described by Burrell and Morgan (1979) were supplemented by Morgan and Smircich (1980) who proposed a range of philosophical positions that sit between the subjective and objective extremes. The concepts of ontology and epistemology are related (Holden and Lynch, 2004). The way one thinks about reality (ontology) has a strong influence on the way one learns about reality (epistemology).

### **5.2.2 Epistemology**

Epistemology is the branch of philosophy that is interested in the nature of knowledge, in particular its foundations, scope, and validity. Epistemology is concerned with what constitutes valid knowledge, how reality is understood and how it is communicated to others. The epistemological assumptions and beliefs held by a researcher will determine what that researcher considers to be a convincing, legitimate contribution to theory development or theory generation (Brannick and Roche, 1997). The epistemological spectrum, as depicted by Burrell and Morgan (1979), runs from the objectivist extreme of positivism to the subjectivist approach of anti-positivism. Phenomenology, interpretivism, constructivism, social constructionism and hermeneutics have also been depicted as sitting at the opposing end of the spectrum

from positivism (Morgan and Smircich, 1980; Gummesson, 1991; Remenyi et al., 1998; Easterby-Smith et al., 2008).

The positivist, or objective, view of epistemology holds that it is possible to objectively measure (define, name and know) aspects of human and social behaviour by employing scientific methods to study social reality (Coghlan and Brannick, 2005; Bryman and Bell, 2007; Denzin and Lincoln, 2008; Easterby-Smith et al., 2008). Positivism endeavours to explain human behaviour through detached observation with the researcher independent of the research phenomenon (Remenyi et al., 1998; Easterby-Smith et al., 2008). This approach ignores the impact of past experiences on the generation of knowledge (Susman and Evered, 1978). The positivist researcher is impartial, indifferent and neutral with all subjectivity suppressed. A major criticism of positivist social researchers is that they treat individuals as objects of inquiry even though individuals, unlike objects, have the capacity to internally reflect and are able to collaborate in the analysis of their own problems and in the generation of knowledge (Susman and Evered, 1978). A further criticism is that, due to its mathematical and deductive focus, positivist researchers are liable to the pitfall of reductionism or the pursuit of simple answers to complex issues (Senge, 2006). Despite these criticisms, the dominant epistemological position adopted in management and organisational research studies during the twentieth century was positivist in character (Morgan and Smircich, 1980; Hill and McGowan, 1999; Coghlan and Brannick, 2005; Saunders et al., 2007; Greenwood and Levin, 2008). The heavy reliance on the positivist approach in organisational research was criticised by Susman and Evered (1978, p. 593) who claimed that the empirical, logical and value free methods adopted by positivists ‘produces a knowledge that may only inadvertently serve and sometimes undermine the values of organizational members’.

The anti-positivist or constructivist approach considers that knowledge is subjective and individual in nature, shaped by experience and insight and produced by human consciousness (Guba and Lincoln, 2008). Anti-positivists consider facts to be human creations, and the generation of theory to be an inductive process. Therefore, by extension, anti-positivists consider that the study of people and their organisations is holistic in nature requiring a research method that reflects the history and individuality of humans and the context of the research (Hult and Lennung, 1980; Bryman and Bell, 2007), and places the researcher at the centre of the research process (Remenyi et al.,

1998; Coghlan and Brannick, 2005; Denzin and Lincoln, 2008). The anti-positivist perspective argues that in order to understand the point of view of the individuals involved, the researcher must inhabit the same frame of reference.

### **5.2.3 Human Nature**

The human nature assumption is concerned with the relationship between human beings and the environment in which they interact. Burrell and Morgan (1979) suggest that there is an important distinction between the determination of human nature by outside forces and the notion that humans create their own environment. The focus is on whether humans are determined by their environment (determinism) or create their own environment (voluntarism) (Burrell and Morgan, 1979). The determinist position is that everything, including every human act, is caused by something and that there is no real free will; humans are controlled by the environment they exist in (Easterby-Smith et al., 2008). The determinist position is held primarily by positivists. The voluntarist view of human nature is that individuals interact independently with their environment and possess the 'free will' to determine their activities (Burrell and Morgan, 1979). Voluntarism considers humans to be intentional beings, capable of shaping the world 'within the realm of their own immediate experience' (Morgan and Smircich, 1980, p. 494). Fundamentally, the human nature assumption is concerned with how individuals relate to their environment and whether man is perceived as the controller (a deterministic position) or as the controlled (a voluntaristic position) (Burrell and Morgan, 1979).

An intermediate stance exists between the two polar extremes of determinism and voluntarism wherein human nature is viewed as both deterministic and voluntaristic. This midway stance considers that humans are born into an already structured society; however societal structures can evolve and change as a consequence of human actions (Holden and Lynch, 2004). This intermediate position implies that reality is tangible yet humans have an input into shaping its structure.

#### **5.2.4 Philosophical Stance Adopted**

As discussed in Section 5.2, the ontological, epistemological and human nature views of the researcher have important methodological implications. In addition, the research problem itself will influence the methodological options available (Holden and Lynch, 2004; Denzin and Lincoln, 2008). Hence, prior to addressing the methodological domain, an overview of the research problem and a discussion of the philosophical stance adopted for this research follows.

A fundamental aim of this research is to generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network. As this research is concerned with the context and uniqueness of the relationships that occur between individuals, it requires the researcher to get inside the world of the participants and play an active role in the development of the network. This researcher's philosophical stance is that multiple realities exist (a nominalist ontology), that knowledge is co-created (an anti-positivist or constructivist epistemology), that individuals are influenced by the environment they occupy yet have the ability to determine their own actions (an intermediate assumption of human nature). An interpretivist approach will enable the researcher to develop an in-depth and holistic understanding of the phenomena being researched.

#### **5.2.5 Methodology**

The methodology domain deals with the nature of the research design and the research methods used. The objectivist, nomothetic approach to methodology relies heavily on scientific methods, the aim being to establish laws or make broad generalisations. This framework uses deductive reasoning to prove theory by reducing phenomena to their simplest components. Consequently, the nomothetic approach stresses the use of methodological methods which are dominated by logical techniques, for instance, the use of quantitative methods such as surveys for data collection. By contrast, the subjectivist, ideographic approach focuses on particular cases and the unique traits or functioning of individuals. This approach emphasises the individual and the distinctiveness of each person and situation, with the focus on the analysis of subjective data. Subjective data is generated by 'getting inside' situations and

allowing the research target to reveal its nature and characteristics during the process of investigation (Burrell and Morgan, 1979). Researchers with an ideographic persuasion lean towards the use of qualitative techniques for data collection and analysis<sup>23</sup>, and typically develop ideas through induction from data.

### 5.2.5.1 Quantitative and Qualitative Methodologies

Quantitative and qualitative methods represent two diverse and distinct methods of addressing different aspects of reality<sup>24</sup>; the defining characteristics of each of these methodologies are shown in Table 5.2.

**Table 5.2 Characteristics of Quantitative and Qualitative Methodologies**

<b>Feature</b>	<b>Quantitative Methodology</b>	<b>Qualitative Methodology</b>
Nature of reality	Objective; simple, single; tangible; sense impressions.	Subjective; problematic; holistic; a social construct.
Causes and effects	Nomological thinking; cause-effect linkages.	Non-deterministic; mutual shaping, no cause-effect linkages.
The role of values	Value neutral; value free inquiry.	Normativism; value-bound inquiry
Natural and social sciences	Deductive; model of natural sciences; nomothetic; based on strict rules.	Inductive; rejection of the natural sciences model; ideographic; no strict rules; interpretations.
Methods	Quantitative, mathematical; extensive use of statistics.	Qualitative; with less emphasis on statistics; verbal and qualitative analysis.
Researcher's role	Passive distant from the subject; dualism.	Active; equal; both parties are interactive and inseparable.
Generalisations	Inductive generalisations; nomothetic statements	Analytic or conceptual generalisations; time-and-context specific.
		<b>Source: Sarantakos (2005)</b>

<sup>23</sup> It should be recognised that modern qualitative data analysis tools, such as Nvivo, allow researchers to use coding features to quantify themes thus facilitating statistical analysis of subjective, qualitative data (Holden and Lynch, 2004; Denzin and Lincoln, 2008).

<sup>24</sup> There is growing awareness that the so-called 'paradigm war' between positivistic quantitative researchers and interpretive qualitative researchers is unproductive. A pragmatic, or integrated, research approach that mixes or combines both quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study is gaining acceptance in the literature (Robson, 2002; Creswell, 2003; Kemmis and McTaggart, 2003; Johnson and Onwuegbuzie, 2004; Guba and Lincoln, 2008; Denzin and Lincoln, 2008).

The characteristics of the two main methodological approaches to research are reviewed in the following sections.

#### **5.2.5.2 Quantitative Methods**

In quantitative research hypotheses are formulated and empirical mathematical evidence is then gathered that either supports or rejects the hypotheses. Quantitative techniques place emphasis on ensuring that standards of validity and reliability are adhered to, especially in the statistical procedures used to analyse the data. The underlying assumptions of quantitative methodologies are consistent with what is commonly called a positivist philosophy (Johnson and Onwuegbuzie, 2004). Quantitative methods entail a deductive approach, are value neutral in nature; they embody ‘a view of social reality as an external, objective reality’ (Bryman, 2004, p.19). This approach ignores context, treats social entities in a similar fashion to the way natural scientists treat physical phenomena and strives to prove mechanical and causal relationships (Johnson and Onwuegbuzie, 2004). Historically, the dominant methodology employed in business research has been deductive and quantitative in nature.

#### **5.2.5.3 Qualitative Methods**

In qualitative research, individuals and their points of view matter (Denzin and Lincoln, 2008); individuals are ‘the backbone of the study’ (Janesick, 2003, p. 71). Qualitative researchers attempt to accurately describe and interpret the meanings of phenomena in the context of the problem being investigated. The qualitative researcher is actively involved and attempts to understand and explain social phenomena in order to solve what Mason (2002, p.18) calls ‘the intellectual puzzle’. Jack (2010, p.132) contends that qualitative approaches:

‘...provide the opportunity to reach below the surface to understand the mechanisms and processes that influence the operation and function of networks’.

Qualitative methodologies allow the researcher to study reality from the inside and report on the world in motion, allowing research questions to emerge from what is found, rather than being predetermined (Denzin and Lincoln, 2008). Data collection methods in qualitative research are naturalistic and flexible in nature with the

researcher acting as a ‘bricoleur’, using whatever strategies and methodologies that are available and appropriate to the task in hand (Denzin and Lincoln, 2008, p. 5). Qualitative data, which is typically substantial, is analysed as it is being accumulated (Miles and Huberman, 1994; Sarantakos, 2005). Qualitative research is characterised by detailed, rich, and thick (empathic) descriptions, written directly and somewhat informally, that aim to capture the views of the individuals involved (Johnson and Onwuegbuzie, 2004; Denzin and Lincoln, 2008). Qualitative methodologies have, within the last two decades, become an accepted feature of consumer research with a steady increase in the number of qualitative papers appearing in the premier journals (Goulding, 2005; Guba and Lincoln, 2008).

### **5.2.6 Methodological Approach Adopted**

A qualitative methodology, which allows one to understand, in other words a how/why focus (Yin, 2003), will enhance the depth and insight of this research. Qualitative research methods are appropriate for this study as they are flexible, context sensitive and largely concerned with understanding complex issues. Hill and McGowan (1999) and Morrison and Teixeira (2004) support this approach, arguing that to fully comprehend the relationships involved in small business and tourism enterprises a qualitative methodology, that is rich in descriptive power, is imperative.

## **5.3 Research Context and Objectives**

This research project was initiated by Fáilte Ireland, who sought assistance from researchers at Waterford Institute of Technology in the creation of a rural tourism network and the generation of a process model that could inform national policy. The researcher neither selected the research site nor the task to be addressed; the organisation with the problem approached the researcher. Thus, rather than the researcher defining the research setting, the problem discovered the researcher (Brannick and Roche, 1997); this represents the classic origin of an action research project (Schein, 1987). Throughout the research the objectives were refined to reflect what was being observed in the field. The research objectives for this study ultimately became:

- To generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network.
- To develop a managerial model for involving rural tourism stakeholders in a collaborative rural tourism network.

In order to understand the processes involved in the formation of a network and the relationships that underpin that network, the researcher needed to explore the fabric of the network in detail. This implied the use of flexible, unstructured and qualitative research methods. The philosophical stance adopted, combined with the research context and research objectives, influenced the research design and the data collection methods utilised in this study. In the next section the research design adopted for this research will be outlined.

## 5.4 Research Design

A research design is a detailed plan that links the data to be collected to the research objectives. Yin (2003, p. 20) defined a research design as:

*‘...a logical plan for getting from here to there where here may be defined as the initial set of questions to be answered and there is some set of conclusions (answers) about these questions’ (italics in original)...*

Thus the research design shapes how the researcher goes about investigating the research questions; it should be chosen carefully to meet the aims of the study. Research designs can be categorised in terms of their purpose and are typically categorised as exploratory, descriptive or casual (explanatory) in nature (Saunders et al., 1997; Robson, 2002; Domegan and Fleming, 2003). Table 5.3 provides an overview of the distinguishing features of each of these research design approaches.

A key objective of this research is to investigate and generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network. This research is exploratory in nature as the aim is to discover ‘what is happening; to seek new insights; to ask questions and to assess phenomena in a new light’ (Robson, 2002, p. 59).



**Table 5.3 Research Design Options**

<b>Research type</b>	<b>Exploratory</b>	<b>Descriptive</b>	<b>Causal/Explanatory</b>
Data type	Qualitative	Qualitative or Quantitative	Quantitative
Aims	To explore, chart, identify, define	To describe, quantify	To establish cause and effect
Nature of variables	Unknown Undocumented	Known associations and documented	Known exactly Clearly supported
Degree of formality	Relatively little	Some to extensive	High mathematical content
Data collection methods	Literature review Expert surveys Focus groups In-depth interviews Projective techniques	Literature review Surveys Observation Panels	Literature review Expert surveys Experiments Surveys Observation
Sample Size	Small	Small to large	Large
Question types	Probing Response-driven	Some probing Interviewer-driven	No probing
Typical question	What?	When, Where, Who?	How, Why?
Hypothesis	Generates, Develops	Tests and/or Generates, Develops	Tests
Research Design	Almost exclusively flexible	May be flexible and/or fixed	May be flexible and/or fixed
<b>Source: Domegan and Fleming (2003) (Modified by author)</b>			

In exploratory research, a flexible and adaptable approach is essential as the nature of the research question often changes during data collection and analysis (Saunders et al., 1997; Denzin and Lincoln, 2008) and involves a fair degree of ambiguity (Strauss and Corbin, 1998). To address these challenges, it is recommended that exploratory research should commence with a broad research question, that a range of data collection methods be employed (Denzin and Lincoln, 2008), and that sufficient access be secured (Eisenhardt, 1989b; Brannick and Roche, 1997).

It should be borne in mind that, in the messy worlds of interpretive and inductive research, where research questions evolve and change due to the characteristics and context of the situation being examined and the information emerging from data analysis, research designs do not always operate smoothly (Orton, 1997; Saunders et al., 1997; Hill and McGowan, 1999; Avison et al., 2001; Robson, 2002; Zuber-Skerritt and Fletcher, 2007; Denzin and Lincoln, 2008). Janesick (2003, p. 73) describes an exploratory, qualitative research design as having ‘an elastic quality’ with the research design being ‘adapted, changed and redesigned as the study proceeds’.

### **5.4.1 Research Approach**

An extensive range of interpretive, qualitative, exploratory research approaches are available to the researcher; these include case studies (Pettigrew, 1990; Gummesson, 1991; Yin, 2003), grounded theory (Glaser and Strauss, 1967; Strauss and Corbin, 1998; Goulding, 1998), ethnography (Creswell, 1994), action research (Gummesson 1991; Brannick and Coghlan, 2007) or a combination of some of the foregoing methods (Pettigrew, 2000). The nature of the research problem, the researcher's skills and the researcher's theoretical perspective and philosophical assumptions are factors that influence the selection of a research approach (Trauth, 2001).

An action research approach was deemed the most suitable approach to generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative business-to-business rural tourism network. The rationale for adopting an action research approach is based on a number of factors. Firstly, this research task involves the researcher being directly involved in planning and creating organisational change (the formation of a network) while simultaneously studying the process (Baburoglu and Ravn, 1992; Zuber-Skerritt and Perry, 2002). Secondly, the nature of the research, in particular the degree of collaboration, researcher involvement and participation involved, implicitly called for the adoption of an action research approach (Pettigrew, 2003). Finally, client initiation, where a host organisation (in this instance Fáilte Ireland) with a serious immediate problem seeks help from a knowledgeable researcher, pointed to the adoption of an action research approach (Schein, 1987; Brannick and Roche, 1997; Avison et al., 2001). The action research approach will be explored in detail in the following section.

### **5.4.2 Action Research**

The fundamental nature of action research is summed up by its name; it represents a combination of action (practice) and research (theory) (McKay and Marshall, 2001). The explicit focus on action, with the active and deliberate involvement of the researcher in effecting change within an organisation or social process, is the major distinction between action research and case study research (McKay and Marshall, 2001; Zuber-Skerritt and Perry, 2002; Baskerville and Myers, 2004; Coghlan, 2007;

Saunders et al., 2007; McDermott et al., 2008). An action researcher, as depicted by Perry and Gummesson (2004, p. 312) is ‘both an actor and a researcher and attempts to contribute both to practice and academe’.

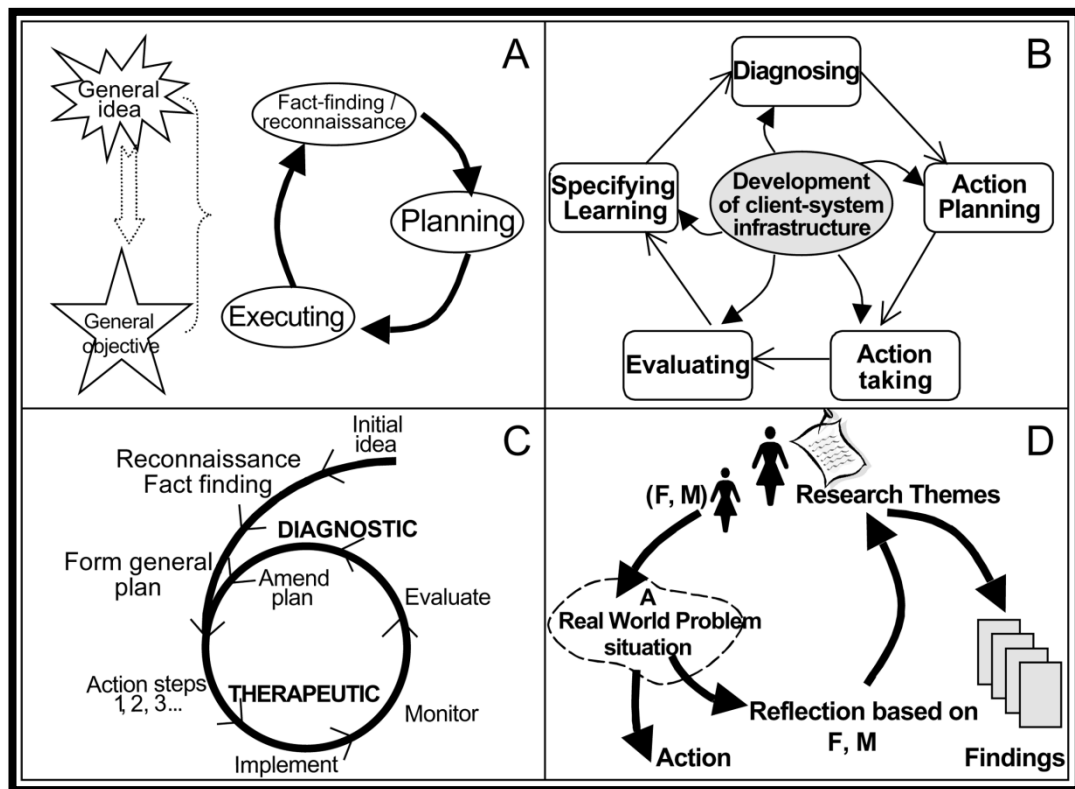
The action research approach is rooted in the works of the social psychologist Kurt Lewin, who developed the method in order to study social psychology within the framework of field theory. Lewin sought to combine theory generation with the achievement of change in the social system by the researcher acting on or in the social system. Rapoport (1970, p. 499) provided what is perhaps the most widely cited definition of action research, namely:

‘Action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework’.

This definition draws attention to the collaborative nature of action research, the potential ethical issues that may emerge from its use, and makes clear that the dual aims of action research are to address the practical concerns of individuals and to generate knowledge. Theory derived from action research is emergent (Glaser and Strauss, 1967) and produced inductively from the data (Eden and Huxham, 1996).

The action research process was conceived by Lewin (1946, p. 206) as a collaborative cyclical process or ‘a spiral of steps, each of which is composed of a circle of planning, action, and fact-finding about the result of the action’. Action research is an exploratory, participative and pragmatic process; the underlying philosophy dictates an iterative process of data collection and data analysis which are tested and modified through cycles of additional data collection and analysis until an adequately lucid interpretation is attained (Glaser and Strauss, 1967). Building on the work of Lewin (1946), many authors have used the notion of a cycle or spiral to represent the action research process. Four representations, derived from the works of: A: McKay, 2000; B: Susman and Evered, 1978; C: Burns, 1994; and D: Checkland, 1991, are shown in Figure 5.2.

**Figure 5.2 Representations of the Action Research Cycle**



**Source: Compiled by McKay and Marshall 2001.**

An action research project typically commences with what Coghlan and Brannick (2005, p. 127) describe as ‘a fuzzy question’. As an action research project progresses through iterative cycles, fuzziness decreases and clarity is attained. In an action research project, one iteration of the cycle can occur (referred to by Baskerville and Wood-Harper (1998) as linear action research), or the cycles can be repeated a number of times until satisfactory outcomes are achieved (Robson, 2002). The first cycle typically commences with a problem or agenda for change. Fact finding and analysis is undertaken to generate an initial intervention plan. The remainder of this cycle involves acting, observing, evaluating and reflecting<sup>25</sup> on the intervention. Subsequent cycles involving further interventions are then planned, effected, monitored, evaluated and reflected upon. Iterations continue until the research is completed. In practice, the cycles are unlikely to be as orderly as suggested as it is difficult to neatly categorise the process into different phases with a clear start and end (Robson, 2002). The action research process is likely to be fluid and responsive with stages overlapping and plans

<sup>25</sup> The importance of reflexivity throughout the action research process is discussed in section 5.4.4.

changed to reflect what is found in the field (Kemmis and McTaggart, 2003; Zuber-Skerritt and Fletcher, 2007).

In his work on action research, Gummesson (1991, p. 190) advised that:

‘The greatest difficulty facing the researcher/consultant is often not the intellectual knowledge of theories, models, and so forth, but rather the understanding of a social environment and institutional conditions’.

This difficulty can be mitigated by the explicit and tacit ‘preunderstanding’ of the researcher. ‘Preunderstanding’ describes ‘such things as people’s knowledge, insights and experience before they engage in a research programme’ (Gummesson, 1991, p. 50). Pettigrew (1990, p. 277) argued that, in addition to interpersonal skills and an understanding of the issues being studied, a researcher engaged in a longitudinal study will need ‘the social and political skills to develop and maintain credibility with a wide range of respondents from different levels and functions inside and outside the focal organisation’. The prior business and tourism experience of the researcher were important sources of preunderstanding for this research task.

Within academic research there is commonly a rather dichotomous distinction made between practitioners and researchers (Avison et al., 2001). The distinction that is traditionally made views the researcher as an individual that ‘pecks at practice and contributes to theory’ whereas the practitioner or consultant ‘pecks at theory and contributes to practice’ (Gummesson, 1991, p. xi). In action research, pragmatism links theory and practice (Greenwood and Levin, 2008); the roles of researcher and practitioner merge. The researcher is involved in taking action to resolve practical current problems while simultaneously studying the process and generating knowledge or theory about that action (Susman and Evered, 1978; Gummesson, 1991; Baburoglu and Ravn, 1992; Brannick and Roche, 1997; Baskerville and Myers, 2004; Brannick and Coghlan, 2007). This approach means that action researchers have the potential to develop theory that will be of relevance to practice (Huxham and Vangen, 2003; Coghlan, 2007). The two-way interrelationship between theory and practice is at the core of action research, implicitly suggesting a duality in the researcher’s motives as they will necessarily involve both organisational problem solving and academic research (Rapoport, 1970; Zuber-Skerritt and Perry, 2002; Kemmis and McTaggart, 2003; McDermott et al., 2008). This ‘double challenge’ of effecting practical transformation and advancing knowledge present significant difficulties for

researchers (Eden and Huxham, 1996; Avison et al., 2001; Robson, 2002; Huxham and Vangen, 2003, Zuber-Skerritt and Fletcher, 2007). Gummesson argues that this duality of purpose must be carefully managed and criticised the quality of some action research projects as being ‘closer to consultancy than journalism’ (1991, p. 102).

To address the aims of an action research project a mutual dependence exists; the participants bring practical knowledge and experience of the problem situation, while the researcher brings intellectual skills and competencies; neither has ‘better knowledge’. In reality, they are both experts and solutions are ‘coproduced’ (Susman and Evered, 1978, p. 597). Furthermore, an action research project can enhance the skills and competencies of both the researcher and the participants (Hult and Lennung, 1980). Active participation by the researcher and collaboration between the researcher and the ‘problem owner’ are essential to the success of an action research project (Hult and Lennung, 1980; Checkland, 1991; McKay and Marshall, 2001; Robson, 2002).

A key, ongoing debate in action research concerns the question of rigor, often at the expense of relevance (Avison et al., 2001). This is the difficult problem of ‘serving two masters’; the academic discipline on the one hand, and the practical domain (in this study the tourism network) on the other. Action research is highly situational and context specific; as a consequence, it is difficult to validate and assess action research projects (Avison et al., 2001). Despite these difficulties the action research approach has gained acceptance in the field of organisational development, social work, education and public health (Herr and Anderson, 2005) and has been utilised in the information systems field for many years (McKay and Marshall, 2001; Avison et al., 2001; Baskerville and Myers, 2004; Chiasson et al., 2008). To address the duality of the aims of the action researcher, McKay and Marshall (2001) suggest that action researchers should consider two parallel and interacting cycles: the research cycle, which is focused on research outcomes, and the problem solving cycle, which is focused on practical outcomes. They propose that these two cycles are interlinked and contingent on each other with each cycle producing specific, different and complementary outcomes of relevance to both cycles (Chiasson et al., 2008). This approach implies that the success of an action research study is contingent on the ability of the researcher to address both the research and the problem solving cycles and to manage the interaction between them (McKay and Marshall, 2001; Mumford,

2001). The problem solving element of this study involved the development of a managerial model to involve rural tourism stakeholders in a collaborative rural tourism network and to recommend policy and strategy mechanisms to maximise findings that would be of use to the participating organisations. The research element of this study was directed at generating an insight into the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network.

Herr and Anderson (2005) describe a continuum of positions that a researcher may take when carrying out an action research project. As already detailed the researcher is not an employee of any of the participating organisations and was invited to assist in addressing the identified problem. Therefore, in this study the researcher is deemed to be ‘an outsider in collaboration with insiders’ (Herr and Anderson, 2005, p. 31) and not ‘an insider academic researcher’ as described by Brannick and Coghlan (2007, p. 59). By spending a considerable amount of time ‘in the field’ a relationship of trust was built between the researcher and the participating individuals that provided an in-depth appreciation of the phenomena under investigation.

In the next section the data collection methods considered for this study are described and the rationale for the data collection methods utilised in this study are explained.

## **5.5 Data Collection Methods**

In an overview of the evolution of qualitative interpretive research methods, Denzin and Lincoln (2008, p. 29) pointed out that ‘no single method can grasp all the subtle variations in ongoing human experience’. Accordingly, they suggested that qualitative researchers should employ a diverse range of interrelated interpretive measures in order to make sense of what is being observed. A range of data generation methods including interviews, observations and documentary reviews were used in this study supported by a reflective diary maintained throughout by the researcher. The use of a variety of flexible and opportunistic data collection methods fosters divergent perspectives (Eisenhardt, 1989b), removes the ‘method effect’ and provides the researcher with ‘better opportunities to answer a research question and to evaluate the extent to which findings may be trusted and inferences made’ (Saunders et al., 2007, p. 154).

The basic ethos of an interpretive epistemology calls for the direct and active involvement of the researcher in all stages of the research process. As discussed in Section 5.4.2, a key method of generating data in an action research study is through engagement and interaction with others. As every interaction event has the potential to influence all those that participate, each interaction event must be treated as an intervention (Coghlan and Brannick, 2005). Thus, in this study, research data was gathered in conjunction with each interaction event. A description of each of the four data collection methods employed together with the rationale for their utilisation follows.

### **5.5.1 Interviews**

Conversation is a fundamental element of all human interaction (Kvale, 1996); an interview is a conversation that has a structure and a purpose (Lincoln and Guba, 1985; Kvale, 1996). Interviews can provide ‘depth, subtlety, and personal feeling’ (Pettigrew, 1990, p. 277); they are a useful way of collecting primary data to discover what the interviewees ‘think do or feel’ (Collis and Hussey, 2009, p. 144).

Interviewing is the most popular method of data collection in social research (Thorpe and Holt, 2008). Indeed, as a method of data collection, the interview is pervasive in contemporary society and is no longer limited to social science researchers (Holstein and Gubrium, 1995; Silverman, 2001; Gubrium and Holstein, 2002; Fontana and Frey, 2005). Face to face interviews allow the interviewer to observe as well as listen and assist in building a relationship between the researcher and the interviewee. Mason (1996) identifies the following as the principal objectives of interviews: (1) uncovering the information sought from participants accurately and efficiently, (2) recording the information gathered effectively so that it may be analysed efficiently and (3) leaving the participants confident that their understanding of the topic has been explored, listened to and is valued. There are three principal interview formats: fully structured, semi-structured, and unstructured (Robson, 2002), each is discussed in turn in the next section.



### 5.5.1.1 Interview Formats

Structured interviews are grounded in the positivist approach, are formal in nature, with questions carefully selected and rigorously tested before utilisation (Silverman, 2001; Robson 2002; Collis and Hussey, 2009). The aim of the structured interview is to standardise both the content and sequence of the interview questions to ensure that responses from multiple interviewees are easily comparable (Sarantakos, 2005) and that comparisons can be made with confidence between sample subgroups or between different survey periods. As Lincoln and Guba (1985, p. 269) explain, the structured interview is the preferred format when the interviewer '*knows what he or she does not know* and can therefore frame appropriate questions to find it out' (italics in original). Hence, the structured interview form does not lend itself to exploratory research; therefore this format was not used in this study.

The semi-structured interview, as the name implies, involves a looser structure than the structured interview. The interviewer in a semi-structured interview generally has a framework of themes to be explored (Sarantakos, 2005; Yin, 2009); the content and sequence of the questions can be altered and unscripted questions are permitted (Collis and Hussey, 2009). Although this interview form can be used in exploratory research, it was not considered appropriate for this study given the research topic and the inductive aims of this research.

The unstructured interview is informal in nature and is typically employed to deeply examine particular phenomena. It is the most suitable format when the interviewer '*does not know what he or she doesn't know* and must therefore rely on the respondent to tell him or her' (Lincoln and Guba, 1985, p. 269, italics in original). The unstructured interview is non-directive (Saunders et al., 2007) allowing the interviewee to freely talk about events, behaviour and opinions related to the research topic (Yin, 2009). Although the unstructured interview is informal and non-directive in nature, significant thought must be given to the key issues of concern (the what, why and how questions) before any interview takes place (Kvale, 1996). The unstructured interview allows the interviewer to probe answers so that interviewees can explain or expand on their responses and permits a rich understanding of phenomena in context (Pettigrew, 1990). This requires that the interviewer must have the competence to ask good questions, interpret the answers, listen attentively, be free

of preconceptions and bias and be adaptable and flexible (Sarantakos, 2005). Since this is an exploratory study that aims to understand the individual businesses involved and the relational aspects involved in the formation of a collaborative tourism network, the unstructured interview format was chosen as the most appropriate strategy for this research.

### **5.5.1.2 Interviews as interventions**

In the positivist paradigm the interviewer acts in an entirely neutral, unbiased, distanced and unobtrusive manner, with interview subjects seen as passive ‘vessels of answers’ (Gubrium and Holstein, 2002, p. 13). The conventional positivist approach views interviews as ‘asymmetrical encounters’ (Gubrium and Holstein, 2002, p. 12), where the ideal interviewer is ‘cool, distant and rational’ (Fontana and Frey, 2005, p. 706). Conversely, the interpretivist paradigm views interviews as collaborative interactions, in which both the interviewer and interviewee are active participants, resulting in negotiated, contextually-based outcomes (Holstein and Gubrium, 1995; Kvale, 1996; Gubrium and Holstein, 2002; Fontana and Frey, 2005). The ‘traveller’ metaphor conceptualised by Kvale (1996, p.11) describes the ‘constructive nature of the knowledge created through the interaction of the partners in the interview conversation’. Thus interviews represent interactive data generating interventions (Coghlan and Brannick, 2005) that have the ability to transform the views, opinions and knowledge of all participants. In effect, an interview is ‘an interpersonal drama with a developing plot’ (Pool, 1957, p. 193).

Based on the concept of interviews as reciprocal interactional events, in this research interviews were treated as information garnering events and, importantly, as opportunities for the bi-directional exchange of information with the potential to influence the perceptions, views and knowledge of those interviewed. An overview of the interviews carried out in this study detailing the information gathering aspect of the interviews is provided in the next section. The intervention aspect of the interviews is addressed in Section 5.6.

### **5.5.1.3 The Interviews**

During the course of this study a total of forty individual, unstructured interviews were conducted in the premises of participating tourism entities. The interviews were

carried out at three separate junctures between December 2008 and May 2010 as summarised in Table 5.4. The interview dates and a profile of those interviewed in each round of interviews are detailed in Appendices B, C and D. The broad range of interviews undertaken provided significant contextual data and allowed the researcher to correlate and contrast the information gathered from the various individuals. Re-interviewing the same individuals provided the opportunity to clarify information collected from previous interviews and, equally important, created a sense of ‘us’ between the interviewees and the researcher (Woodside, 2010). The long term nature of the study enabled an assessment of the status and atmosphere of relationships within the network as they evolved over time.

**Table 5.4 Summary of Interviews**

<b>Date</b>	<b>Interviews</b>
December 2008	17 interviews completed. Those interviewed were owners or managers representing: <ul style="list-style-type: none"> <li>• 11 Accommodation Providers</li> <li>• 6 Tourism Service Providers</li> </ul>
May and June 2009	13 interviews completed. Those interviewed were owners or managers representing: <ul style="list-style-type: none"> <li>• 9 Accommodation Providers</li> <li>• 4 Tourism Service Providers</li> </ul>
May 2010	10 interviews completed. Those interviewed were owners or managers representing: <ul style="list-style-type: none"> <li>• 7 Accommodation Providers</li> <li>• 3 Tourism Service Providers</li> </ul>

A standard procedure was followed by the researcher for each round of interviews. In advance of each round of interviews, the researcher carried out a detailed review of trends in the tourism industry at both national and regional levels (see Section 5.5.2). An interview protocol was compiled by the researcher for each round of interviews (See Appendices E, F and G). The discussion topics were themed into two strands; one strand addressed the business environment and the second strand addressed the academic element of the study and focussed on relationships within the group. The interview protocols represent more of a conversational agenda than a procedural directive. An informal, relaxed and conversational atmosphere was maintained during the interviews; as a consequence an abundance of rich contextual and insightful data about the history and status of relationships and interactions between the group members was secured. During the interviews the researcher was conscious of the

importance of keeping an open mind and setting aside personal views and assumptions.

The individuals interviewed very openly discussed their views and opinions regarding their relationships and interactions with other members of the network. Due to the sensitive nature of the collected data it was agreed that neither the businesses nor personal relationships of those interviewed would be revealed. However due to the pivotal roles played by the full time regional tourism manager (RTM) and the chairperson of Aherlow Fáilte (CAF) these two individuals are identified in the findings narrative where appropriate. Other individuals in the region, and the enterprises they represent, are not divulged.

The researcher drew on prior tourism and general business experience and combined this with information gleaned from the initial review of the relationship literature to build a rapport and develop relationships with the individual group members (Herr and Anderson, 2005). Specifically, the researcher responded with empathy to the difficulties and concerns expressed by the interviewees, communicated openly, indicated competence and reliability, kept any promises made and demonstrated fairness and equity when the opportunity arose.

The researcher sought, and received, consent to record each of the interviews. The interviews were recorded to increase the reliability of gathered data, to avoid misrepresentation and to support data quality and reliability in analysis<sup>26</sup>. The researcher supplemented these recordings by taking notes during the interviews and by writing up observations and contextual data in a reflective log after each interview. The interviews ranged in length from 40 minutes to 90 minutes with the average interview lasting one hour. After each round of interviews, the interview tapes were transcribed by the researcher and subsequently entered into the Nvivo<sup>27</sup> (Version 8) software package for analysis. An interpretative approach was utilised for both data collection and analysis with research themes inductively generated from the content of the interviews.

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<sup>26</sup> Unfortunately, due to hardware malfunctions, two of the interviews were not recorded.

<sup>27</sup> Nvivo is a qualitative data analysis computer software package produced by QSR International. It has been designed for qualitative researchers working with very rich text-based and/or multimedia information. Nvivo enables the researcher to search and retrieve various combinations of phrases, themes, words, coded segments, memos, journals, pictures or other materials.

## 5.5.2 Documentation and Archival Records

A broad range of documents and websites were accessed throughout the research project. The reference documents and websites shown in Table 5.5 and Table 5.6 were referred to on numerous occasions throughout the research. These documents provided the researcher with significant background and contextual information on the tourism industry and the region. The researcher carried out an Internet search to identify the tourism entities operating in the region and created media and Internet profiles of the region. In preparation for interviews and interaction events the researcher completed a comprehensive review of media coverage of the region. Secondary data, such as international, national and regional tourism reports, were monitored continually throughout the research in order to understand the specific nature of the industry context and policy throughout the research period. The key reference documents utilised during this study are shown in Table 5.5, and the principal websites accessed during the research process are listed in Table 5.6.

**Table 5.5 Key Reference Documents**

Fáilte Ireland, (2006), 'Tourism Product Development Strategy 2007 – 2013'
Fáilte Ireland, (2008), 'Strategy Statement 2008 – 2010'
Fáilte Ireland, (2009: a), '2008 performance, 2009 outlook - Tourism Earnings Dip in Difficult Season'
Fáilte Ireland, (2009: b), '2008 performance, 2009 outlook - FI South East - Local Tourism Industry Braced for a Challenging Year Ahead (South East)'
Fáilte Ireland, (2009: c), 'Hiking and Walking Facts 2009'
Fáilte Ireland, (2009: d), 'Business Update - Making Ireland even more Welcoming to Walkers'
Fáilte Ireland, (2009: e), 'Glen of Aherlow Walking Hub – 2009 Season Review'
Fáilte Ireland, (2009: f), 'Observations and recommendations'
Fáilte Ireland, (2009: g), 'Tourism Facts 2008'
Fáilte Ireland, (2009: h), 'Tourism Barometer June 2009'
Fáilte Ireland, (2009: i), 'Tourism Barometer September 2009'
Fáilte Ireland, (2009: j), 'Tourism Barometer December 2009'
Fáilte Ireland, (2010: a) 'Tourism – Our Overall Performance in 2009'
Fáilte Ireland, (2010: b), 'Tourism to Turn the Corner in 2010?'
Fáilte Ireland, (2010: c), 'Visitor Attitudes Survey - All Holidaymaker Trends' 2005-2009
Fáilte Ireland, (2010: d), 'Tourism Facts 2009'
Fáilte Ireland, (2010: e), 'South East Facts 2009'
Fáilte Ireland, (2010: f), 'Tourism Barometer April 2010'
Fáilte Ireland, (2010: g), 'Tourism Barometer June 2010'
Fáilte Ireland, (2010: h), 'Tourism Barometer September 2010'
Glen of Aherlow Fáilte Society, (2010: a), Visitors Guide
Glen of Aherlow Fáilte Society, (2010: b), Loop Maps
Red C., (2008), 'Glen of Aherlow Qualitative Research, August 2008'
Sásta Surveys Ltd., (2008), 'Glen of Aherlow Visitors Survey 2008'
Tourism Ireland, (2008), 'Marketing Insights: Sightseers & Culture Seekers'
Tourism Ireland, (2009), 'Visitor Facts & Figures 2008'
Tourism Ireland, (2010), 'Visitor Facts & Figures 2009'
Tourism Renewal Group, (2009), 'Survival, Recovery and Growth – A Strategy for Renewing Irish Tourism, 2009 – 2013, Mid-Term Review'
World Tourism Organisation (UNWTO), (2009), 'International Tourism Challenged by Deteriorating World Economy'
World Tourism Organisation (UNWTO), (2010), 'International Tourism on Track for a Rebound after an Exceptionally Challenging 2009'

**Table 5.6 Websites Accessed**

<a href="http://www.aherlow.com/">http://www.aherlow.com/</a> <a href="http://www.aherlowhouse.ie/">http://www.aherlowhouse.ie/</a> <a href="http://www.askaboutireland.ie/">http://www.askaboutireland.ie/</a> <a href="http://www.ballinacourtyhse.com/">http://www.ballinacourtyhse.com/</a> <a href="http://www.ballyhouracountry.com/">http://www.ballyhouracountry.com/</a> <a href="http://www.camping.ie/">http://www.camping.ie/</a> <a href="http://www.camping-ireland.ie/caravan-parks/">http://www.camping-ireland.ie/caravan-parks/</a> <a href="http://www.caravanclub.co.uk/">http://www.caravanclub.co.uk/</a> <a href="http://www.discoverireland.ie/">http://www.discoverireland.ie/</a> <a href="http://www.discoverireland.ie/walking/">http://www.discoverireland.ie/walking/</a> <a href="http://www.eatharlai.ie/">http://www.eatharlai.ie/</a> <a href="http://www.ezine.Failteireland.ie/">http://www.ezine.Failteireland.ie/</a> <a href="http://www.failteireland.ie/FailteCorp/media/FailteIreland/documents/Research/">http://www.failteireland.ie/FailteCorp/media/FailteIreland/documents/Research/</a> <a href="http://www.failteireland.ie/Information-Centre/Press-Releases/2008/">http://www.failteireland.ie/Information-Centre/Press-Releases/2008/</a> <a href="http://www.failteireland.ie/Information-Centre/Press-Releases/2009/">http://www.failteireland.ie/Information-Centre/Press-Releases/2009/</a> <a href="http://www.failteireland.ie/Information-Centre/Press-Releases/2010/">http://www.failteireland.ie/Information-Centre/Press-Releases/2010/</a> <a href="http://www.failteireland.ie/walking/">http://www.failteireland.ie/walking/</a> <a href="http://www.foxfordhouse.com/">http://www.foxfordhouse.com/</a> <a href="http://www.galteewalkingclub.ie/">http://www.galteewalkingclub.ie/</a> <a href="http://www.goireland.com/tipperary/glen-of-aherlow/">http://www.goireland.com/tipperary/glen-of-aherlow/</a> <a href="http://www.heritageireland.ie/en/South-East/">http://www.heritageireland.ie/en/South-East/</a>	<a href="http://www.homeleighfarmhouse.com/">http://www.homeleighfarmhouse.com/</a> <a href="http://www.independent.ie/">http://www.independent.ie/</a> <a href="http://www.ireland.com/activities/walking/tipperary/">http://www.ireland.com/activities/walking/tipperary/</a> <a href="http://www.ireland_guide.com/all_events/glen_of_aherlow_walking_festival/">http://www.ireland_guide.com/all_events/glen_of_aherlow_walking_festival/</a> <a href="http://www.IrishExaminer.com/">http://www.IrishExaminer.com/</a> <a href="http://www.irishtimes.com/">http://www.irishtimes.com/</a> <a href="http://www.nationalist.ie/">http://www.nationalist.ie/</a> <a href="http://www.nationalist.ie/tipperary-town/New-Winter-Walking-Festival-announced/">http://www.nationalist.ie/tipperary-town/New-Winter-Walking-Festival-announced/</a> <a href="http://www.parslowpottery.com/">http://www.parslowpottery.com/</a> <a href="http://www.rathellenhouse.com/">http://www.rathellenhouse.com/</a> <a href="http://www.shannonheritage.com/Attractions/">http://www.shannonheritage.com/Attractions/</a> <a href="http://www.theglenhotel.ie/">http://www.theglenhotel.ie/</a> <a href="http://www.tigroy.com/">http://www.tigroy.com/</a> <a href="http://www.timesonline.co.uk/">http://www.timesonline.co.uk/</a> <a href="http://www.tipp.ie/placesofinterest/aherlow-failte.htm/">http://www.tipp.ie/placesofinterest/aherlow-failte.htm/</a> <a href="http://www.tipperarycamping.com/">http://www.tipperarycamping.com/</a> <a href="http://www.tipperary-excel.com/">http://www.tipperary-excel.com/</a> <a href="http://www.tipperarystar.ie/news/Glen-of-Aherlow-Walking-Festival/">http://www.tipperarystar.ie/news/Glen-of-Aherlow-Walking-Festival/</a> <a href="http://www.tourismireland.com/">http://www.tourismireland.com/</a> <a href="http://www.tripadvisor.com/">http://www.tripadvisor.com/</a> <a href="http://www.unwto.org/">http://www.unwto.org/</a>
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### 5.5.3 Observation

Observation, both formal and casual, provides useful contextual and factual information about the phenomena being investigated (Yin, 2009), and can allow the researcher to identify discrepancies between ‘what people have said in interview and casual conversations, and what they actually do’ (Pettigrew, 1990, p. 278). Observation represents a key data collection method for this research. There are two principal forms of observation, non-participant and participant observation. Non-participant observation, where the researcher observes and records behaviour ‘from the outside’ (Sarantakos, 2005), is the most common form of observation in business research (Collis and Hussey, 2009). Non-participant observation can be highly formal and structured in nature with procedures strictly organised and planned before the study commences and high levels of control and standardisation employed (Sarantakos, 2005). Given the context, objectives, and the exploratory and interpretive nature of this research, non-participant observation methods were not adopted.

Participant observation, where the researcher is fully involved with the participants and the phenomena being researched, is used to uncover ‘what is going on’ in a wide range of social settings (Saunders et al., 2007). A participant role allows the researcher to observe reality from the point of view of those inside the group (Yin, 2009), and to

observe in real time the behaviour of participants (Frankfort-Nachmias and Frankfort, 1992). Participant observation can be time consuming and may involve the researcher in ethical dilemmas (Saunders et al., 2007). The researcher can be prone to a form of ‘Stockholm Syndrome’<sup>28</sup>. Hence, the researcher must guard against the risk of becoming overly attached to the group (Pettigrew, 1990) and allowing this to negatively affect their objectivity. The impact of some of these limitations can be reduced by following ethical guidelines and through the maintenance of a reflective log to challenge researcher bias and assumptions.

A participant observation role, with the dual purpose of the research (problem solving and theory generation) fully disclosed to all involved, was adopted for this research. The researcher attended, observed and participated in a range of interventions throughout the research task (see Table 5.7); this allowed the researcher to observe the interactions and communications that occurred within the group and to generate an understanding of the complexity of the relationships between network members. Personal dialogue and interactions between the network members were encouraged by scheduling lunch and coffee breaks into all of the intervention events. During these social breaks the researcher engaged in informal ‘chats’ with individual group members. These ‘chats’ provided invaluable contextual insights and, as the project progressed, provided the opportunity to check the veracity of the researcher’s interpretation of events.

Observation of, and engagement in, the informal interactions between the network members at the formal network gatherings complemented and augmented the information derived from the individual interviews. All of the intervention events and the interviews took place in the region at the business premises of the network members. This allowed the researcher to build, through observation, a contextual understanding of the operating environment of the individual tourism entities. Observation enhanced the researchers understanding of the relationships that evolved between the participants throughout the research, allowed the researcher to develop a

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<sup>28</sup> Stockholm Syndrome is a term used to describe a real paradoxical psychological phenomenon wherein hostages express empathy and have positive feelings towards their captors, sometimes to the point of defending them. This syndrome derives its name from a 1973 hostage incident in Stockholm, Sweden, where the victims became emotionally attached to their captors, and refused to testify against their captors after they were freed from their six-day ordeal.

broad, pluralistic perspective and enhanced verification and validation of the research process (Pettigrew, 1990).

#### **5.5.4 Reflective Journal**

Reflection, and in particular self-reflection, is central to the action research process. Herr and Anderson (2005) highlight the merit of moving away from the ‘puzzle’ to gain perspective. Self-reflection requires the researcher to critically reflect on themselves, their biases and preconceptions, and the impact of their actions throughout the research process, in effect seeing the ‘human as instrument’ (Guba and Lincoln, 2008). Conducting qualitative research requires considerable reflection on the researcher’s part, and the ability to make a critical assessment of the information gathered. Weick (1995, p. 26) argues that meanings are derived retrospectively and describes the act of reflection as:

‘A cone of light that spreads itself backward from a particular present. This cone of light will give definition to portions of lived experiences’.

Reflection requires the researcher to think critically about what they are doing, it helps to crystallise the subject matter and facilitates self discovery (Guba and Lincoln, 2008). The purpose of a reflective journal is to record ideas, observations and reflections on these, and to act as an aide-memoire for the progress of the research methodology. A chronologically ordered reflective journal can be used to track the evolution of certain ideas (such as data categories or research themes) and to capture contemporaneous insights into what is actually going throughout the research process (Saunders et al., 2003). A reflective journal was maintained by the researcher throughout this study in which contemporaneous comments and contextual data concerning the interviews, interventions, observations on the group interactions and relationships and personal reflections on the process were recorded. The reflective journal allowed the researcher to track ideas and themes, to identify bias, maintain objectivity and to challenge pre-existing assumptions and the interpretations made of the collected data.



## **5.6 Overview of the Action Research Process**

The action research process, as detailed in Section 5.4.2, is concerned with effecting change within an organisation or social process through deliberate action. An action research project typically commences with a problem or agenda for change. Fact finding and analysis is undertaken to generate a diagnosis and an initial intervention plan is devised. The planned intervention is then enacted, monitored, evaluated and reflected upon; intervention cycles continue until the research is completed. In accordance with the action research approach, this research commenced with a fact finding and diagnostic phase. This was followed by three intervention cycles, each involving planning, action, evaluation and reflection components. The final research phase entailed a review and evaluation of the research process. An action research protocol, which outlines the key actions and activities that occurred in each phase of this research, is presented in Table 5.7. In the following sections the rationale underpinning each of the data collection phases are detailed.

### **5.6.1 Fact Finding and Diagnosis (May to December 2008)**

This phase commenced with the selection of the research location. The research team and Fáilte Ireland recognised that a strategic orientation was required to establish a rural tourism network. Hence it was essential that the selected location and its potential tourism proposition were aligned with the strategic goals for the region and were capable of supplying a high standard and range of elements to form the holiday experience. Fáilte Ireland considered that the *'ingredients seemed to be right'* in the Glen of Aherlow. At an initial meeting in which the project proposal was outlined, tourism representatives from the region reacted positively and enthusiastically to the proposed collaborative project. Consequently, the Glen of Aherlow was selected as the research location.

In accordance with the recommendations of Mumford (2001), the researcher, endeavoured to gain an accurate and comprehensive understanding of the situation in the region prior to any intervention. Thus, the researcher's first task was to conduct a comprehensive fact-finding and familiarisation exercise to generate a profile of the region and to build an awareness of all tourism activity, including tourism activities, tourism providers and ancillary support services, within the region (See Appendix A).

**Table 5.7 Action Research Protocol**

Date	Process	Action	Key activities/objectives
<b>Fact Finding and Diagnosis (May to December 2008)</b>			
May to Dec '08	Diagnosis	Assessment of area	<ul style="list-style-type: none"> <li>• Identification of best match location</li> <li>• Profile the selected location</li> <li>• Assess status of relationships between network members</li> </ul>
Oct '08	Plan	Intervention preparation	<ul style="list-style-type: none"> <li>• Agree intervention objectives</li> <li>• Plan workshop event</li> </ul>
<b>First Intervention Cycle (November 2008 to February 2009)</b>			
Nov to Dec '08	Action	Workshop Interviews	<ul style="list-style-type: none"> <li>• Promote commitment to the initiative</li> <li>• Secure input of network members to business plan</li> <li>• Promote relational development</li> </ul>
Dec '08	Evaluation and diagnosis	Intervention review	<ul style="list-style-type: none"> <li>• Evaluate status of network relationships</li> <li>• Literature review</li> </ul>
<b>Second Intervention Cycle (March 2009 – September 2009)</b>			
Dec to Feb '09	Plan	Business plan compiled. Intervention preparation	<ul style="list-style-type: none"> <li>• Compile business plan using market surveys, strategy workshop and individual interviews</li> <li>• Agree intervention objectives</li> <li>• Complete 'Walkers Welcome' charter</li> <li>• Plan workshop event</li> </ul>
Mar to Jun '09	Action	Training events Interviews	<ul style="list-style-type: none"> <li>• Promote relationship development</li> <li>• Secure commitment of group members to business plan and 'Walkers Welcome' charter</li> <li>• Observe group interactions</li> <li>• Discuss network relationships</li> </ul>
Mar to Sep '09	Evaluation and diagnosis	Intervention review	<ul style="list-style-type: none"> <li>• Re evaluate status of network relationships</li> <li>• Literature review</li> </ul>
<b>Third Intervention Cycle (October 2009 - May 2010)</b>			
Sep '09	Plan	Intervention preparation	<ul style="list-style-type: none"> <li>• Intervention plan objectives agreed</li> <li>• Workshop event planned</li> </ul>
Oct '09 to May '10	Action	Actions Workshop	<ul style="list-style-type: none"> <li>• Increase ownership and commitment</li> <li>• Devolve planning process to network</li> <li>• Discuss network relationships</li> </ul>
Nov '09 to May '10	Evaluation and diagnosis	Interviews Intervention review	<ul style="list-style-type: none"> <li>• Re evaluate status of network relationships</li> <li>• Literature review</li> </ul>
<b>Review (June 2010 onwards)</b>			
Jun '10	Evaluation and reflection	Process review	<ul style="list-style-type: none"> <li>• Review status of network</li> <li>• Reflection on process</li> </ul>

A diagnosis of the strengths, weaknesses, opportunities and threats facing the region was compiled using independent market surveys<sup>29</sup> of visitors to the region, economic forecasts, national and international tourism reports and press reviews of the area.

Chronologically, the diagnostic phase and the first intervention phase overlapped each other and the diagnosis of the status of relationships occurred within the first intervention phase. It was clear from the interactions observed and the interview discussions that the group was fragmented with low levels of interaction and widespread suspicion about the motives of other members. The diagnosis indicated that the development of interpersonal relationships and the alignment the goals of network members would be major determinants of the successful development of a collaborative rural tourism network in the Glen of Aherlow. It was evident that many of the group members had prior experience of others in the group; overcoming earlier negative experiences and building positive interactions would be a major focus of the research.

As outlined in Table 5.7, three action research cycles were completed in this research. Within each action research cycle interventions were planned, executed, evaluated and reflected on in accordance with the action research approach outlined in 5.4.2. A description of, and the rationale for, the work undertaken in each action research iteration follows.

### **5.6.2 First Intervention Cycle (November 2008 to February 2009)**

The overriding objective of the first phase of interventions was to promote relational development by increasing the members' awareness and knowledge of other network members. It was considered essential that potential apprehensions within the network about inputs, roles and responsibilities be addressed and that the mutual and individual benefits of network participation would be clearly communicated to the members from the outset. The actions taken in this phase are detailed in the following sections.

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<sup>29</sup> The market surveys were performed by Red C., (2008), 'Glen of Aherlow Qualitative Research, August 2008' and Sásta Surveys Ltd., (2008), 'Glen of Aherlow Visitors Survey 2008' on behalf of Fáilte Ireland.

### **5.6.2.1 Workshop**

The primary academic objective of the first intervention, in the form of a workshop, was to allow the network members to learn about each other as individuals and to initiate relationship building and/or repair. Other objectives were to: (1) encourage buy in from the group for the process, (2) boost confidence in the process, (3) facilitate communication and cooperation between group members and (4) foster a desire for relationship continuance amongst the network members.

The workshop event was planned as a highly participative and democratic event which would encourage a sense of inclusion and address some of the relationship issues identified in the fact finding and diagnosis phase. The workshop discussions and teamwork sessions were designed to provide a supportive environment that would enable the network members and the researcher to build their knowledge of each other and lay the foundations for a shared understanding of the issues and problems facing the region. A significant element of the workshop was a brainstorming session which was designed to encourage highly participative and creative discussions. These discussions allowed the network members and the researcher to share perceptions, opinions and ideas. This initiated the process amongst the network members of identifying where improvements could be made in tourism services in the region and the actions that should be taken in order to move forward. The potential benefits that individual network members could achieve through cooperation and collaboration and the development of an integrated market proposition for the area were articulated. The network members and the researcher worked collaboratively to define and agree the purpose of the project and establish goals for the group. This process facilitated personal interactions between the network members and allowed the network members to increase their knowledge of each other, to identify shared concerns and to develop a sense of shared purpose. In addition, the interactive nature and informal atmosphere of the workshop allowed the researcher to instigate relationships with individual network members in a relaxed environment. This facilitated the building of trust between the network members and the researcher (Herzog, 2001).

The principal practical objectives of the workshop were to categorise the core competencies of the region and to identify the market segments that the region could address the needs of quickly and cost effectively. A key outcome of the workshop was

to achieve a consensus to focus resources on addressing the specialist requirements of the *Outdoor Enthusiasts and Sightseers* and *Culture Seekers* target markets<sup>30</sup>.

#### **5.6.2.2 Interviews Phase 1**

As detailed in Section 5.5.1.3, the first round of face-to-face unstructured interviews with the owners or managers of the tourism enterprises were conducted in December 2008. A copy of the Interview Protocol for this round of interviews is shown in Appendix E. The information gathering objective of these interviews was to acquire an in-depth appreciation of the network members businesses, their individual views on the proposed network and the nature of their relationships with other group members. The key intervention objectives of these interviews were (1) to promote relational development, (2) to engender a sense of commitment to the network and (3) to stimulate awareness of the interdependence of network members.

Based on the interactions observed at the workshop event, the researcher was aware that some relationship tensions existed between network members. The interviews provided the researcher with the opportunity to discuss existing relationships with a broad range of network members. The researcher intentionally sought interviews with tourism representatives that had not attended the workshop event. During the interviews the researcher disseminated factual information about the workshop discussions and sought the views of the interviewees on the matters addressed in the workshop. In this way the researcher sought to reduce uncertainty and promote understanding and buy-in. A relaxed, discursive and open atmosphere was adopted by the researcher during the interviews. This informal style facilitated the interactive exchange of information which allowed both the interviewee and interviewer to increase their knowledge and awareness of each other. In addition the interviews provided the opportunity to constructively discuss the concept of interdependence within the region and to articulate the benefits and pitfalls of participation in the network. The interviews secured the input of the group members to the regional business plan, thus ensuring that the ‘voice of the individual’ was reflected in the plan thereby facilitating the commitment and ‘buy-in’ of the individual group members to the plan.

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<sup>30</sup> See: Fáilte Ireland, (2006), ‘Tourism Product Development Strategy 2007-2013’, (Appendix E) for profiles of the tourism segments identified as offering the greatest potential for Ireland.

### **5.6.2.3 Evaluation and Diagnosis**

On completion of the first action research phase the researcher concluded that relationships between network members were quite fragmented with low levels of trust and commitment and widespread suspicion about the motives of other members. It was apparent that for the network to be effective and self-sustaining more relational closeness was necessary. Increasing relational closeness within the network and promoting commitment to the network would be the primary concerns of the next phase of the research.

### **5.6.3 Second Intervention Cycle (March 2009 to September 2009)**

The interventions undertaken in this period were designed to: (1) support the development of relationships within the group, (2) reinforce commitment to the network, (3) promote interdependence between the network members by securing their agreement to mutual goals and objectives and (4) promote network interdependence. To meet these aims the training events were structured to encourage communication that would allow the network members to share their ‘wants, issues, inputs, and priorities’ (Dwyer et al., 1987, p. 17). During this phase a business plan and the ‘Walkers Welcome’ charter were devised and adopted by the network; in addition, two training interventions and a series of individual interviews were completed. The key events that took place in this phase are described in the following sections.

#### **5.6.3.1 Business Plan**

A comprehensive business plan, based on the information generated by the visitor surveys, the strategy workshop and the interviews was compiled for the network by the researcher. The rationale for compiling the business plan was firstly, to integrate and align the perspectives of the network members (Buchel, 2000), secondly, to create a common vision and purpose and thirdly, to create a coordinated framework for action. In addition the business plan represented a useful mechanism for communicating information to the network members about the region.

The core vision for the region was defined as being:

‘to deliver an experience of excellence to visitors, thereby increasing tourism activity in (the region) and generating income, employment and investment for the benefit of the area. The project aims to facilitate a coordinated approach to the development and marketing of (the region) by further development of a strong industry network that provides leadership and collaborates to develop and promote the area’. (Extract from Business Plan)

As detailed in Section 5.6.2.1, the key market segments identified for the Glen of Aherlow agreement were *Outdoor Enthusiasts* and *Sightseers and Culture Seekers*. The alignment of products, services and communications to meet the specialist requirements of these target markets was a fundamental element of the business plan. A range of key action items (see Table 5.8) and key performance indicators (see Table 5.9) were specified in the business plan. The primary purpose of the business plan was to foster commitment and interdependence between the network members by securing their agreement to mutual goals and objectives.

**Table 5.8 Business Plan: Key Action Items**

Theme	Action Items
Infrastructural Development	<ul style="list-style-type: none"> <li>• Ongoing development of walking infrastructure within the region.</li> <li>• Access funding for the development of cycling infrastructure within the region.</li> <li>• Ongoing liaison with Local Authorities to address deficits in local and regional sign posting, with particular focus on signposting to key attractions and places of interest.</li> <li>• Seek funding for the provision of disability access to all products (where possible).</li> </ul>
Product and Hospitality Development	<ul style="list-style-type: none"> <li>• Improve the range, consistency and quality of visitor experience in the region.</li> <li>• Draft and agree charter setting out standard codes of practice for adoption by product providers in the region. The charter and any product development should address the specialist requirements of <i>Outdoor Enthusiasts</i> and <i>Sightseers and Culture Seekers</i>.</li> <li>• Develop the range and quality of tourism products and services that capitalise on the unique natural environment and cultural heritage of the region.</li> <li>• Develop a collaborative structure for management of the programme.</li> <li>• Develop an integrated product development strategy.</li> </ul>
Communications	<ul style="list-style-type: none"> <li>• Raise awareness of the region by promoting its strengths and attributes to the key target markets.</li> <li>• Develop a key marketing message for the area.</li> <li>• Develop and market product linkages that are unique to the region.</li> <li>• Use a coordinated approach for the development and promotion of the region.</li> </ul>

**Table 5.9 Business Plan: Key Performance Indicators**

Level	Measure
Primary	<ul style="list-style-type: none"><li>• Enhanced visitor experience</li><li>• Increased awareness of the region as a holiday destination</li></ul>
Secondary	<ul style="list-style-type: none"><li>• Increased total visitor expenditure</li><li>• Increased investment in tourism products and services</li></ul>

### 5.6.3.2 ‘Walkers Welcome’ Charter

The concept of the ‘Walkers Welcome’ charter was described by Fáilte Ireland (2009, (d)) in the following terms:

‘The guiding principle behind the Walkers Welcome is that all participating tourism operators and the local walking community make it a priority to deliver an outstanding walking experience to all walkers in the area, presents a great opportunity to develop the area, increase visitor numbers and grow revenue for all’.

The charter required a commitment from the tourism providers and the general community within the region to offer the best walking experience possible. Specifically, the charter sought commitment to the following actions from the network members and the community:

- The provision of a varied selection of walks.
- Accessible walking information and other walking opportunities such as festivals and walking clubs who lead regular guided walks in the area.
- Local amenities such as shops, pubs, and cafes providing walker friendly services including packed lunches, places to leave wet gear and visitor books are also important elements of the walking hub.
- The availability of approved accommodation that can cater for walkers needs and support from the local community is also key in ensuring the success of the initiative.

A copy of the ‘Walkers Welcome’ Charter that was adopted by the network members is shown in Appendix H. Analogous to the business plan, a key outcome of the ‘Walker Welcome’ charter was to secure the agreement of the network members to mutual goals and objectives thereby promoting commitment and interdependence within the network.



### **5.6.3.3 Training Interventions**

Network members participated in two interactive training events, a ‘Champions Training Workshop’ and a ‘Collaborative Actions’ Workshop’, which were designed to support relational development within the network. The key objectives of these events were to promote familiarity and interaction within the network and to provide opportunities for interactive encounters between group members. It was envisaged that the informal encounters facilitated at these events would allow the network members to learn, in a meaningful way, about the business and personal affairs of other network members and would foster the development of trust, commitment and communication within the network (Gulati, 1995). The purpose and rationale underlying the training events are described in the following sections.

#### **5.6.3.3.1 ‘Champions’ Customer Care Training Programme**

The ‘Champions’ Customer Care training programme was devised to show the network members that, by linking tourism product and services within a locality, a more enhanced market offering should emerge, leading to greater customer satisfaction. An underlying theme of the workshop was the concept of cooperating to compete, hence the benefits and importance of being aware of and promoting other businesses in the region were highlighted. The training programme was highly interactive thus allowing opportunities for communication, improved interpersonal understanding and the evolution of shared understandings within the network.

In addition to encouraging relationship development, the objective of this intervention was to foster commitment to the network and to promote interdependence between the network members by securing their agreement to mutual goals and objectives.

#### **5.6.3.3.2 Collaborative Actions’ Workshop**

A second training event, described as a ‘Collaborative Actions’ Workshop was held in April 2009. This workshop was designed around a food theme with a cookery demonstration, recipe planning advice, and information about the regulatory

environment including a lengthy session on the HACCP<sup>31</sup> food safety management system. A key objective of the workshop was to promote cohesion within the network to persuade the group members that, by linking tourism product and services within the region a more enhanced market offering would emerge with potential benefits for all participants. To foster achievement of these objectives and to promote relationship development the workshop was designed to be highly interactive and informal in tone. Hence the workshop activities were designed to build interpersonal familiarity and to cultivate a sense of inclusiveness and camaraderie within the network.

#### **5.6.3.4 Interviews Phase 2**

As detailed in Section 5.5.1.3, the second round of face-to-face unstructured interviews with the owners or managers of the tourism enterprises were conducted in May and June of 2009. A copy of the Interview Protocol for this round of interviews is shown in Appendix F. The intervention objective was to strengthen commitment to the network and to promote relational development within the network. A relaxed, discursive style was adopted which facilitated the interactive exchange of information concerning developments within the network. This process allowed the network members to corroborate and validate their views with those of others in the network. The interactive discussions also promoted awareness of the interdependence of the network members and advanced a sense of commitment to the network.

#### **5.6.3.5 Evaluation and Diagnosis**

On completion of the second action research phase, the research team and Fáilte Ireland concluded that while there was some evidence of increased communication and commitment within the rural tourism network, more relational closeness could be achieved. It was agreed that the focus of the next intervention phase would be to build relational closeness and interdependence within the network. Mutual interdependence would be encouraged by devolving control of, and responsibility for, network

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<sup>31</sup>HACCP (Hazard Analysis and Critical Control Point) is a systematic food safety management system designed to identify and control hazards (microbiological, chemical or physical) that could pose a danger to the preparation of safe food. Since 1998 it has been a legal requirement for all food businesses in Ireland to have a food safety management system based on the principles of HACCP. For more information on HACCP see: [http://www.fsai.ie/food\\_businesses/haccp/haccp.html](http://www.fsai.ie/food_businesses/haccp/haccp.html)

planning to the group. This would encourage the group to work closely together to define (and ultimately to achieve) mutual goals. This process would also build commitment and promote the development of relationships and relational norms.

#### **5.6.4 Third Intervention Cycle (October 2009 to May 2010)**

In this phase interventions with the network took the form of one training intervention and a further round of individual interviews. The rationale and objectives of these interventions are described in the following sections.

##### **5.6.4.1 Actions Workshop**

The Actions Workshop was designed to increase network interdependence and relational development. A key task of the workshop was to motivate the network members to collaborate to mutually define and agree an action plan for the following year. The workshop reinforced the messages of the previous interventions; namely that a coordinated, collaborative approach to the development and promotion of the area would benefit all network members. As the title of the workshop suggests, emphasis was placed on devising an actionable and results driven plan rather than the production of a complex master plan that, despite good intentions, would be difficult to implement. The devolution of control and responsibility for planning and action to the network was intended to promote network autonomy.

##### **5.6.4.2 Interviews Phase 3**

As detailed in Section 5.5.1.3, the third round of face-to-face unstructured interviews with the owners or managers of the tourism enterprises were conducted in May 2010. A copy of the Interview Protocol for this round of interviews is shown in Appendix G. The aim of the third round of interviews was to review the network member's experience of interacting and working with other network members and to assess how relationships within the network had evolved.

## 5.7 Data Analysis

Data analysis involves the collection, organisation and interpretation of data (Irvine and Gaffikin, 2006). The action research process involves an iterative process of data collection and data analysis which are tested and modified through cycles of additional data collection and analysis until an adequately lucid interpretation is attained (Glaser and Strauss, 1967). Data analysis in qualitative research is an eclectic process (Creswell, 1994), with no one correct way to analyse the data (Janesick, 2003). The major difficulties in carrying out inductive, qualitative research involve dealing with the complexities of the real world and trying to make sense of what is being observed while cognisant of the fact that multiple realities exist. As Denzin and Lincoln (2008, p. 35) observe: 'there is no single interpretive truth'. Throughout the research task every attempt was made to prevent the literature review from influencing the data collection and analysis processes. In other words, themes and categories were allowed to emerge from the data and were not imposed prior to data collection (Janesick, 2003). As each intervention was completed the literature was revisited to enhance the researcher's understanding of what was observed in the field, and to aid in the development of a conceptual framework.

Researchers carrying out qualitative research on organisations and networks will accumulate a large amount of raw data such as interview transcripts, observations, published documents and reflective notes (Denzin and Lincoln, 2008). The management and analysis of the accumulated data are intrinsically linked (Miles and Huberman, 1994). Analysis aims to bring order to the piles of data gathered; the goal being to make meaning of this material in order to tell the reader a story (narrative) about what has been found while allowing the research participants to speak for themselves. The Nvivo software programme, which is specifically designed for performing indexing, searching, and theorising on qualitative data, was used to manage the data and facilitate the analysis process. The Nvivo software incorporates a comprehensive range of facilities for analysis, including the opportunity to change and adapt the coding structure and introduce new codes during analysis. It also provides an audit trail for review and verification of the process. As described in Section 5.5.1.3 the interview tape recordings were transcribed verbatim. The interview transcripts, summaries and other data including observation notes and reflective journals were entered into the Nvivo software package for subsequent analysis. While Nvivo is a

very useful tool for data management, it is only a tool and is no substitute for the creative and interpretive skills of the researcher (Bryman and Bell, 2007; Easterby-Smith et al., 2008). Analysis of the data requires the researcher to make sense of the accumulated information, which, even with the assistance of the qualitative software, is a difficult task. Indeed there is a real threat of ‘death by data asphyxiation’ (Pettigrew, 1990, p. 281). The Nvivo software package allowed the researcher to structure the collected data as it was gathered, through the process of keeping text in organised database files. Having an efficient filing system allowed the researcher easy access and retrieval (Bazeley, 2007). Data was coded in Nvivo into nodes representing themes of the relationship characteristics that emerged from the literature review. Data from the interviews were categorised, and coded into their appropriate node. A summary of the Nvivo nodes is shown in Appendix I. The Nvivo package made it possible for the researcher to synthesise large volumes of text by editing, coding, retrieving, memoing, and linking data into categories so emergent categories and themes could be identified. Linked to the process of identifying categories and themes, was the essential task of going back and forth between theory and data, moving towards a theory that closely fits the data (Orton, 1997). The process of analysing, interpreting and building explanations involved repeated iterations between data and theory. Attempting to make sense of the data was indeed a messy, challenging and confusing process for the researcher (Pettigrew, 1997). Analytical writing, which included interview summaries, annotations and narratives, together with a reflective journal, helped the researcher make sense of the data and theory. It is worthwhile to note that throughout the process of analysing and interpreting the data, the researcher continuously endeavoured to verify the accuracy of findings and interpretations with a broad range of stakeholders including network members, Fáilte Ireland representatives, peers and academics.

## **5.8 Research Legitimacy**

In the quantitative and positivistic traditions research legitimacy revolves around the issues of validity, reliability and generalisability of the research task. Kvale (1996, p. 229) suggests that these standards have acquired the status of a ‘scientific holy trinity’ among the positivist research community. However, they are regarded as being of relatively little significance by many qualitative researchers (Kvale, 1996; Mason,

2002). Many authors support the view that evaluative criteria are not suitable for research emerging from the qualitative and interpretivist traditions (Lincoln and Guba, 1985; Janesick, 2003; Denzin and Lincoln, 2003). Strauss and Corbin (1998, p. 266) suggest that these tenets need to be redefined in order to ‘fit the realities of qualitative research and the complexities of the social phenomena that we seek to understand’.

Lincoln and Guba (1985) proposed four evaluative criteria for interpretive based research, namely: credibility, transferability, dependability and conformability. These four concepts are related to the positivistic concepts of internal validity, external validity, reliability and objectivity. In Table 5.10, the equivalent legitimisation criteria for qualitative and quantitative research are depicted. In the following sections the evaluative criteria for interpretive based research are reviewed in the context of this research.

**Table 5.10 Legitimacy Criterion for Qualitative and Quantitative Research**

Quantitative		Qualitative
Internal Validity	↔	Credibility
External Validity	↔	Transferability
Reliability	↔	Dependability
Objectivity	↔	Confirmability
<b>Source: Based on Lincoln and Guba (1985)</b>		

### 5.8.1 Credibility

Credibility refers to the ‘trustworthiness of the inferences drawn from the data’ (Herr and Anderson, 2005, p. 50), given that there is more than one way of interpreting an event and there is ‘no one ‘correct’ interpretation’ (Janesick, 2003, p. 69). To establish credibility in qualitative research the key points to be addressed are whether the research clearly, comprehensively and authentically describes the experiences of those in the research setting (Easterby et al., 2008, Guba and Lincoln, 2008) and whether the findings or interpretations accurately reflect the research phenomena under study (Collis and Hussey, 2009). Qualitative research should make sense to the writer, significant others and the public, the key question is whether the explanation is credible (Janesick, 2003). It follows that the qualitative researcher must search for

evidence of the ‘why’ behind relationships (Eisenhardt, 1989b) and do everything possible to ensure that their interpretation of the research data is credible and understandable (Lincoln and Guba, 1985).

Credibility can be enhanced by prolonged, meaningful interaction with the participants under review (Lincoln and Guba, 1985; Janesick, 2003; Collis and Hussey, 2009). In addition triangulation, involving the use of multiple data sources (Yin, 1994), the application of a variety of data collection methods and the establishment of a clear chain of evidence, is recognised as a form of, or alternative to, validation in qualitative research (Remenyi et al., 1998; Silverman, 2001; Bryman and Bell, 2007; Denzin and Lincoln, 2008).

To promote credibility the researcher ensured that sufficient time was spent in the field in order to detect any changes in the data over time (Lincoln and Guba, 1985; Collis and Hussey, 2009). As a result the researcher was able to observe the influences of contextual factors on the phenomena under study. In addition multiple data sources and a broad range of data collection techniques (as described in Section 5.5) were used in this research to promote credibility. Throughout the process of reporting the findings and interpretations, every attempt was made to provide a rich contextual information as this allows external observers the opportunity to assess the researcher’s interpretation of the data in the appropriate context.

Another useful method to determine credibility that was utilised routinely throughout this study was to submit interpretations and conclusions to those from whom the data was originally collected. A variant of this technique was used in this research. Periodically, the researcher presented research findings to peers, research supervisors and Fáilte Ireland for review and discussion.

### **5.8.2 Transferability**

Transferability, analogous to external validity, refers to how well the inferences drawn from the data ‘generalize to a larger population or are transferable to other contexts’ (Herr and Anderson, 2005, p. 50). Hence, transferability is concerned with whether the research findings can be generalized beyond the immediate case study and fit other contexts (Lincoln and Guba, 1985). Qualitative research, as discussed previously,

generally involves an in-depth investigation of a small group, furthermore action research is by nature narrow, situational, and bound by context (Susman and Evered, 1978). As a consequence qualitative, action research findings focus on the contextual uniqueness and significance of the social worlds being studied (Bryman, 2004) and external validity (in the positivist sense) cannot be achieved (Guba and Lincoln, 1989). To increase the transferability potential of this study the researcher endeavoured to provide rich and thick descriptions of the time and context in which the interpretations were derived and to provide sufficient data to facilitate transferability judgements by others (Lincoln and Guba, 1985; Bryman, 2004).

### **5.8.3 Dependability**

Dependability can be equated with reliability in quantitative research. Dependability is concerned with whether the research processes are systematic, rigorous and well documented (Mason, 2002; Collis and Hussey, 2009). Lincoln and Guba (1985) argue that, to promote dependability, researchers should adopt an ‘auditing’ approach. This requires the researcher to ensure that for each phase of the research process complete records are maintained and are accessible (Miles and Huberman, 1994; Yin, 1994). Dependability can further be improved by maintaining a reflective journal that chronicles design decisions and the rationale for those decisions (Remenyi et al., 2000). For this research project voluminous evidence including interview transcripts, observation and interview notes, and a reflective journal have been documented and retained by the researcher and are available for scrutiny by others. As detailed in Section 5.7, the interview transcripts and other data including observation notes and reflective journals were entered into the Nvivo software package for subsequent analysis. The discipline of entering the data into the Nvivo software package had innumerable benefits in terms of assisting the researcher to systematically catalogue and theme vast amounts of data and ensured a logical flow between data collection, analytical techniques and inferences (Lincoln and Guba, 1985) and enhanced the dependability of the findings.

This research project was presented to peers and academics at the Postgraduate Review Board in the WIT Business School. The constructive feedback gained enhanced the methodological approach employed which in turn improved the



dependability of the research. Consultations with research supervisors throughout the research concerning philosophical, theoretical, and methodological matters, meanings, and basis of interpretations further augmented the dependability of the research.

#### **5.8.4 Confirmability**

Confirmability is concerned with whether or not the interpretations drawn from the data are rational and logical, whether the research trail has been clearly described and whether it is apparent that the researcher has not overtly allowed personal values or pre-assumptions to influence either the conduct or findings of the research (Bryman, 2004; Lincoln and Guba, 1985; Collis and Hussey, 2009). Confirmability is tested by assessing if the interpretation of the research data is rational and unbiased (Hirschman, 1986). Through a series of meetings with supervisors, the researcher endeavoured to ensure that the interpretations made were unbiased and consistent with the source data, and that they complied with the supervisors' knowledge of and experience with the literature, and their personal experience of interacting with others.

### **5.9 Chapter Summary**

This chapter opened with a review of the key philosophical issues in contemporary research key philosophical perspectives; an overview of the major issues under debate in contemporary literature on research methodology followed. The rationale for the philosophical stance chosen and the methodological approach adopted for this study was then detailed. An overview of the defining characteristics of the study including the research objectives was then presented. Next, the logic underpinning the research design was reviewed and the data collection methods utilised were described. As discussed, a qualitative, action research methodology was selected that relied principally on a range of interventions and unstructured in-depth interviews. This approach allowed the researcher to explore pertinent literary concepts in a contextual setting and to reveal the underlying concepts of relevance to the research. In the penultimate section of this chapter the data analysis tools and process were discussed. The chapter concluded with a discussion of issues relating to the legitimacy of the research. In the next chapter the research findings are presented.

## **Chapter 6. Findings**

### **6.1 Introduction**

In this chapter the findings of the research project are presented. The chapter commences with a profile of the selected research location, the Glen of Aherlow. This is followed by a diagnosis of the issues facing the selected location and the scope of collaborative experience and potential within the region. The findings are then presented in the form of a project narrative that draws on the copious data collected through the interventions, observations, interviews and documentary analysis and traces the evolution of the network through a series of episodes that correspond with the relationship development model outlined in Section 3.3.

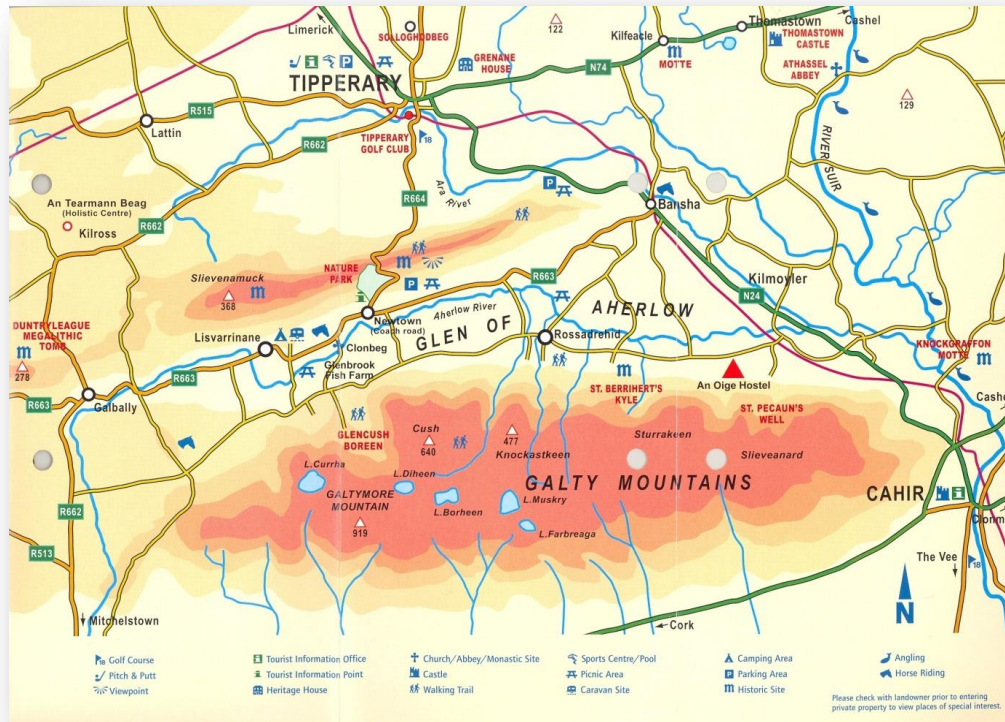
### **6.2 Fact Finding and Diagnosis (May to December 2008)**

In accordance with the recommendations of Mumford (2001), the researcher, endeavoured to gain an accurate and comprehensive understanding of the situation in the region prior to any intervention. Thus, the researcher's first task was to conduct a comprehensive fact-finding and familiarisation exercise to generate a profile of the region and to generate a diagnosis of the opportunities and problems facing the region.

#### **6.2.1 Profile of the Glen of Aherlow**

The Glen of Aherlow is a small, remote rural area of outstanding natural beauty located between the Galtee Mountains and the Slievenamuck Ridge in County Tipperary. The area incorporates several environmentally sensitive areas and there are a number of national and local heritage sites within and adjoining the Glen. A map of the Glen of Aherlow and its hinterland is shown in Figure 6.1. Endowed with spectacular scenery including five corrie lakes, monuments of historic interest, thick woodlands and cascading mountain streams, the area offers immense opportunities for a diverse range of activities including walking, cycling, horse-riding, rambling and fishing.

**Figure 6.1 Map of the Glen of Aherlow**



*Source: Glen of Aherlow Fáilte Society Ltd*

As Figure 6.1 and Figure 6.2 clearly illustrate, the Glen of Aherlow is rural in nature with a low population density. Tourism, agriculture and forestry are the main economic activities. Companies provide a diverse range of services for visitors to the region including tourism information, food, drink, entertainment, horse riding, bicycle hire, guided walks, cultural activities and cycle hire. The tourism businesses in the region are predominantly small and medium sized enterprises, with most of them owned and managed by a single person or family, a summary of the tourism related enterprises in the Glen of Aherlow is shown in Appendix A. Virtually all of the tourism enterprises in the area are micro sized<sup>32</sup>, characterised by constraints in time, finance and expertise together with a high dependence on the skills of the owner or manager. Dealing with day to day management of the business is the key priority. Within the Glen area there are three hotels, ten guesthouse and bed and breakfast establishments, six providers of self catering accommodation and two caravan parks. These businesses generate significant employment within the region.

<sup>32</sup> Although there is no universal definition of a micro-firm, the European Commission defines a micro-enterprise as one that employs no more than ten full-time employees (European Commission, 2003).

**Figure 6.2 View of the Glen of Aherlow**



*Source: Glen of Aherlow Fáilte Society Ltd*

Families and older couples are the predominant visitor type to the region, with the majority of visitors aged over 45 (65%)<sup>33</sup>. Younger adults (20-30 age range) characteristically visit the Glen on day trips and do not generate any significant tourism revenues. Most visitors stay in self-catering, camping or caravan accommodation; they are relatively low spend visitors that require few ancillary services. The typical visitor to the Glen of Aherlow takes part in outdoor activities, appreciates the scenery and nature of the area and is interested in the culture and heritage of the region. Almost half (47%) of all tourists visiting the region come from the United Kingdom, a further 27% come from Ireland, and 15% come from other European countries. Most visitors (75%) stay in the area for three days or less.

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<sup>33</sup> Fáilte Ireland commissioned two research companies to profile tourists that typically visit the Glen of Aherlow. The market research was conducted by Red C., (2008), 'Glen of Aherlow Qualitative Research, August 2008' and Sásta Surveys Ltd., (2008), 'Glen of Aherlow Visitors Survey 2008'. Factual information in this paragraph is taken from these research studies.

## 6.2.2 Diagnosis

Figure 6.3 presents the strengths, weaknesses, opportunities and potential threats (SWOT)<sup>34</sup> of the tourism entities in the Glen of Aherlow. The SWOT indicates that the area has many natural advantages and is an attractive destination for tourists. The quiet, peaceful and generally unspoiled nature of the area, together with friendly and helpful local people, are attractive to tourists and represent strengths that can be exploited.

**Figure 6.3 SWOT diagnosis: Tourism in the Glen of Aherlow**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Strong community network in place</li> <li>• Attractive natural setting</li> <li>• Relaxed pace of life</li> <li>• Heritage and culture</li> <li>• Location - good base for touring</li> <li>• Friendly and helpful locals</li> <li>• Opportunity to interact with Irish people</li> <li>• Broad accommodation mix</li> <li>• Good variety of walking routes</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Poor signage</li> <li>• Lack of family activities</li> <li>• Lack of all weather facilities</li> <li>• Limited online presence</li> <li>• Basic food and drink offerings</li> <li>• Not well known as a tourist destination</li> <li>• Geographic definition of area is poor</li> <li>• Little awareness of tourist literature</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Sightseers and Culture Seekers are a key market segment for Tourism Ireland</li> <li>• Growing market for activity based holidays</li> <li>• Demand for new experiences and new destinations</li> <li>• Downturn in Domestic Economy</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Growing market for short city breaks</li> <li>• Competition from other destinations</li> <li>• Rising costs/inflation</li> <li>• Uncertainties in Local, National and Global economy</li> </ul>

A significant weakness is that the Glen of Aherlow is not well known as a tourist destination. This is exacerbated by the fact that limited, often outdated, tourism information about the area is available, and very little information is available online. In addition, deficiencies in signage and access to facilities in the region are a concern. Furthermore, the area offers quite basic tourism facilities and very limited all-weather or family attractions are available.

<sup>34</sup> The SWOT diagnosis was compiled by the researcher based on information from the visitor surveys, economic forecasts and national and international trends in tourism.

Encouragingly, the *Outdoor Enthusiasts and Sightseers* and *Culture Seekers* target markets<sup>35</sup> both present strong business development opportunities for tourism entities in Glen of Aherlow as there is a strong match between the holiday needs of this growing market segment and the attractions and activities available within the region. In addition, the emergent interest in activity based holidays and the demand for new tourism destinations represent opportunities for the area. Uncertainty in the domestic employment market could generate business opportunities for the region; for example it could lead to an increase in ‘staycations’<sup>36</sup>. The SWOT analysis also highlights the threats to tourism in the region posed by the worsening economic climate. All of the tourism businesses in the Glen of Aherlow have experienced a serious downturn in business, consistent with national trends<sup>37</sup>. The downturn was caused by a variety of factors including the deterioration in the economic climate and poor weather conditions. These factors have had a severe impact on the region, with many of the tourism related businesses struggling to survive. The threatening economic situation motivated the tourism enterprises in the Glen of Aherlow to come together and work as a group to maximise the tourism potential of the region<sup>38</sup>.

A voluntary community group, Aherlow Fáilte<sup>39</sup>, works to promote the area as a tourism destination. The group is made up of representatives drawn from the farming, tourism, private sector and community organisations within the region. Their aim is to enhance the local economy while at the same time retaining the natural unspoilt environment and landscape that makes the region so attractive for both locals and visitors. The values and standards that are important to the Aherlow Fáilte group are: ‘long term commitment, dedication, a love of where we live and above all a willingness to be involved in a voluntary organisation that can rise above any personal interest to promote local development’. Aherlow Fáilte employs a full time regional tourism manager (RTM), who acts as secretary to the group, and some part time

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<sup>35</sup>See: Fáilte Ireland, (2006), ‘Tourism Product Development Strategy 2007-2013’ for profiles of the tourism segments identified as offering the greatest potential for Ireland.

<sup>36</sup> Holidays spent at home or nearby see: <http://www.merriam-webster.com/dictionary/staycation>

<sup>37</sup>Nationally, Tourism Ireland (2009) reported a 4% decline in visitor numbers to the island of Ireland in 2008; United Kingdom visitors were down by 5%.

<sup>38</sup>The tourism data provided in this section illustrates the business environment faced by the participating tourism entities at the time of diagnosis. Trend updates of the tourism business environment are provided in later sections of the dissertation contemporaneous with the interventions (See Sections 6.3.2, 6.3.3 and 6.3.4).

<sup>39</sup>Aherlow Fáilte was established in 1994; information regarding Aherlow Fáilte was sourced from <http://www.aherlow.com/> and personal interview data.

support staff. The Aherlow Fáilte group operate training and employment programmes (in conjunction with FAS<sup>40</sup>), develop and maintain facilities within the area, work to promote the area, and operate a tourism information office in the Glen. Funding is sourced from voluntary donations and state agency supports. The group works closely with the local Tidy Town Association<sup>41</sup> to promote a clean attractive environment. In addition they have established strong links with a range of agencies including, inter alia, Coillte<sup>42</sup>, FAS, the local County Council, the local LEADER group<sup>43</sup> and Fáilte Ireland.

The Aherlow Fáilte community group was viewed in diverse and conflicting ways by representatives of the tourism entities in the region. Individuals that participated actively in the community group were generally very positive and enthusiastic towards Aherlow Fáilte, citing the many practical improvements achieved by the group for the region, notably in terms of infrastructural improvements.

*'...in fairness... there's been great moves done on the walking routes and things like that...a huge amount of work has gone into it, and it has improved hugely'*

*'...we've a strong organisation, we're very strong financially right. We get a huge amount of things done you know? And we have a fabulous little office down there that's second to none'*

*'They're good in the sense that...there's none of them doing it for the betterment of themselves... their heart and soul would be here in the glen for the betterment of the Glen whether that be to make sure that the trees, the ditches are kept clean... because they have pride in their local community'*

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<sup>40</sup> FAS is the Irish government sponsored national training and employment Authority that identifies its mission as one of 'promoting a more competitive and inclusive knowledge-based economy, in collaboration with its stakeholders, by enhancing the skills and capabilities of individuals and enterprises'. For more information about FAS see <http://www.fas.ie/>

<sup>41</sup> The national Tidy Towns initiative was launched by Bord Fáilte, the Irish Tourist Board (now Fáilte Ireland), in 1958. The primary focus of Tidy Towns is to encourage communities to improve their local environment and make their area a better place to live, work and visit. For more information on the Tidy Towns initiative see <http://www.tidytowns.ie/>

<sup>42</sup> Coillte is a commercial company operating in forestry, land based businesses, renewable energy and panel products. Coillte's stated core purpose is to enrich lives locally, nationally and globally through the innovative and sustainable management of natural resources. The company employs approx 1,100 people and was established in 1988. It owns over 445,000 hectares of land, about 7% of the land cover of Ireland. For more information about Coillte see <http://www.coillte.ie/>

<sup>43</sup> The Irish LEADER Network is a network of local groups whose mission is the 'promotion of sustainable rural communities and the preservation of rural fabric; providing the highest quality of services to rural people; whose members develop as individuals and perform all tasks with pride and diligence'. The Irish LEADER Network works with member groups and with other relevant interests, to promote innovative models for local integrated rural development and to shape new policies at Irish and European level to underpin these models. For more information about the Irish LEADER Network see <http://www.irishleadernetwork.org/>

The tourism information office acts as a central repository for information concerning tourism activities, services and businesses in the area. As a result, the manager of the tourism office is a key conduit of tourism information to visitors and service providers in the region. The regional tourism manager (RTM) channels information to tourism businesses in the area, acts as secretary to the Aherlow Fáilte group, liaises with external tourism groups and Fáilte Ireland and also manages the FAS schemes within the region. Evidently, the RTM plays a pivotal role within the community. The chairperson of Aherlow Fáilte (CAF) is another major influencer and a key driver of tourism in the region. Typically, the tourism industry representatives praised the commitment, ability and competence of both the RTM and the CAF and believed that their endeavours greatly benefited the region.

*'...RTM has got all those talents... such a mix of talents, RTM can mix with people... you know and is just so diplomatic'*

*'...amazing...the amount of work... excellent...very efficient'*

*'..CAF is just amazing...full of energy and full of ideas and full of you know ambition... for years we didn't have that sort of thing'*

Arising from their involvement in the community group, many of the tourism representatives were aware of the potential benefits that could be secured through cooperation and the difficulties involved in *'going it alone'*. As one tourism provider observed:

*'...there's no point in one or two just going grabbing this and going with it. It needs everybody or nobody'*

However, based on their prior experience, a significant number of tourism representatives were disgruntled and negatively disposed towards the Aherlow Fáilte group. They felt that group members were complacent and resistant to change with *'very set ideas of what they want to do and how it's being done'*. Several indicated that they felt unwelcome and uncomfortable at the community group meetings, explaining that they felt they *'didn't belong'* and that the meetings involved *'a lot of standing and watching'*. Others described feeling constrained and frustrated by unhelpful and uncreative power relations, believing that key information was withheld or closely guarded by an *'inner circle'* with decisions reached *'behind closed doors'*.

*'I went to one meeting...a couple of months ago... and now purely from a first timer going in, I felt very, oh what's the word I'm looking for? Closed? I don't know the right word... but like you know you don't belong there and these are the*



*people that are involved in, this is what is done, these are our ideas, I mean there I was, I don't know I just I felt it was very {sighs} I don't know'*

*'...at those meetings you've got vested interests and everyone is kind of trying to push it in a way that will suit them and give them more business but there's no kind of overall looking at ... what's going to suit the area best, how do we want to develop as a whole'*

Overall, most tourism representatives felt an obligation to attend the community group meetings but many felt excluded from contributing or effectively participating in the discussions. Several perceived that any contributions or suggestions they made were not treated with fairness and respect and described the community group as being inflexible and unresponsive to new ideas.

*'I think a lot of it is being done to keep it as it is... certainly from my experience with them no they're not open to change'*

*'I used to be very involved with them, this year I really just don't have the time, because you end up going down to a meeting and they go over the same stuff... invariably stuff would come up and they would be looking for suggestions and you'd give your suggestions and ideas...I made a few suggestions and they'd all kind of look at you and go well sure we can't do that, that wouldn't work because of this, that and the other, and they'd go and they'd do it the way they've done it for the last 20 years so you get a bit tired of that and so you just kind of not give any suggestions basically and it's got to the stage now where I rarely go to a meeting because my time is too precious'*

Many tourism operators were frustrated, disillusioned and dissatisfied with the Aherlow Fáilte group, tensions, hostility and suspicions abounded. As a consequence a significant number (41%) of the tourism representatives interviewed had ceased attending group meetings altogether.

*'I don't go as much now but I was going a lot...I used to go to the meetings and I gave it up then...they never send us anybody or never, because we've asked the people...so I kind of gave it up I said what am I doing there?...'*

The aforementioned involvement of many of the tourism representatives with Aherlow Fáilte, and the small, close knit, rural nature of the area, meant that most of the tourism representatives were familiar with each other. However this familiarity was generally superficial in nature, the majority felt that they did not have any real understanding of the concerns of others.

*'...I mean I think there are kind of circles of people who you have got to know over the years and you would talk to... there's a certain amount that you would meet all the time and, well not all the time but you would see at monthly meetings or whatever, and then there are other people who you might never see'*

Notably, communication between the tourism entities was very limited: *'we have no communication within ourselves'*. The tourism representatives realised that the lack of communication made it difficult to develop an understanding of the views, abilities and concerns of others in the region. The paucity of information being exchanged about tourism activities and events in the region was a concern for many who felt there was a *'lack of knowledge of what's available in the Glen for tourists to do'*. One tourism representative encapsulated the practical motivation for improving communication and knowledge of other businesses in the region by asking: *'if we're not aware how are tourists going to know?'*

Despite the fact that communication was generally poor and infrequent, all of the tourism representatives had, based on hearsay, prior interactions or word of mouth, formed their own perceptions about the performance, behaviour and motives of other business people in the region. Based on these perceptions they developed private opinions and expectations regarding the ability, benevolence and integrity of others in the region. A representative sample of the perceptions of others expressed at the commencement of the study, which provide an indication of the status of trust within the group, are shown in Table 6.1.

**Table 6.1 Perceptions of Others**

	<b>Positive</b>	<b>Negative</b>
<b>Ability</b>	<i>'yes, it's very well run and they all say that it's the best they've come across in Europe....it's kept very well...hands on all the time'</i>	<i>'people don't think outside the box...people think that also that unless they do things very well they can never do them... they are very limited'</i>
<b>Benevolence</b>	<i>'They are very obliging and everything else...sure they're very good aren't they? you know they do their best like'</i>	<i>'you ring up there and ah sure no, no they just don't either feel like it or they say we don't do it or it's not suitable...it's the uncertainty of the whole thing'</i>
<b>Integrity</b>	<i>'they're terrific like and they crack the whip there's a real buzz about them'</i>	<i>'some of them just put out a couple of maps and say ah sure that's great, but they're not on the ball....and they think they are doing it to a high standard'</i>

The tourism representatives realised that, largely as a consequence of their lack of substantive communication, very little collaboration or cooperation was taking place between the tourism enterprises in the region. They felt that more *'together thinking'* was required.

*'I know that everybody does their best down there but I would feel that in my own personal opinion that there isn't an awful lot of togetherness with everybody'*

*'Perhaps if you submitted in your report that you need this joined up thinking and togetherness and that'*

The tourism representatives believed that, through collaboration and cooperation, and *'backing people up, sticking together, loyalty'*, they could enhance and benefit their individual businesses and the region and mitigate the threats posed by the worsening economic climate. They anticipated that, by working together, leveraging their combined resources and sharing information, they could achieve beneficial outcomes, over and above what they could achieve individually. Thus, the very real business difficulties they were facing compelled many of the tourism representatives to embrace collaboration with enthusiasm. Personal, individualistic motivations predominated; benefits that might accrue to the region as a whole from collaboration were seen as desirable, but secondary motivations. However, even though they recognised the potential benefits of collaboration, many were reluctant to engage freely and openly with others. Suspicion and tensions were widespread and many were concerned about the competitive nature, opportunistic tendencies and ulterior motives of other tourism operators.

*'They are dying to come up with some way of attracting half of my clients'*

Paradoxically, these suspicions and concerns prompted some individuals to commit to the project. It appears they judged that they could protect and promote their own interests by participating. When asked to nominate individuals to represent the group in a steering group, each of the tourism entities proposed either themselves or a representative from their organisation to participate in the proposed steering group. The widespread desire and enthusiasm to be involved in the steering group signalled a willingness to commit to the project. However their response also indicated a concern that others could benefit unduly through participation in the steering group and a fear that others would not represent their views fairly<sup>44</sup>.

In summary, the diagnosis indicated that the creation of a rural tourism network in the Glen of Aherlow would not be a simple or straightforward process. Clearly, the prior

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<sup>44</sup> Ultimately, because of the tension and lack of trust evident within the network at the initiation of the project, it was decided not to set up a steering group and to allow all of the network members to participate in all interactions with the research team and Fáilte Ireland.

experience of engagement with the community group and concerns about competitive actions were critical issues that would influence the attitude of the business representatives towards collaboration. Relationship challenges were evident within the group, communication was poor, trust was lacking and relationships were clearly fragmented. Many were suspicious about the motivations of others and were reluctant to cooperate and share information with competitors in the region. Several were resistant to change and sensitive to criticism. Due to the micro nature of the tourism businesses involved many would have limited time to devote to the network. Nevertheless, driven by financial pressures and the possibility of personal financial benefit, the tourism enterprises in the region indicated a willingness to engage with each other and participate in the proposed regional tourism network. The participants believed that by working together they could address many of the weaknesses identified in the SWOT analysis and achieve better results than individual efforts could deliver. They envisaged that by: (1) pooling their resources and skills, (2) taking a coordinated approach to the provision and enhancement of the tourism services, attractions and infrastructure, and (3) developing a coordinated approach to marketing and promotion of the region, they would generate more business and increase employment and investment within the Glen of Aherlow area. The primary motivation of the tourism operators was personal reward and business survival, essentially short-term business opportunities. A secondary motivation was the possibility of generating long term benefits for themselves and the region.

The new tourism network drew together a broad range of individuals representing tourism enterprises in the region (including some individuals not involved in the Aherlow Fáilte group). The aim of the network was to achieve a coordinated approach to the development and marketing of the Glen of Aherlow as a tourism destination. By fostering collaboration and cooperation, mutual and individual benefits were anticipated. To ensure the successful establishment of the tourism network, and to overcome pre-existing relationship challenges, the development of close interpersonal relationships between the network members, incorporating trust, commitment, cooperation, communication and relational norms, represented the prime constituents of this research project.

## **6.3 Developing the Network**

In the following sections the findings of this study are presented in the form of a project narrative which follows the action research framework depicted in Section 5.4.2, to chronologically (as recommended by Coghlan and Brannick, 2005) track the dynamic processes inherent in the establishment of the rural tourism network and to chart the underlying relationship profiles between the network members throughout the process. The extensive use of narrative facilitates the accurate representation of the views and opinions of those involved and is conducive to the creation of rich and thick descriptions of the phenomena under investigation. Utilising the data collected through the interventions, observations, interviews and documentary analysis, the narrative traces the evolution of the tourism network through a series of episodes.

### **6.3.1 Episode One: Awareness and Exploration (November 2008 to February 2009)**

The participants, based on their prior interaction experiences, entered into the collaborative venture armed with views, opinions and expectations of the other network members. During this period the network members invested considerable time and effort gathering information to validate, challenge or amend their initial expectations of other network members. The workshop and the interviews with the researcher were important information exchange events that assisted this process.

At the workshop the network members were quite ready and willing to share information about their individual businesses, the economic downturn and the research project. In their informal conversations they chatted politely about current affairs, gossiped about social matters and explored mutual third party contacts, both personal and business in nature; a supportive and respectful atmosphere was maintained. The interactions were iterative and reciprocal; full of polite probes and counter probes. Confidential or sensitive issues were avoided. Communication intensity and information exchange between the network members increased as the workshop progressed. Most network members actively participated in the workshop discussions; several made enthusiastic and voluble contributions to proceedings. During the workshop interactions the researcher observed that certain members enthusiastically displayed their knowledge of the area and their business acumen. In

addition, the researcher noted that one or two individuals tested their ability to influence the group by acting in a domineering manner and attempting to control and direct group discussions'. As they interacted, the network members repeatedly evaluated the trustworthiness (in terms of ability, benevolence and integrity), judgement, and reliability of other members. In this way the network members learnt more about each other and built an understanding of the perspective of other members on a variety of topics.

Nevertheless, despite the enthusiasm and active participation of many, a silent minority was evident at the network meetings. This small subset appeared hesitant and reluctant to volunteer information or to engage with the group. The active non-participation of some was viewed with suspicion by the active participants, leading one network member to comment that: *'group members should be sharing ideas and not keeping ideas to themselves'*.

The interactive interviews held during this period allowed the network members to develop and refine their views of other network members in a confidential setting. Through discussion of their prior interaction experiences and reflection and expression of their opinions of other network members the network members began to make sense of and clarify their views. The often repeated Weickian quotation: "I know what I think when I see what I say" succinctly describes this process.

### **6.3.2 Episode Two: Expansion (March 2009 to September 2009)**

During this period, the economic downturn gathered momentum. A national occupancy survey conducted (in June 2009) for Fáilte Ireland reported that:

*'The majority of hotels, guesthouses, B and Bs, hostels and the self-catering establishments all reported a significant fall in overall demand compared to last year. Although almost half of all caravan and camping establishments reported a fall in demand, it is the sector least effected' (Fáilte Ireland, 2009, p. 4)*

All of the network members were experiencing reduced business volumes. Many were seriously worried at the impact the economic climate was having on both themselves and other network members *'...it's difficult to keep places open and pay staff'*. The sustained economic downturn had the effect of increasing the network members'

incentive, motivation and enthusiasm to work together to maximise the tourism potential of the region.

During this period the network members met every month, these meetings allowed the network members to exchange information about their views, values and interests. As they became more familiar with each other, the network members became more relaxed and comfortable in their interactions with each other; they exchanged information freely and productively.

Communication became more relaxed and spontaneous; informal chats occurred regularly. The range of topics discussed broadened to include confidential and personal matters.

*'The only things my wife will eat when we're out are beef and monkfish!'*

*'I was only talking to abc about that the other day'*

The atmosphere of the network meetings changed, the meetings became more convivial and informal in tone with much light hearted interaction and banter taking place. It was particularly evident during the training events that the network members were enjoying their interactions with other network members.

The process whereby the network came up with new ideas for the schedule of events to surround the walking festival gives a flavour of the type of interactions that were taking place between the network members.

*'...we just took a sub group...a couple of the product providers...to have a chat, get together some evening and sit down for an hour...there was about six of us, we just sat down and we said look ok this is what we done last year for the festival - anybody got any ideas, what would you like to see if you were going to the festival?...and we literally threw, posed the question like that and went around the table and the next minute the ideas were flowing left, right and centre and we were just saying oh whoa whoa lets take it one at a time... so that's when the ideas were flying...a lot of these things don't cost a lot of money but just it's only a matter of organising it and asking people to come so...'*

The increased range and depth of communication allowed the network members to become more knowledgeable and familiar with the abilities, motivations and personal attributes of other network members. Significantly, they developed an understanding of, and respect for, the views of other members. They recognised the potential

benefits, both individual and mutual, that could be generated by sharing information and ideas with other network members.

*'...this Fáilte Ireland thing that we're working on now, the destination of excellence, it's actually learning about one another as well...that is what has to happen...sure we have the greatest commodity of all we have the raw material and it's up to us to use it. Other people are coming in using it and it's up to us to use our own raw material'*

*'there's so much knowledge between the lot of us that if we could all get together and just have one person in charge...to collate all this information and put it all together it would be great.. ..and if you had something...we could learn from it... even an information afternoon, or something like that where people could say well this is what we have'*

On a practical level the network members began to work together to address the gaps in their knowledge of facilities and services in the area. One network member, an experienced hill walker, proposed that the group should 'familiarise' themselves with one of the looped walks and offered to guide the group. The network members responded enthusiastically to this suggestion; thereby indicating their willingness to work together to improve their knowledge of the area and signalling a growing sense of 'togetherness' and cohesion within the network. Gradually, the network members were becoming more committed to collaboration and to the success of the network. The network members agreed to work together to address the action items identified in the business plan (See Section 5.6.3.1) and to comply with the 'Walkers Welcome' charter (See Section 5.6.3.2). In this way, the network members demonstrated their commitment to the process and their willingness to work together to achieve the goals of the business plan.

*'We've signed up to the charter yes...A lot of the stuff we would be doing already, probably one or two new things would be the drying room and that kind of thing making the facility available for people to dry their clothes or whatever, the food or the drinks kind of side we wouldn't have a problem with'*

Through these commitments, the goals and objectives of the individual members became more aligned and network interdependence strengthened. The network members began to develop a sense of ownership of the process. In essence, the network members came to realise the benefits that could be achieved through working together and appreciated that each network member had an important role to play, and contribution to make, to the success of the network.



*'Yes and that's the way it is because everyone will have to get in on the bandwagon as they say if it is to work'*

Progressively, the impetus on the network members to make the cooperation work increased. Nevertheless, there was still an element of fear and a lot of concern that other network members would not take action to meet the requirements of the charter. Some network members doubted the ability and commitment of other network members to meet the requirements of the charter. They felt that other members would only pay *'lip service'* to the charter and would not invest the time or effort necessary to familiarise themselves with the walking routes and signage within the region.

*'... unless the product provider...actually makes that effort to get out there and tell their staff or even themselves you know that's a challenge... I'm pissed off that the guys don't do it, I can't make them do it'*

*'...what I'm saying is like they forget the very basic simple things and look for the more...I mean very basic things like knowing what the symbol to follow is, the national loop symbol you know... a blue directional arrow you know, that they can actually describe what it is, you know because unfortunately people need to be spoon-fed at times'*

*'...it's the old story too if they got off their asses half the time right, you have to spoon-feed half the people, we have so much information available right but people nearly want you to bring it down to their place of business put it up for them, tell them all about it you know and then nearly sell it for them'*

In addition to anticipating a lack of action some network members complained that others had not delivered on promises made.

*'Well aaa keeps saying to me you know 'we're going to have a day now and we're going to go and do this and do that' you know but sure still aaa hasn't gotten round to it...you know'*

A small number of network members were described as *'unreliable mé feiners'*<sup>45</sup> that were not committed to the network, and were considered to be self-seeking and unpredictable. The sporadic involvement of these *'mé feiners'* was acknowledged with equanimity.

*'Yes I mean she doesn't really get hugely involved but she's important to the area for us you know'*

*'I can think of four off-hand right that will miraculously appear whenever they have something happening and need help'*

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<sup>45</sup> In the Irish language, *'mé féin'* means "I myself." A *'mé féiner'* is defined as a selfish person, someone who only looks after their own interests; possibly to the detriment of others.

During this period an internal Fáilte Ireland issue caused a prolonged delay in the completion of the promotional material for the ‘Walkers Welcome’ charter and the promotional launch of the initiative. The network members became very frustrated and irritated with the delay.

*‘...We’re waiting for the charters to arrive and I have my wall all ready I know exactly how I’m going to be displaying all the looped walks and the linear walks...too long has elapsed since we signed up to the charter to happen...the frustration I’ve had with this concept is the time it takes to do anything... I think it’s been a bit vague, no vague isn’t the word but it’s not tangible I suppose, tangible is a good word... when we have the tangible things in our hand I think that’s going to be a quantum leap I really do...but it’s taking too long... we keep talking about this centre of excellence right, to date we have nothing tangible in our hands, people are funny, they must see something right?... it’s taking too long!’*

The hold-up in the completion and launch of the charter had a negative impact on the relationship between the network and the Fáilte Ireland representatives. The network members regarded the delay as an indication of a lack of commitment and integrity on the part of Fáilte Ireland. Further, the network members considered that their individual and collective commitment to the charter was not being reciprocated by Fáilte Ireland. The shared frustration of the network members over this issue ultimately helped to unify the network. The mutual response of the network members to the perceived non-performance of Fáilte Ireland indicated that the network members had become more cohesive and had developed a sense of unity of purpose. The motives and expectations of the network members converged and their interdependencies increased. Indeed, as a consequence of having a ‘common enemy’ the group became closer to, and more trustful of, others within the network.

Although the network members were united in their support for the walking charter, some felt that too much attention was being directed at the walking market.

*‘I kind of feel that... I’m not knocking the fact that it’s all gone in the direction of walking I know you have to start somewhere... the families and things for people to do with young families is just something that’s way out there’*

However, those critical of the emphasis on the walking market were confident that, in time, the network would address the needs of other market segments. Overall, the network members were positive about the initiative and happy with the developments that were taking place in the walking arena.

*'The walking thing is developing...it's going good and I think it's going to plan... we have the eight loops, they're all up fully functional... the map boards for the loops are in place they're up in place... in terms of the lake walks we need some additional signage... as for the actual walks themselves, we're quite happy with the product that's there, and obviously it's just maintenance you know'*

Trust and relational norms developed within the network. However some members believed that their relationships with other network members had not changed and a small number remained (by choice) detached from the group.

*'I don't notice any difference in co-operation or anything like that '*

The key driver for participation continued to be self-interest; the network members hoped to derive increased business as a result of the infrastructural improvements and the promotion of the region. Most network members freely admitted that they would prioritise self-interests above the interests of other network members, though they indicated that they would not carry out actions that would seriously hurt other members. It appears that social pressures together with an expectation of future interaction reduced the attractiveness of resorting to highly opportunistic behaviour. The members believed that knowledge of damaging opportunistic actions would spread rapidly throughout the area and would impact negatively on the offending individual. They expected that these negative outcomes would deter other network members from engaging in damaging opportunistic behaviour. Nevertheless, the network members believed (and indeed expected) that the primary motivation for involvement by others was individual personal gain, typically economic in nature.

*'...you have a lot of product providers that are selfish, in that they come to derive benefit for themselves only and I can understand that right'*

*'...he would fill his own place first obviously'*

A small minority, in particular individuals not involved in the provision of accommodation services, described their motivation for involvement in altruistic terms. These individuals were more concerned with achieving benefits for the region than in securing personal gains.

*'... I wouldn't be paid now this would be voluntary work, to promote the area is what I'm still involved in, trying to get people in because if they buy a gallon of petrol or go into the shop or if they stay in the hotel there's local people employed, this is the idea that it is'*

The network members began to experience positive, tangible results as a result of increased media focus on the area.

*'Well all I know is that it was on an English paper and I met two people on the Dolmen loop that were from England so they had to stay somewhere, they actually came and they had the sheet of paper that it was on, they had the newspaper, because I just met them on the walk I happened to be on it myself the same day and I saw the paper, I thought it was the Irish paper and he said no it was the English Times, you know so it has worked, it shows you that it does. If we keep getting it out there is the message. It's bound to work eventually'*

As the economic climate deteriorated, the network members became more reliant and dependent on each other. Through regular interaction, they improved their knowledge of, and enhanced their understanding of, the skills, views and motivations of other network members. These factors, combined with the unifying force of a common enemy and tangible evidence that collaboration was achieving results, encouraged most of the network members to increase their commitment to, and involvement in, the network.

### **6.3.3 Episode Three: Commitment (October 2009 to May 2010)**

Throughout this period the tourism industry continued to decline with no recovery in the market anticipated in the short term<sup>46</sup>. The difficult trading conditions that prevailed at the national level were mirrored, and in some cases amplified, in the Glen of Aherlow. A significant accommodation provider in the region ceased trading. The network members were experiencing very difficult trading conditions and were struggling to keep their businesses going.

*'We're struggling financially right now...we don't have the time to step back and look forward. The big challenge for everybody is the economy. Things are worse than what you will hear we will struggle into the future. You're trying to fight for every bit of business that's out there... it's hard to believe that business could be any worse... this year is down 35% on last year. It's unsustainable...it's horrific... There is no light in any tunnel. Difficult would be easy. We're still here but how long we'll be here that's the big challenge'*

The members began to understand that the future of their individual businesses, their 'get out of jail card', lay in pooling their resources and working together

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<sup>46</sup> Fáilte Ireland (2010: a) commented that: '2009 was a difficult year for tourism with economic conditions in our key markets and the weakness of the dollar and sterling contributing to a drop in numbers and revenue from Britain and North America. For tourism entities 2009 was: 'an ugly year of trading' and 2010 was expected to be another 'year of tough trading' (Fáilte Ireland, 2010: b).

collaboratively. They recognised that they had to take ownership and drive the collaborative process themselves.

*'We suddenly realised we were on our own. There was a little intake of breath in a sense. We met just to look at this action plan... and it was very productive basically we just got people to throw out their ideas if they were daft and off the wall it didn't make any difference what we tried to do was look at things that were kind of achievable within a year and that was what we were really trying to do...and we got on the night people to give a commitment as to who was going to do what...some followed through some didn't you know how it is'.*

During this period, the network members started to work together in new ways and uncovered abilities and strengths within the group that had previously been untapped. Collectively, they developed a comprehensive action plan for the region. They agreed a series of objectives under four key areas: marketing and promotion, product development, training and customer care. Individual projects were identified under each key area. Small teams were created and given responsibility for the completion of each individual project. Through their interaction experiences the network members amassed shared knowledge regarding the skills, competencies, attributes and abilities of individual network members. This knowledge was used to great effect in the configuration of the project teams.

The group harnessed their diverse skills to maximise their effectiveness; they worked together harmoniously and productively to achieve the goals specified in the action plan. Some practical projects including improved signage, new brochures and new walking maps were successfully completed; other projects were being tackled.

*'Under both marketing and product development the web site came up and is under way, we have looked at the first two drafts... We've looked at family activities...doing a newsletter that communicates to our members and our community, looking at more media promotion...we had fourteen international journalists here on the 16 and 17<sup>th</sup> of April'.*

Increasingly, the network members' dependence on each other deepened. Their confidence in the ability of the project teams to complete their assigned tasks grew in tandem with their increased reliance on each other. As they worked together to achieve common goals, the network members respect for, understanding of, and trust in, other network members increased. Willingly, the network members committed time and effort to the process on an ongoing basis.

Working together in small teams the network members interacted frequently and intensively with each other. Their conversations were dynamic and multi-faceted. The members were confident that their contributions were of value and felt secure that their suggestions would be listened to, no matter how far-fetched or 'off the wall' they were.

*'Everybody is given time to express their opinion... it rarely comes down to voting; it would normally be by consensus. There hasn't been an issue that contentious ...there's general agreement by the members that anything that is being done is for the good of the area'*

*'Yes, everyone is listened to, even if it goes on and is taking up too much of the meeting we can defer it or maybe set up a subgroup that will sit down and look at it and report back to the main group so that we can find a conclusion somewhere along the line...feedback is important'*

The network members respect the views of other network members and feel their own views are valued. As their confidence grew, the members began to feel safe in the network. They started 'sparkling ideas' that led to significant, innovative outcomes that generated benefits for all network members. A significant project that resulted from their brainstorming sessions was the winter walking festival.

*'The winter walking festival was so good it frightened us... there wasn't a room to be had in the Glen for the first time I got serious business out of it'*

*'I'm delighted that the winter walking festival came around... I said to them you have all the data you know how to run the show we've all the facilities and if it works once why can't it work twice? And there was shock and horror oh no we should wait until the summer festival because we'll dilute the whole thing and all that... but there was a group also saying yes that makes sense we've got the data we know how to run the show, we need something in the winter, it's the only winter hill walking event in the whole of Ireland...and it turned out to be a total success...what we found was that the type of people that came in the winter were totally different from the type of people that comes for the summer walking festival, that it was more a leisure walking person that came...'*

As they experienced positive benefits from their collaborative efforts the network members reacted by becoming more committed to and involved in network activities.

*'...there are benefits there... I approach it like an extension of my business, it's not a pastime, it's an extension of the business. So would I be doing it if I wanted a pastime? No. But because I think there might be benefits to what's going on here yes it's worthwhile doing it, that's why I'm doing it because I'm actually getting benefits out of it, I don't know what the benefits are but I'm getting some benefits...I guess we all figure out that for the greater good that we have to pull together and decide and make commitments to things...'*

Progressively, the network members became more dependent on each other. Several individuals that were initially hesitant and reluctant began to actively participate and contribute to the network.

*'...he has come a long way and is very involved in the group now'*

*'I've been a regular attender at the meetings...oh I guess, what has changed? I suppose in a sense it's better to be connected to the community around you rather than to be totally disconnected from them... I'm very committed to what's going on down there, one hundred percent...'*

The network members were deriving personal pleasure and satisfaction from their involvement in the network; a sense of affiliation and collegiality emerged within the network members.

*'It's in my interest to be involved. I actually like it, I like the interaction. I like all we do down there'*

*'Well we go to all the meetings that we can I'd be in the tourist office often, we'd keep in touch'*

A sense of community and mutuality blossomed within the network. Friendships developed; the 'social side' of their relationships became important to the network members.

*'There's a good mix there. We have a good social element to our group that's important'*

*'I now know people in the Glen that I wouldn't have known otherwise and I feel very much part of the community in the Glen whereas before joining it I didn't so there, that's good in itself... it's a very diverse group...I mean I'm thinking about the likes of people who I would have absolutely nothing in common'*

*'The current wellbeing within the group is very good.'*

The network members grew to respect and empathise with the views and feelings of others and became concerned for the welfare of other network members.

*'...I'm beginning to understand the importance of what it is to them and I'm actually quite respectful of their views now so I've moved a little bit'*

A palpable sense of loyalty and attachment to the network was evident accompanied by and a strong belief that the network would continue into the future.

*'...everybody is in it for the long term and there's a definite social side as well'*

Clearly, significant relational improvements occurred in the network. However it is important to note that some tensions persisted.

*'There are a few in the group that sit on the fence and won't put anything into it. In every group you will have people that will sit and expect others to be their marketing arm and to be driving all the business into them at no cost at no commitment of time and no contribution of any sort but will be quite happy to sit back and say they [the network] should do it for me..'*

Inevitably, conflicts and disagreements occurred within the network. Indeed, divergent views and opinions were entertained, and even encouraged, by the network. Conflict was expected and treated as a normal part of doing business. The network members considered robust discussions to be a valuable, albeit occasionally frustrating, way to refine and perfect proposals.

*'...we've had many a discussion and many heated rows they are allowed to happen... and the thing is we come away with an agreed formula or an agreed formation'*

*'...there was like an avalanche of opinions and I was going well hang on a minute I thought this was our little baby...and everyone was going well if you take that picture, move that picture, move that to the left and that to the right, they were all recreating the thing... but I said to myself at the same meeting it's not yours this is not your baby this has to be the group's, this is democracy,...*

*'...because I know I go down and kick ass there every so often'*

*'I think it's the pull and the edge between the younger ones and the others that keeps a certain tension in it and it stops us from thinking all is well in the world, and I think that is no harm...'*

The network members valued the abilities, commitment and input that the RTM and CAF brought to the network. It became increasingly apparent that these two individuals were centric to network cohesion and network success. The primary role of the RTM is to work for the enhancement of the region generally, and tourism in particular. The RTM acted as a conduit for communication within the network and proactively coordinated network activities. Generally, the network considered that the RTM worked *'for the good of the region'* and did not pose a competitive threat to any network members. Most network members regarded the RTM positively, perceiving her to be capable, independent and effective.

*'...RTM is a major cog... RTM makes sure that it happens'*



The attitude of the network members to the RTM was an important factor in the development and maintenance of the network development. Clearly the RTM was considered to play an important role in the network. However the power and control wielded by the RTM was a concern for a small number of network members.

*'...look be it good, bad or indifferent it is RTM that keeps the group together but also be it good, bad or indifferent it is a dictatorship and whatever RTM says in the end goes because RTM is the one who's got all the links with people and who's making the final decision, there's no doubt about it so we can say what we like and if RTM doesn't go with it then it's not going to happen RTM will stall it and move it and this will happen and that will happen and at the end of the day it'll be what RTM wants it to be... in some ways RTM is what is moving it forward but RTM is also what is holding it back.'*

Despite some reservations, the network members agreed that the RTM was a tremendous asset for the network and recognised her ability to act as an efficient and effective coordinating force.

The CAF operated a major tourism enterprise in the Glen which generated significant spinoff business for other tourism entities in the region. Inevitably, due to the size, range and impact of this business, the CAF was a key player within the network. The personal characteristics and drive of the CAF were respected by all network members.

*'...CAF drives it, CAF gets things done'*

*'...CAF is good to move things on... you could be going to meetings that could just be a talk shop... you get someone else in there and they'll just be pure bull all hype and no action'*

*'I do think whoever chairs a group like this is very important because you need a driving force you need somebody who is very committed to it'*

The network members recognised and accepted that the involvement and commitment of the CAF was largely motivated by the need to grow his business.

*'Without a doubt he's thinking about his own bottom line but sure why not if it enhances the area as well you know...I mean everybody is going to benefit from that at the end of the day...'*

*'Absolutely he said it...if it wasn't of benefit he wouldn't be involved and you can't blame him'*

The close working relationship between the RTM and CAF contributed immensely to the effectiveness and success of the network. They communicated frequently and

claimed that each could '*speak for each other*'. Indeed they regularly mirrored each other in phraseology and opinions.

*'...RTM and I work so closely that whatever the RTM's told you would be exactly what I'm going to say, now I might have different views on certain things but we would talk every day and see each other three to four times a week'*

The critical roles that the RTM and the CAF played in the success and effectiveness of the tourism network was widely recognised and valued by the members. However some disquiet persisted regarding with the way decisions were reached and uneasiness over the way power was exercised within the network.

*'...there is a feeling that there is a group there within the group who are liaising and really running it, like CAF and RTM and one or two others...'*

Despite these concerns the network members were happy, and indeed anxious, that the RTM and CAF to continue to 'lead' the network. The rationale for this apparently paradoxical stance was explained as follows:

*' but I'm happy for that to happen because it would be me running it otherwise so I'm going you're doing a great job, I'll give my input but you're doing a great job so... look when it came to the meeting there a few weeks ago it was unanimous that they stay, they're doing a great job, it didn't take two seconds for us all to realise that this is a good team that we've got.. '*

*'...CAF has really put Aherlow on the map and I don't think there's anybody there with the capabilities to replace CAF ... that would keep the group together ....I don't know of anybody else that would have the bottle to do it...*

*'...I wouldn't have the time you know and I wouldn't have the capability to do what CAF has done'*

Thus the network members were in agreement that the RTM and CAF should take responsibility for the coordination and leadership of the network.

#### **6.3.4 Maintenance (June 2010 onwards)**

The economic decline and hostile trading conditions continued; with no recovery in the tourism industry foreseen in the short-term. Fáilte Ireland (2010: g) reported that representatives from all accommodation sectors (hotels, guesthouses, B&B's, self catering, caravan and camping and hostels) were anticipating a drop in bed night volumes in 2010 as compared to 2009. Consistent with this view, the tourism representatives in the Glen of Aherlow were, at the start of the summer 2010 season,

bracing themselves for yet another difficult trading season. The ongoing financial pressures that all of the tourism entities in the Glen of Aherlow were experiencing acted as an ongoing motivation for the network members to continue their collaboration.

The network members have become highly integrated and interdependent and have confidence, trust and respect for other members. The majority are steadfast in their enthusiasm for ongoing collaboration. They derive pleasure from working together, feel they have enhanced the region and believe that they will derive further benefits (tangible and intangible) by working together.

*'...What makes the group successful? I suppose it must be the input of the individuals...'*

*'...the place has come on hugely... now we still have our old bugbears dumping etc...It's easy to forget how far we've come'*

*'It's only relatively new you see it might take a few years you know'*

*'I think the businesses that are open, I think it's time to break out the bubbly and celebrate that you're still in business'*

Many network members have become firm friends and meet regularly outside formal network meetings. The network members evidently enjoy each other's company and are happy to work together. The relaxed and supportive atmosphere of their interactions allows new ideas and initiatives to be aired and discussed. The network members are confident that the network will continue to operate effectively. They work together proactively to achieve mutually agreed goals. Many of the projects specified in the network's original action plan have been achieved and several new projects have been identified for action.

As the network has evolved and matured, cooperation and collaboration activities have become more far reaching and expansive. The network has started to develop its own association of relationships with other tourism groups.

*'We set ourselves a target that we had to get out there and see what others were doing'*

Indeed, the network members have established links with similar tourism groups, from other parts of the country to exchange information about their organisations and their collaborative experiences. As a consequence of these linkages the network members

have become appreciative of the cohesion and strength of their network and of the achievements that they have secured for their area.

*'...there's an ethos within the group that we never drop the ball...'*

*'..It was a good learning process in that to see the various stages that the different groups are at. The difference is that the group here, we have a good structure, we are very operational, the other groups are new... it made us realise how much we had achieved.'*

As a consequence of their experience of participation in the network, specifically the personal and community level benefits that they have achieved through collaboration, some group members have become active participants in other networks in adjoining areas.

*'I straddle two communities here... and they are communities apart... they were talking about well should we consider getting a website... and they were thinking well should we and I was thinking oh no not again I've only gone through it with Aherlow Fáilte; all it takes is one call to get all the details all the data and, but there isn't that connection. There's a suspicion between the communities but it's countrywide that's not just here, that's everywhere... I seem to be the go-between between the two groups and then you have Ballyhoura, another entity altogether... I'm in contact with all 3... I don't even see them as competitors, it's hugely advantageous to connect up with them... they can help one another hugely... isn't it sinful that they are all struggling to do the same thing...'*

By collaborating and cooperating with other networks the members expect to generate further tangible and intangible benefits for themselves, their community and the other networks.

Most of the network members remain wholeheartedly committed to and involved in the network. However, for a variety of reasons (mostly due to business pressures), some members have, from time to time, been unable or unwilling to consistently commit to the network.

*'...with time constraints this year I had to pull back from it. I mean I was very active, I was doing a lot of work with them... I'm not saying that I won't work with them again in the future you know but at the moment I've just got other priorities...'*

The network members understand and accept that commitment levels vary and empathise with the pressures others are experiencing. The RTM has worked hard to keep members interested and contributing to the network and has developed mechanisms to entice the *'lost sheep back to the fold'*

*'You need to draw people in and... if people do pull away at times sometimes you have to leave them for a while but then you use an event, it could be a launch night or whatever visiting journalists and you say look we need somebody, will you come for this and you can draw them back in, you know for various reasons work or business or personal, people can drift away for a while and you need to be able to reel them in a very subtle way.... sometimes you've got to go to people a little bit too... you've got to understand how people work'*

*'I think the essence of the group is that there are a lot of people that come in and go back out and come back in and go back out and that in many ways is one of the strengths of it that it's not necessarily always the same people, even though there is a core'*

The network members have learnt that, to make their collaboration work, they need to be flexible, adaptive and accommodating.

## **6.4 Conclusion**

In this chapter the findings drawn from the study were outlined. The action research process allowed the researcher to become embedded in the regional tourism network and to observe and document the development of relationships within the network. These findings describe the relationship development phenomena within the regional tourism group as experienced and expressed by the network members and observed by the researcher. In the next chapter the findings are discussed and integrated with the literature themes presented in Chapters Three and Four and the theories of organisation that were discussed in Chapter Two.

## **Chapter 7. Discussion**

### **7.1 Introduction**

The primary objective of this research was to generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network. Hunt and Morgan (1994, p. 19) observed that ‘some networks achieve extraordinary success, while others fail abysmally’ hence it is important to gain an insight into the factors that enhance and inhibit the formation and development of a network. The findings support the states theory view that relationship development is not a unidirectional linear process (Ford and Rosson, 1982; Hakansson and Snehota, 1995; Ring and Van de Ven, 1994; Batonda and Perry, 2003). Concurrent with the views of Anderson and Jack (2002), the research shows that relational development within a network is a complex, dynamic process. The process is akin to an intricate dance of varying intensity, involving multiple partners, and requiring mutual adjustment and communication (Anderson et al., 1994; Wilkinson and Young, 1994).

The development of a functional interorganisational network necessarily involves a broad range of individuals and their relationships with each other. A major challenge of this research was the complexity of the phenomena under investigation. By their very nature, relationships are individual, unique and dynamic (Anderson et al., 1994; Hakansson and Snehota, 1995; Batonda and Perry, 2003). Relationships within the Glen of Aherlow network did not evolve in a uniform manner. Some relationships remained strictly transactional throughout the study and certain individuals, for a variety of reasons, decided not to participate. However, over the course of the study, a significant number of participants changed their views and attitudes to others in the network and notable changes did occur in many relationships within the Glen of Aherlow network. By the end of the study the network was functioning well as a cohesive entity. The discussion that follows focuses on the variables that contributed to the development of relationships within the network and the relational and contextual enhancers and inhibitors that influenced the performance and sustainability of the Glen of Aherlow tourism network.

The findings of this study indicate that, over time and repeated interactions, the network evolved from a state of fragmentation and suspicion to one of cohesion and understanding of accepted and expected behaviour. Table 7.1 depicts the initial and evolved relationship characteristics.

**Table 7.1 Network Evolution**

<b>Initial relationship characteristics</b>	<b>Evolved relationship characteristics</b>
Communication infrequent, distant and narrow. Limited information sharing.	Frequent communication, characterised by range, depth and modality.
High levels of uncertainty, suspicion and distrust. Concern about motivation and potential opportunistic behaviour of others.	Recognition of views and abilities of others and emergence of cognitive and affective trust. Opportunism tempered by trust and continuity expectations.
Little concern for other network members. Many feel their opinions are not valued.	Widespread understanding, empathy and respect for others, mutually supportive atmosphere.
Low levels of commitment and cooperation.	Expectations of continuity. Cooperation without expectation of short-term reciprocation.
Perceived power and conflict issues, autocratic decision making.	Constructive, negotiated agreements, power restraint. Consensus reached through discussion and social interaction.
Divergent autonomous goals and individualistic, unilateral actions.	Coordinated action in pursuance of mutual, shared goals. Convergence of views. Expectation that other members will act benevolently.
Low interdependence.	Mutual dependence.
Inertia, apathy, resistance to change and reluctance to engage.	Involvement, enthusiasm, adaptability and flexibility.

In the narrative that follows the findings of this study are discussed in the context of the literature review; significant congruence or discord between the findings and the literature are highlighted. The prior interaction experience of the participants was a significant feature of this research. Consequentially, the discussion commences with a review of the relationship and interaction experience between the Glen of Aherlow tourism representatives at the commencement of the research project. The evolution of the network is then discussed with reference to the relationship development literature using the framework of the relationship development phases reviewed in Chapter Three. As part of this discussion, the major relational ‘shifts’ that occurred in the relationship variables and norms during each evolutionary phase of the network are highlighted. In accordance with the interaction and network approach, relational

aspects are discussed in the context of the entire network rather than at the individual or dyadic level (Axelsson and Easton, 1992; Easton, 1992; Hakansson and Ford, 2002; Ford and Hakansson, 2006a; Ford et al., 2008).

## **7.2 Pre Project Phase/Initial Conditions**

According to the interaction and network approach, every individual and organisation is part of an environment and a network of relationships in which they interact (Hakansson and Snehota, 1995; Gummesson and Polese, 2009). Furthermore, prior interaction experiences influence the attitude and behaviour of relationship participants (Turnbull et al., 1996; Ford et al., 2008). This view is clearly supported by the initial conditions found in this study. The tourism representatives invited to form the network were not strangers; indeed many shared a wealth of interaction experience. The nature of the relationships between the tourism representatives in the Glen of Aherlow varied widely in terms of intensity, relational closeness and duration (Webster, 1992; Ford et al., 2003). Relationship characteristics indicative of a broad portfolio of interorganisational relationship types and stages were evident. A small number were 'strangers' that had virtually no ties or interactions with other tourism representatives in the region. Several had some prior interaction experience with other tourism representatives in the Glen area but the relationships were undeveloped or weak (Granovetter, 1973, 1985; Uzzi, 1997). Notably, several relationships were inactive or dormant (Batonda and Perry, 2003) and a number were in active decline, heading towards dissolution. Characteristic of discrete relationships, a significant number of participants rarely communicated with other tourism representatives in the region (Frazier et al., 1988). Indeed any interactions that did occur were considered to be of limited importance (Dwyer et al., 1987); trust was low or non-existent (Ring and Van de Ven, 1992). Due to the lack of either behavioural or economic elements, these relationships were clearly transactional or discrete in nature (Heide, 1994; Donaldson and O'Toole, 2000). On the other hand, there were a small number of longstanding relationships, notably between community group members, that involved regular communication and significant behavioural interaction but with negligible economic exchange. These relationship features are indicative of recurrent relationships (Frazer et al., 1988; Donaldson and O'Toole, 2000). There were also a number of long term relationships, for example between accommodation providers and restaurateurs or



publicans, that involved some ongoing economic exchange but with limited social exchange. These relationships, while longstanding, were not close (Cannon and Perreault, 1999). In addition, amongst the tourism representatives in the Glen of Aherlow a few long standing relationships were apparent in which the partners interacted frequently, knew each other well and had experience of working together to achieve secure mutual goals (Dwyer et al., 1987; Heide and John, 1990; Heide, 1994). In terms of the Donaldson and O'Toole (2000) relationship strength model these relationships were close in nature.

At the initiation of the network, communication between the tourism representatives was very limited, indeed one tourism provider stated that '*we have no communication within ourselves*'. Despite the lack of communication, all of the prospective network members had, at a minimum, some superficial knowledge of each other and held personal opinions and expectations of other tourism providers in the region. The reliability and breadth of these opinions varied widely. In some cases these views and opinions were based on nothing more substantial than hearsay and superficial impressions. Whatever the extent or depth of their prior interaction experience, the findings clearly indicate that each of the Glen of Aherlow tourism representatives brought their own baggage, comprising perceptions and expectations of the behaviour, impartiality and competence of others, to the project (Arino et al., 2005; Ford et al., 2008). This supports the contention that relationships between firms do not commence in a vacuum (Hakansson, 1982; Hakansson and Snehota, 1995; Doz, 1996) and corroborates the important influence that 'initial conditions' (Doz, 1996, p. 64) exert on network formation and evolution.

Ring and Van de Ven (1994) contend that prior interaction experience can enhance relationship development; however in this study it represented a barrier to relationship development. The findings indicate that the tourism representatives in the Glen of Aherlow were suspicious of each other's motives and many doubted the commitment of other participants to the network initiative (Anderson and Weitz, 1992). As a consequence many were reluctant to commit wholeheartedly to the network. Several of the tourism representatives described their prior interaction experiences with other prospective network members in very negative terms. Indeed, some believed that they 'didn't belong' and felt uncomfortable about interacting with the group. For these

individuals, their prior interaction experiences had resulted in real psychological scars (Dwyer et al., 1987) which evoked affective responses:

*'The people that are involved say this is what is done, these are our ideas... I just felt put down'*

Suspicion, tension and distrust emotions were evident within the network from the outset. Indicative of a lack of trust, many network members were concerned about the competitive nature, opportunistic tendencies and ulterior motives of others (Morgan and Hunt, 1994). The trustworthiness of other members was doubted. The observation that *'group members should be sharing ideas and not keeping ideas to themselves'* is symptomatic of the concerns that existed about the benevolence and integrity of other network members (Dietz and Den Hartog, 2006). As a consequence, consistent with the prescription of Lewicki et al. (2006), several tourism representatives were apprehensive about potential risks and vulnerabilities they would be exposed to if they participated in the network and were hesitant about getting involved. The sense of vulnerability and suspicion felt by the network members led many to be tentative in their interactions with other network members and reluctant to engage in the network.

A significant proportion (41%) of the tourism representative interviewees expressed frustration and annoyance with the community group. Indicative of an absence of affective trust (Leonidou et al., 2006) and mutuality (Ivens, 2006) these individuals felt their views and opinions were not valued by other members. They viewed the community group as being inflexible, closed and unwilling to consider new ideas which implies an absence of the relational norms of solidarity (Kaufmann and Dant, 1992) and flexibility (Noordewier et al., 1990). Indicative of the exercise of coercive power (Hunt and Nevin, 1974; Mohr and Nevin, 1990; Molm, 1997), the community group was characterised by unilateral decision making and non-transparent communication.

The exercise of power through obstructive and frustrating actions had resulted in an adversarial and conflictual atmosphere (Deutsch, 1973; Gaski, 1984; Das and Teng, 1998; Ford et al., 1998; Massey and Dawes, 2007) and low levels of trust, commitment and cooperation (Anderson and Weitz, 1992; Leonidou et al., 2006). Power and conflict concerns led the network members to adopt a unilateral, selfish attitude (Heide, 1994; Leonidou et al., 2006); typically their actions were self-serving

and opportunistic. As a consequence, the tourism representatives were accustomed to acting autonomously, interdependence within the group was low (Sako, 1992) and cooperation was negligible (Anderson and Narus, 1990).

*“I just keep my head down and get on with my own thing to a large extent”*

The negative emotions aroused by these bruising prior encounters had resulted in relationship stagnation (Morgan and Hunt, 1994). Indeed, a significant number of the tourism representatives had disengaged and were on the verge of terminating their relationships with other tourism representatives. Characteristic of the relationship stagnation and decay process articulated by Knapp and Vangelisti (1992), these disaffected individuals found communication with other prospective network members difficult and awkward. Several had withdrawn from interaction and were actively avoiding face-to-face communication or engagement with the community group (Anderson and Weitz, 1992; Morgan and Hunt, 1994; Jehn, 1995).

The negative prior interaction experience of many tourism representatives had resulted in psychological damage (Dwyer et al., 1987) and a negative relationship atmosphere (Hakansson, 1982). These factors represented major obstacles to the development of a collaborative rural tourism network (Anderson and Weitz, 1992; Doz, 1996, Arino et al., 2005; Jap and Anderson, 2007). Changing the atmosphere of relationships between the tourism representatives, overcoming the traumatic relationship history and repairing the resultant psychological damage were major challenges faced by the network members.

On a more positive note, due to their history of involvement in the community group, many of the tourism representatives had acquired significant tacit knowledge of the mechanics of cooperation (Simonin, 1997; Lambe et al., 2001a). This prior experience of cooperation and collaboration meant that they understood that mutual gains could be achieved by *‘backing people up, sticking together, loyalty’*. Through prior interactions the tourism representatives were aware of the strong interpersonal skills, reliability and competence of both the CAF and the RTM; both were described as key influencers in the Glen of Aherlow. The personal qualities of both the RTM and CAF and their standing within the region represented major benefits to the development of a collaborative rural tourism network as these were in compliance with the

characteristics specified in the literature for champions of collaborative ventures (Biemans, 1992; Markham and Griffin, 1998; Human and Provan, 2000).

### **7.3 Motivation for Involvement**

At the commencement of the study (late 2008), the difficult economic climate being experienced by all tourism businesses in the region was a key motivating factor for participation in the new tourism network. Individually, the tourism representative weighed up the potential costs, benefits and risks of involvement. All believed that the benefits they would gain from participation outweighed any perceived risks (Thibaut and Kelley, 1959). They viewed the involvement and support of Fáilte Ireland in the development and marketing of the area as a major asset/coup for the region that would promote both their own individual interests and the interests of the entire region. They recognised that they shared a common desire to improve the attractiveness of the area as a tourism destination and realised that many of the serious problems that they faced individually were common to all the tourism related businesses in the region; thus mutual goals were evident (Wilson, 1995). The tourism representatives considered that it made sense to work together as this would yield more benefits than unilateral action (Mohr and Speckman, 1994). Due to the perceived benefits most were willing to set aside preconceived notions, take a leap of faith, and approach the collaborative project in a positive and objective frame of mind '*...I'm more than happy to get involved with stuff you know*'.

From the outset the tourism representatives wanted the network to work and were committed in both a calculative and affective way to the initiative. Intuitively they understood that, in order to work together successfully, they needed to improve their knowledge of each other. The constructive outlook and goodwill shown by the tourism representatives towards the collaborative network was a significant factor that encouraged relationship development within network. In particular, consistent with the views of Dwyer et al. (1987) and Abodor (2005), the positive and realistic expectations and objective approach of the network members provided a solid platform for the emergence of trust in the network.

## 7.4 Relationship development

### 7.4.1 Awareness and Exploration Phase

The literature depicts the awareness stage as principally involving the identification, selection and screening of potential partners (Scanzoni, 1979; Dwyer et al., 1987; Hakansson, 1982). This is followed by an exploration phase, in which interaction commences, partner evaluation intensifies and relationship ground rules emerge (Wilson, 1995; Batonda and Perry, 2003). Features indicative of the awareness and exploration stages of relationship development occurred simultaneously within the Glen of Aherlow tourism network. A range of context specific conditions caused the awareness phase to be truncated and effectively amalgamated with the exploration phase. The tourism network was created through the intervention of Fáilte Ireland and the research team; it did not originate organically. As a result of this *fait accompli* the identification and selection of potential partners, a process synonymous with the awareness phase (Ring and Van de Ven, 1994), simply did not occur. Furthermore the awareness stage was bypassed by many of the tourism representatives as they were already familiar with other network members due to their prior interaction experiences (Wilson, 1995).

As discussed in Section 7.3, the tourism representatives approached the project in a positive way and were willing to objectively review their relationships with other network members based on new evidence rather than prior experiences. The prospect of personal benefit, combined with the support, interest and investment of Fáilte Ireland were significant contextual factors that motivated the network members to engage positively in the collaborative project. This positive approach allowed the network members to suppress, at least temporarily, their preconceived views and their reluctance to engage with other network members. At this stage, the commitment of the network members was based on a rational assessment of the potential benefits of the project, thus their commitment was calculative in nature (Anderson and Weitz, 1992; Wetzels et al., 1998; Gustafsson et al., 2005; Sharma et al., 2006).

The communication exchanges that occurred at formal and informal network events during the exploration period encouraged social bonding and laid the foundation for trust, commitment and cooperation to evolve (Dwyer et al., 1987; Mohr and Nevin, 1990; Ring and Van de Ven, 1994). Thus the findings support the views of Anderson

and Narus (1990) that communication is an antecedent of trust. A particular feature of the interactions that took place in this period was the time and effort the tourism representatives invested in social chat. These informal social interactions were particularly important as they allowed the network members to exchange cognitive and behavioural information which they used to build a deeper understanding of the values, beliefs, skills, interests and abilities of other network members (Mohr and Nevin, 1990). Through these interactions the network members built shared understandings and expectations, indicative of the emergence of relational norms (Macneil, 1980; Axelrod, 1984; Gundlach et al., 1995). Notably during this phase, the network members spent a lot of time investigating and discussing shared links with third parties such as friends of friends (Boissevain, 1974). The network members used these discussions to learn more about each other and to informally assess and compare their views and opinions with those of other network members (Anderson and Jack, 2002). Typically these discussions took the form of gossip (Burt and Knez, 1996). These informal chats provided important trustworthiness signals and reputational information to the network members (Gulati, 1995 and 1998; Wilson, 1995; Terawatanavong et al., 2007). Indicating the emergence of affective trust (Young 2006) and mutuality (Ivens, 2006) affective and emotional messages such as interest, liking and respect were conveyed. Gradually, in an iterative way, the network members refined and expanded their knowledge, opinions and expectations of other members (Gabarro, 1978; Macneil, 1980; Hakansson, 1982; Axelrod, 1984). Thus, underlying these seemingly casual conversations an important trust building process was occurring. This process was amplified by inviting the network members to describe and reflect on their relationships and prior interactions with other network members. This activity prompted the members to objectively consider, outline and rationalise their views of other network members. The findings support previous research that indicated the importance of communication, both formal and informal, for relationship initiation and development (Mohr and Nevin, 1990; Kumar, 1996; Monczka et al., 1998; Hutt et al., 2000). The findings also support the view that quality communication and information sharing facilitates the development of trust and cooperation (Anderson and Weitz, 1989; Anderson and Narus; 1990; Morgan and Hunt, 1994; Mohr and Speckman, 1994).

According to the interorganisational relationship development literature, a characteristic feature of the early stages of relationship development is that the participants engage in testing and probing activities to assess prospective partners and to evaluate shared goals and compatibility (Dwyer et al., 1987; Ford, 1998; Batonda and Perry, 2003). It is clear from the findings that, during this period, the network members acted as prescribed in the literature. The network members actively and rationally evaluated the trustworthiness (Dwyer et al., 1987) of other network members by assessing their ability, benevolence and integrity (Gabarro, 1978; Zajac and Olsen, 1993; Mayer et al., 1995; Jap and Ganesan, 2000). Seemingly conscious of this evaluation, many network members carried out posturing and positioning activities (Dwyer et al., 1987), such as competence and knowledge displays, in an attempt to show themselves in the best possible way to other members (Wetzels et al., 1998). Network members signalled their trustworthiness by highlighting their individual skills, competencies (Mayer et al., 1995) and past achievements (Whitener et al., 1998). In this way they provided other network members with evidence of their predictability, reliability and dependability and laid the foundation for the emergence of cognitive trust (Schurr and Ozanne, 1985; Moorman et al., 1992; Rousseau et al., 1998; Morrow et al., 2004; Massey and Dawes, 2007).

The development, or resuscitation, of personal relationships and friendships that occurred in this period was an important event. Consistent with Friman et al. (2002), the findings indicate that the network members needed to feel a sense of liking and camaraderie for other network members before they would commit significant resources (in terms of time and effort) to the project. In accordance with extant literature (Wilson, 1995, Rodriguez and Wilson, 2002; Young, 2006; Nguyen and Rose, 2009), time spent 'getting to know each other' and the development of personal friendships involving personal and emotional aspects, were foundational elements that allowed understanding and, ultimately, paved the way for the emergence of affective trust within the network (Morrow et al., 2004).

In addition to seeking, evaluating and providing evidence of trustworthiness the network members actively tested their power and influence boundaries during this period. Several network members attempted to influence the decisions of the network to advance their personal goals or interests. Other network members attempted to

*'control and direct discussions'*. These behaviours indicate that the network members were testing power and influence limits (Emerson, 1962; Hunt and Nevin, 1974; Gaski, 1984; Anderson and Weitz, 1989; Morgan and Hunt, 1994) and exploring trust boundaries within the network (Gabarro, 1978). In response to these behaviours conflict resolution mechanisms evolved within the network (Prahinski and Fan, 2007). These testing activities were a particular feature of this period and were critical for the subsequent development of shared norms and expectations within the network (Gabarro, 1978; Macneil, 1983; Heide and John, 1992; Gundlach et al., 1995; Doz, 1996; Arino et al., 2001; Jap and Anderson, 2007). They were *'setting the ground rules for future exchange'* (Dwyer et al., 1987, p. 17).

The desire to maintain independence diminished during this period as the network members became more familiar with each other and a sense of network identity developed (Wilson, 1995; Jap and Ganesan, 2000). During this period the network members discussed and agreed mutual shared goals, indicative of the emergence of network interdependence (Scanzoni, 1979; Wilson, 1995; Batonda and Perry, 2003). However it is important to note that the members evaluated these goals in terms of personal benefits; individualistic concerns continued *'...he would fill his own place first obviously'*. Thus, network interdependence, while emergent, was tempered by the drive to secure personal benefits.

#### **7.4.2 Expansion**

The literature stipulates that the expansion phase is characterised by increasing levels of interdependence and relationship intensification (Ford, 1997; Terawatanavong et al., 2006); this is supported by the findings of this study. As each network member's experience and knowledge of other network members grew, relationship norms, task roles and social relationships emerged and the social distances between the network members decreased (Ford, 1997; Batonda and Perry, 2003; Jap and Anderson, 2007).

The Glen of Aherlow network members continued to update and refine their views and opinions of other members (Hakansson, 1982; Ring and Van de Ven, 1994; Ford, 1997); they were *'...actually learning about one another as well'*. Notably, during this phase communication between the network members became more impromptu and



informal, with much occurring outside of the formal network meetings *'I've been talking to others in the Glen about getting on facebook'*. Progressively, as the network members became more familiar and comfortable with each other, communication became more relaxed and non-judgemental in nature and a broad range of communication methods were employed (Altman and Taylor, 1973; Gabarro, 1990; Knapp and Vangelisti, 1992; Moorman et al., 1992; Sias and Cahill, 1998). Indicating increased relational closeness, communication intensified in terms of frequency, direction, modality and content (Mohr and Nevin, 1990; Mohr et al., 1996). Regular face to face interactions accelerated and amplified the exchange of information. The network members used a variety of verbal and nonverbal communication methods, including body language and other subtle nuances (Lengel and Daft, 1988; Jandt, 1998; Gudykunst and Young, 2003; Daft and Marcic, 2004), to transmit and receive complex messages.

During the expansion phase the intensive and broad ranging communication exchanges that occurred between the network members at the training events allowed the network members to identify common interests and clarify their expectations of the network. The open, mutually supportive atmosphere of these interactions seems to have encouraged cooperative and collaborative behaviour (Mentzer et al., 2000) and the free exchange of ideas. During this phase rich and regular communication provided the network members with information which they used to test and evaluate the trustworthiness of other network members (Mayer et al., 1995; McEvily et al., 2003). Consistent with the literature, communication, in particular frequent face-to-face communication, facilitated the strengthening of trust within the network (Hakansson, 1982; Thorelli, 1986; Anderson and Weitz, 1989; Ring and Van de Ven, 1994; Ford, 1997). Participation in the informal cookery demonstration encouraged a sense of togetherness and camaraderie between network members, these emotional responses allowed affective trust to grow (Lawler and Yoon, 1993; Morrow et al., 2004). The findings show that, particularly during the expansion phase, the network members developed affection for, confidence in, and acceptance of, other network members; all indicators of affective trust (Lewis and Weigert, 1995; Rousseau et al., 1998; Morrow et al., 2004).

*'Yes I mean she doesn't really get hugely involved but she's important to the area for us you know'*

Concurrent with the development of emotional bonds, the network members assiduously gathered evidence and experience of the motivation, reliability and competence of other network members (Schurr and Ozanne, 1985; Moorman et al., 1992; Rousseau et al., 1998; Massey and Dawes, 2007). In this way the Glen of Aherlow network members were amassing ‘good reasons’ to trust other network members (McAllister, 1995) which strengthened cognitive based trust (Anderson and Weitz, 1989; McAllister 1995; Arino et al., 2005). Thus, consistent with the views of Lewis and Weigert (1985) and Kumar (1996), for the network members trust involved both emotional and rational aspects.

The findings clearly support extant literature which asserts that repeated interactions enhance understanding and enable individuals to refine their views regarding the trustworthiness of others; thereby facilitating the emergence of trust (Zand, 1972; Gabarro, 1978; Axelrod, 1984; Mayer et al., 1995; McAllister, 1995; Lewicki and Bunker, 1996; Rousseau et al., 1998; Uzzi, 1999; Abodor, 2005). The findings concur with those of Jap and Anderson (2007) in that a significant feature of the expansion phase was the emergence of a shared interaction history within the network. Consistent with the findings of Doz (1996) and Abodor (2005) the network members relied on actual experience rather hearsay and gossip to update their assessments of the trustworthiness of other network members. The growth of trust and awareness of shared interests tempered the impact of opportunism within the network (Uzzi, 1997). Tangible evidence of the growing levels of trust and commitment in the Glen of Aherlow network was shown by the network members through their commitment to the ‘Walkers Welcome’ charter and their adoption of a regional business plan. Thus, consistent with the expansion phase characteristics specified by Dwyer et al. (1987) and Ford et al. (1998), the network members were prepared to take more risks and increase their commitments to the network.

Increasingly, the network members were experiencing positive results from collaboration. For example, new events for the walking festival emerged from a brainstorming session in which *‘the ideas were flying’*. These ideas led to positive benefits for all of the Glen of Aherlow network members, and, in accordance with the observations of Scanzoni (1979), Dwyer et al. (1987) and Arino and de la Torre (1998), strengthened the commitment and cooperation of the network members and

paved the way for the emergence of network solidarity norms (Kaufman and Dant, 1992).

*'maybe if we all got to know a bit more about each other's businesses...you know if somebody is looking for something and you can't provide it who else has similar sort of product kind of thing'*

The offer made by one network member to conduct a 'familiarisation' walk along one of the Galtee mountains linear walks in the Glen of Aherlow for all of the network members is indicative of the spirit of cooperation, solidarity and mutuality that was present within the network during the expansion phase. The findings reveal that, consistent with the expansion stage depicted in the relationship development literature, the network members were willing to make short term sacrifices, increase their commitments and take risks in the hope of generating long term benefits (Dwyer et al., 1987; Ford et al., 1998; Wetzels et al., 1998 Anderson and Weitz, 1992; Heide and John, 1992; Moorman et al., 1992, Uzzi, 1997). The willingness of the network members to invest in facilities to meet the requirements of the 'Walkers Welcome' charter illustrates this point.

Doubts concerning the commitment, reliability and motivation of other network members persisted in this phase. The findings show that many continued to act unilaterally, while others had failed to deliver on promises made. Some members adopted a reticent approach, opting to wait and see how the project would progress before they would commit fully to the project. Many of the network members freely and openly admitted to self interest motivations. While these behaviours were viewed as disappointing, they were tolerated by other members, apparently because the members concerned were acting as expected. This indicates that role integrity norms had evolved within the network (Macneil, 1980; Kaufman and Stern, 1988; Dant and Schul, 1992; Kaufman and Dant, 1992).

*'...he flits in and out you know... he will be back yes you know, I mean I don't, I'm not sitting in judgement or being critical here you know, but I'm saying he comes in and out and that's, that's fine'*

It appears that, once the network members were confident that other members would act with integrity and would not maliciously take advantage of any other member, self-serving behaviour was accepted by the network members as a relationship norm. Thus behavioural expectations were evident within the network (Kaufman and Stern, 1988); a general, shared code of acceptable behaviour had emerged indicative of the

presence of relational norms (Feldman, 1984; Heide and John, 1992; Gundlach et al., 1995).

The network members recognised that the difficult economic environment was causing problems for all network members '*...it's difficult to keep places open and pay staff*'. Awareness of their shared vulnerability to external economic factors consistently motivated the members to actively participate in the network initiative. Recognition of their mutual concerns facilitated the development of a sense of 'us' within the network and encouraged the growth of empathy and concern for other members, indicative of the emergence of affective trust (McAllister, 1995; Mayer et al., 1995; Leonidou et al., 2006) and solidarity (Macneil, 1980; Kaufman and Dant, 1992; Heide, 1994) within the network. Significantly, the network members became more aware of the importance of working together as a group '*everyone will have to get in on the bandwagon if it is to work*'. Evidenced by their commitment to the 'Walkers Welcome' charter and adoption of the regional business plan, the range and depth of the network members' mutual commitments and dependencies progressively increased and their goals and objectives were becoming increasingly aligned (Dwyer et al., 1987; Arino and de la Torre, 1998; Ring and Van de Ven, 1994; Batonda and Perry, 2003; Terawatanavong et al., 2006; Jap and Anderson, 2007). The network members' experienced tangible, positive results from their collaboration which reinforced their commitment to the network (Anderson and Weitz, 1992). Clearly network interdependence was strengthening (Scanzoni, 1979; Morgan and Hunt, 1994; Jap and Ganesan; 2000). Difficulties and delays in the production of the Walkers Welcome Charter acted to unite the network members. It seems that a shared sense of annoyance and frustration with Fáilte Ireland gave the members of the Glen of Aherlow network a common focus. The old proverb 'the enemy of my enemy is my friend' aptly describes this development.

### **7.4.3 Commitment**

The devolution of responsibility for planning to the network marked the next significant step change in the development of the network. The network members '*suddenly realised they were on their own*' and recognised that they needed to take control of their own destiny. Most members reacted by becoming more deeply

involved in network activities and by demonstrating a willingness to consistently commit resources to the network (Dwyer et al., 1997).

Consistent with the observations of Scanzoni (1979), Dwyer et al. (1987) and Terawatanavong et al. (2006), during this phase network interdependencies reached a high level; the network members understood and accepted that their interests were linked and that they shared common goals and objectives. The difficult economic environment was a universal concern; increasingly the network was viewed as important as it represented their *'get out of jail card'*.

Indicative of the commitment phase, the network members were committed to relational continuity (Claycomb and Franwick, 2010); they believed that the network would persist. In addition, levels of commitment and cooperation were significant and persistent, evidenced by the willingness of the network members to constantly commit resources, in terms of time and effort, towards the achievement of mutual goals (Frazier, 1983; Dwyer et al., 1987; Moorman et al., 1992; Anderson and Weitz, 1992; Morgan and Hunt, 1994; Smith et al., 1995; Sharma et al., 2006; Payan, 2007; Pesamaa and Hair, 2008). Consistent with the literature, in this phase the Glen of Aherlow network members were confident that other network members were dependable and had the ability and competence to perform their assigned tasks effectively; this signals that solidarity norms and high levels of trust had developed within the network (Sako, 1992; Ivens and Blois, 2004; Terawatanavong et al., 2006). By this stage in the evolution of the network, interaction routines were well established (Ford et al., 1998) and behavioural norms were fixed (Ring and Van de Ven, 1994; Wilson, 1995). Ongoing exchanges were significant and predictable.

*'It's like a colony of bees you have the workers and the core group that are there then you have more people that come in and out for specific events'*

Indicative of strong form trust, some inter network relationships had evolved to the extent that network members could understand and even predict the behaviour and opinions of their counterparts (Lewicki and Bunker, 1996); they could *'speak for each other'*. Notably, symptomatic of the presence of affective trust, the network members had developed empathy and respect for the views of others.

*'...but the other thing I said to myself at the same meeting was, it's not yours, this is not your baby. This has to be the groups, this is democracy.'*

The findings support the contention that trust is based on positive experience of past performance (Thorelli, 1986; Ford, 1997, Lewicki et al., 2006). Actions such as freely sharing information and knowledge, demonstrating competency and acting fairly augmented trust within the network (Mayer et al., 1995; Kumar, 1996; Blois, 1999; Shockley-Zalabak et al., 2000; Dietz and Den Hartog, 2006). The sequence in which cognitive and affective forms of trust developed in the Glen of Aherlow network deserves comment. As already outlined, for cognitive, rational reasons the tourism representatives agreed to participate in the tourism network; it made sense to work together. The findings show that, from the outset, the network members sought and provided information signals to indicate both cognitive and affective forms of trustworthiness. Both rational and emotional processes were important to the network members and were assessed simultaneously; positive calculative outcomes amplified affective sentiments and vice versa. The findings indicate that the development of cognitive and affective trust forms was an interrelated and simultaneous process (Williams, 2001). This finding is at variance with much of the trust literature which contends that cognitive trust precedes affect based trust (Lewis and Weigert, 1985; McAllister, 1995; Rousseau et al., 1998; Massey and Dawes, 2007).

By the commitment phase the network members had experienced tangible benefits, both social and economic, from their collaborative efforts which reinforced perceptions of goal congruence, expanded the members' commitment to the network (Lambe et al., 2001a; Sharma et al., 2006) and heightened their awareness that they shared goals and objectives (Dwyer et al., 1987; Arino and de la Torre, 1998).

*'The winter walking festival was so good it frightened us... there wasn't a room to be had in the Glen for the first time, I got serious business out of it'*

Affective commitment, evidenced by a sense of liking and attachment to other network members, was clearly evident in this period (Kumar et al., 1994; Geyskens et al., 1996; de Ruyter et al., 2001; Gustafsson et al., 2005; Sharma et al., 2006).

*'It's in my interest to be involved. I actually like it, I like the interaction. I like all we do down there'*

*'I now know people in the Glen that I wouldn't have known otherwise and I feel very much part of the community in the Glen whereas before joining it I didn't so there, that's good in itself... it's a very diverse group...I mean I'm thinking about the likes of people who I would have absolutely nothing in common with'*

It appears that the sense of personal satisfaction the individual members were deriving from their involvement in the network increased their allegiance to the network (Kumar et al., 1995) and their willingness to work to maintain the relationship (Schurr and Ozanne, 1985; Wetzels et al., 1998). In accordance with Moorman et al. (1992, p. 316) the network members were demonstrating “an enduring desire to maintain their valued relationship”.

Communication matured in this phase; the intensive exchange of reputational information that occurred in the exploration and expansion phases was replaced by what Anderson and Weitz (1989, p. 321) describe as ‘efficient communication’. The network members routinely exchanged rich and regular communication. In this phase, consistent with the literature (Altman and Taylor, 1973; Gabarro, 1990; Knapp and Vangelisti, 1992; Moorman et al., 1992; Mohr and Speckman, 1994; Sias and Cahill, 1998; Uzzi, 1997), communication within the network increased in mutuality, frequency and depth, and became more spontaneous, collaborative and democratic.

*‘...We met just to look at this action plan... and it was very productive basically we just got people to throw out their ideas if they were daft and off the wall it didn’t make any difference...’*

The network members were confident that their views would be respected and felt safe and secure within the network (Edmondson, 1999). As a consequence they were willing to freely volunteer information and ideas to the network.

*‘Yes, everyone is listened to, even if it goes on and is taking up too much of the meeting we can defer it or maybe set up a subgroup that will sit down and look at it and report back to the main group so that we can find a conclusion somewhere along the line...feedback is important’.*

In accordance with the literature (Dwyer et al, 1987; Mohr and Nevin, 1990; Knapp and Vangelisti, 1992; Hutt et al., 2000; Tuten and Urban, 2001), the findings confirm the importance of rich and regular communication for relationship development. In particular the findings indicate that bilateral communication works to reduce uncertainty and insecurities and to increase understanding and mutual support (Jap and Ganesan, 2000; Claycomb and Franwick, 2010). The findings also support the determination of Anderson and Weitz (1989) that communication is intensified in relationships that are of importance to the participants.

Collaborative, non-coercive communication allowed trust to deepen (Mohr and Nevin, 1990; Simpson and Mayo, 1997), which, in turn, inculcated an atmosphere of psychological safety (Edmondson, 1999). This sense of psychological safety was vital as it allowed the network members to unreservedly express their concerns, views and issues (Dant and Schul, 1992) and to accept criticisms (Edmondson, 1999). In due course, this encouraged productive functional conflict (Deutsch, 1973; Jehn, 1997) and the emergence of functional conflict resolution strategies within the network (Deutsch, 1973; Morgan and Hunt, 1994; Massey and Dawes, 2007). Furthermore, the sense of psychological safety promoted creative decision making (Massey and Dawes, 2007) and increased risk taking (Edmondson, 1999) within the network. Ultimately this safe, supportive environment led to the members '*sparkling ideas*' such as the winter walking festival.

This research affirms the importance of communication in building and maintaining trust and commitment and the significance of communication for relationship development. The findings support Morgan and Hunt's (1994) view that relationship variables intertwine and impact on each other intensely, often in a reciprocal fashion. Communication reduced uncertainty (Anderson and Weitz, 1989) which amplified trust (Anderson and Narus, 1990; Moorman et al., 1992). Trust facilitated the sharing of timely, sensitive and high quality communication (Moorman et al., 1992; Anderson and Narus, 1990; Dyer and Chu, 2003; Inkpen and Tsang, 2005). Thus the findings support the conclusion of Dyer and Chu (2003) that communication amplifies trust and vice versa; both increased the commitment of the members to the network (Morgan and Hunt, 1994; Mohr et al., 1996; Wetzels et al., 1998). Communication reduced dysfunctional conflict (Zaheer et al., 1998; Massey and Dawes, 2007; Mu et al., 2008), facilitated productive, functional, conflict (Morgan and Hunt, 1994; Massey and Dawes, 2007) and increased cooperation (Gundlach and Codotte, 1994) within the network. Notably, conflict came to be regarded as productive with the ability to generate positive outcomes for the network.

*'...we've had many a discussion and many heated rows they are allowed to happen... and the thing is we come away with an agreed formula or an agreed formation'.*

This supports the view that cognitive conflict aids relationship development (Jehn, 1997; Monckza et al., 1998). In addition it indicates relational maturity as the network members had established norms for managing disagreements and had learnt how to



manage their collaboration (Zajac and Olsen, 1993; Doz, 1996; Arino and de la Torre, 1998).

An unanticipated finding from the research was the vital catalytic nature of the roles played by the RTM and CAF in the network. The network members viewed the RTM as an independent and efficient individual that worked ‘for the good of the region’ and made things ‘happen’. The CAF was described as a motivating influence that was ‘good to move things on’. Both the RTM and CAF were key influencers in the network; they possessed strong interpersonal skills and were considered by the other network members to be reliable, competent, efficient and flexible. They were able to assemble support, surmount obstacles and maintain momentum. The RTM in particular acted on an ongoing basis to maintain relational harmony within the network. The network members were in agreement that the RTM and CAF should take responsibility for leadership and coordination of the network. This prompted a return to the literature to seek a rationale for this finding. The general business literature points to the presence of a collaboration champion as a key facilitating factor in successful interorganisational collaborations. Champions act, either formally or informally, as key influencers in the network and perform leadership and coordination roles. They are able to assemble support, surmount obstacles and maintain momentum. Champions are individuals characterised by vim and vigour who act to direct and bind the network. The alliance literature directs that alliance success is greatly enhanced by the existence of individuals that act as collaboration champions (Hara and Kanai, 1994; Abodor, 2006). Similarly, in the new product development literature the important role played by a product champion is well recognised (Biemans, 1992; Markham and Griffin, 1998; Boddy et al., 2000; Silvadas and Dwyer, 2000).

#### **7.4.4 Maintenance Phase – (Ongoing)**

The network members grew from a state of fragmentation as depicted in Table 7.1 to an evolved state in which they understand how to communicate and cooperate together. The literature depicts communication and information exchange as critical to relationship development (Dwyer et al, 1987; Mohr and Nevin, 1990; Knapp and Vangelisti, 1992; Hutt et al., 2000; Tuten and Urban, 2001). The findings support the

argument that rich and regular communication acts to reduce uncertainty and insecurities and to increase understanding and mutual support (Jap and Ganesan, 2000; Claycomb and Franwick, 2010). Consistently throughout this research, communication was a critical element that facilitated network development and network success.

The literature stipulates that close relationships feature high levels of interdependence (Huston and Burgess, 1979) and interaction (Sako, 1992), both social and economic (Donaldson and O'Toole, 2000). The findings show that the social ties that have developed between the Glen of Aherlow network members are a strong driving force for ongoing, self-sustaining cooperative actions. Throughout the network there is a focus on cooperation and maintenance of the relationship in order to generate common benefits (Dwyer et al., 1987; Sako, 1992). The network members have developed understanding and appreciation of the skills of other members and shared understandings of how other members think and act. There is a sense of safety and mutual comfort within the network.

The network members derive satisfaction from their involvement in the network. The findings support the determination of Anderson and Narus (1990) that the achievement of mutual goals inculcates a sense of togetherness that strengthens relationship satisfaction. Concurrent with Axelrod (1984) and Ring and Van de Ven (1994), the willingness of the members to consistently commit time and effort to the network indicates commitment and cooperation and signals a desire to continue the relationship. It appears that, consistent with the prescriptions of Donaldson and O'Toole (2000), network relationships have developed into a mature, institutionalised stage in which the expectations and functions of the parties are fixed.

The network relational maintenance activities performed routinely by the RTM indicate that even when established, relational norms are fragile and require constant maintenance and development.

## **7.5 Discussion Summary**

In this chapter the research findings were discussed in the context of the literature reviewed. The research confirms that relationship development models such as Dwyer

et al.'s (1987) and Ring and Van de Ven's (1992) are useful mechanisms for exploring network development. The finding that network members occasionally disengage and subsequently reengage with the network adds support to the states theorists' view that the development of interorganisational relationships is a complex, dynamic and unpredictable process. Concurrent with the views of Ford and Rosson (1982), Ring and Van de Ven (1994), Rao and Perry (2002) and Palmer (2007), the findings indicate that relationships can move forward and backward through various stages or remain in the same state for a protracted period of time. Furthermore the findings indicate that, contrary to the views of Dwyer et al. (1987), 'psychological scars' can be repaired and hence do not prevent resurrection of a relationship. The findings confirm the dynamic and complex nature of network relationships as advanced by Anderson et al. (1994) and Hakansson and Snehota (1995). Quite simply, relationships do not evolve in a synchronised manner.

The findings confirm the importance of affective and social components for network development and support the assertion that relationships take time to develop (Hakansson and Snehota, 1985; Rao and Perry, 2002; Terawatanavong et al., 2007).

## **Chapter 8. Conclusion and Recommendations**

### **8.1 Introduction**

Drawing on the findings and discussions presented in previous chapters, in this chapter the major research outcomes are summarised with reference to the research objectives. The significant contributions of this research, in terms of theory and practice are presented. The limitations of the study are outlined and further research recommendations are presented. The chapter concludes with a critical personal reflection on the research project.

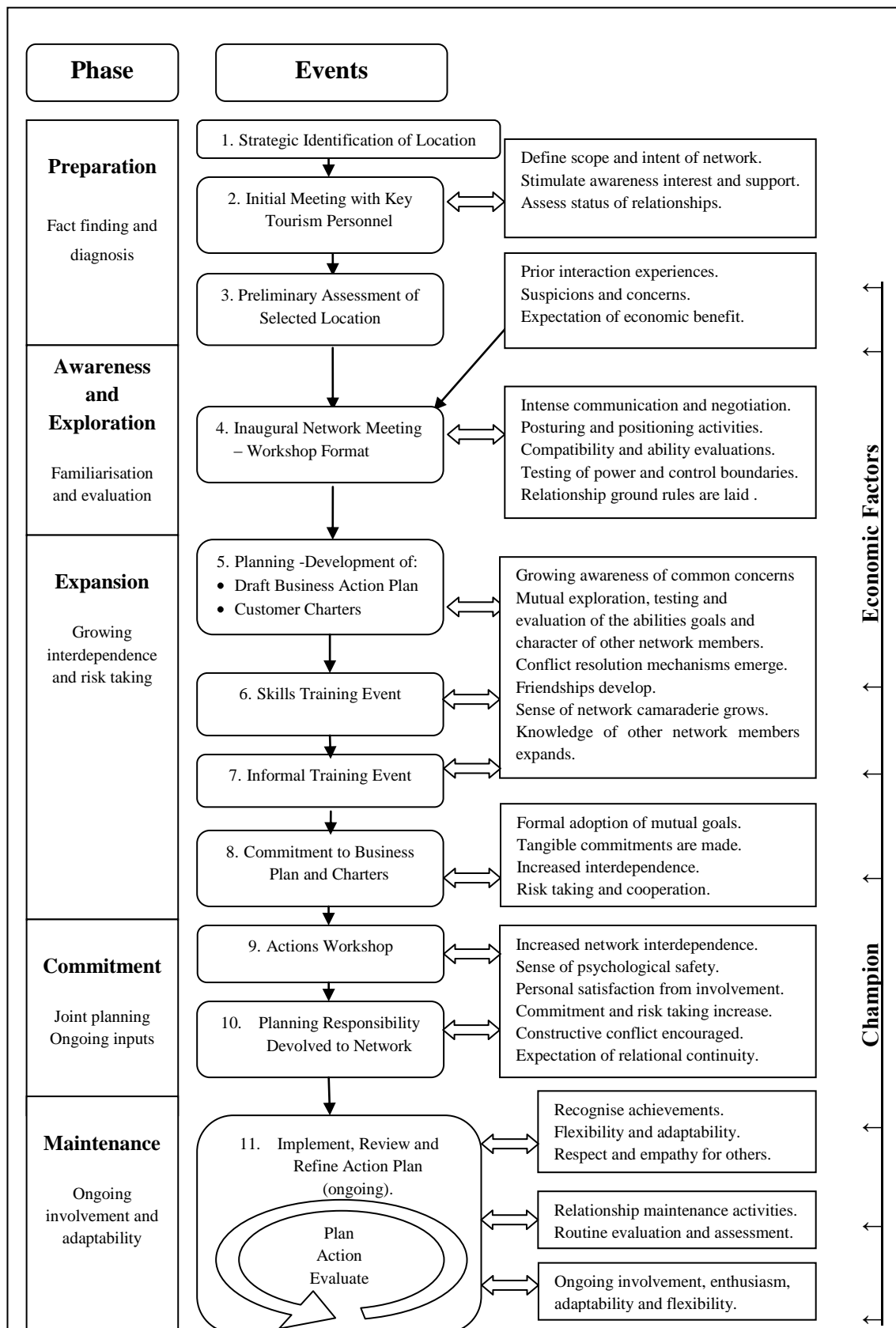
### **8.2 Project Outcome Related to the Research Objectives**

The key concern of this research was how to determine the processes involved in linking a range of rural tourism organisations together in a functioning, collaborative network. The research objectives for this project were:

- To generate an understanding of the relational variables and norms that influence the development and maintenance of a collaborative rural tourism network.
- To develop a managerial model for involving rural tourism stakeholders in a collaborative rural tourism network.

The findings indicate that the creation of a collaborative network is a dynamic process which involves a multitude of actions and processes that are difficult to delineate. Network relationships are individual, unique and dynamic (Anderson et al., 1994; Hakansson and Snehota, 1995; Batonda and Perry, 2003) and highly context specific. Overriding all other factors, the findings show that networks are highly social and depend on interpersonal relationships; networks are about relationships, not transactions. Based on the findings and discussion presented in Chapters Six and Seven, a tentative managerial model for the development of a collaborative tourism network can be conceptualised and is presented in Figure 8.1. This model, and associated commentary, has been presented to Fáilte Ireland (see Appendix J). The model presented in Figure 8.1 will act as a structure for the following sections in which the key outcomes of this research are discussed.

**Figure 8.1 Conceptual Model for the Development of a Collaborative Tourism Network**



### **8.2.1 Synopsis of Collaborative Network Development**

Network development commences with the preparation stage in which the network location is identified and an initial meeting with key tourism representatives in the region is held to garner support and interest for the collaborative network. The research shows that in order to build a rural tourism network there must be a clear purpose to the network and the expectations of the participants must be realistic. This means that the scope and intent of the network must be clearly defined and agreed from the outset. In the context of competing rural tourism enterprises networking without a purpose, or networking for the sake of networking, is a futile exercise.

Prospective network members need a positive motivation or incentive to engage in the network. In the interorganisational literature stream, economic factors are seen as the primary motivators for the formation of alliances (Powell, 1990; Anderson and Narus, 1991; Barringer and Harrison, 2000). This research supports this view; at network initiation a significant factor that encouraged the active participation of the network members was the prospect of generating personal economic benefit. Indeed, the difficult economic conditions that persisted throughout the study period were an ongoing, positive force for collaboration. A further, although secondary, factor that encourages positive intent towards engagement in a collaborative network is the prospect of generating benefits for the community at large. What is important is that the positive attitude of the network members to the collaborative initiative provided a solid platform for the development of interpersonal relationships within the network.

A critical task in the preparation phase is to assess the status of the relationships between the prospective network members. As relationships between firms do not commence in a vacuum (Hakansson, 1982; Hakansson and Snehota, 1995), initial conditions are a critically influential factor in the development of interorganisational relationships (Doz, 1996). Based on prior interaction experience the prospective network members will bring relational baggage, comprising perceptions and expectations of the behaviour, impartiality and competence of others, to the project (Arino et al., 2005; Ford et al., 2008). A summary of the initial and evolved relationship characteristics between the tourism representatives in the Glen of Aherlow was presented in Table 7.1. The initial relationship characteristics depicted in

Table 7.1 indicate clearly the fragmented state of the relationships that existed between the tourism representatives in the Glen of Aherlow at network initiation.

The research shows that the most important factor that aids and supports the initiation and development of a collaborative network and the inherent interpersonal relationships is communication. The awareness and exploration phase is characterised by high levels of uncertainty, tension and suspicion amongst the network members. In order to alleviate these negative factors it is essential that frequent interaction and communication are facilitated between the network members during this period. Communication allows network members to get to know each other and establish rules of behaviour to guide their collaboration. Informal communication facilitates the development of personal friendships, while face-to-face communication allows the network members to demonstrate and learn about each other's values, skills, concerns and priorities (Dwyer et al., 1987; Mohr and Nevin, 1990). Face-to-face interactions are particularly important in this period as they allow the network members to actively communicate subtle relational information through a combination of verbal and non verbal means. The findings show that the communication and frequent interactions that occurred in the awareness and exploration phase promoted the development of friendships and facilitated the emergence of cognitive and affective trust between the network members in the Glen of Aherlow (Morrow et al, 1995; Friman et al., 2002; Nguyen and Rose, 2009). Notably, the Glen of Aherlow network members carried out cognitive and affective assessments of the trustworthiness of other network members simultaneously.

The intense and wide ranging exchange of information that occurs in this period provides a solid foundation for commitment and cooperation to evolve as it allows the identification of common problems and concerns (Dwyer et al., 1987; Mohr and Nevin, 1990; Ring and Van de Ven, 1994). It appears that the more opportunities there are for face to face interactions between network members during this period, the better the communication and the greater the likelihood is of successful collaboration.

During the awareness and exploration phase bargaining and negotiation activities establish the ground rules for intra network relationships and facilitate the emergence of relational norms within the network (Scanzoni, 1979; Dwyer et al., 1987; Wilson, 1995). Within the Glen of Aherlow network a key activity during this phase was the

negotiation by the network members of a consensus on the key goals and objectives of the network. The process of reaching a consensus through debate and discussion promotes the development of interpersonal relationships as it requires that the network members express, be challenged on, and defend their views and opinions. Through these exchanges the network members learn more about each other and can test trust boundaries and power and influence abilities within the network. Significantly, the negotiation process also encourages the emergence of conflict resolution mechanisms to manage divergent opinions (Gabarro, 1978). Securing agreement on the key goals and objectives of the network is important as this inculcates a sense of common identity and purpose within the network and encourages commitment to the network.

The expansion phase is characterised by extensive testing and evaluation of other network members (Scanzoni, 1979). During this phase communication increases in frequency and intensity as the network members look for information that will enable them to increase their knowledge of the abilities, goals and character of other network members. Doubts persist about the commitment reliability and motivations of others in this period, this leads the network members to seek evidence to confirm or deny their expectations of others. Assessments of the competence, integrity and performance of others are updated based on personal experience. Through these activities the network members learn more about each other and a general shared code of acceptable behaviour emerges within the network that promotes integrity and tempers opportunism.

During the expansion phase personal relationships develop and intangible benefits such as friendship grow in importance to the network members. The training events held during this period gave the network members the opportunity to test and enhance their knowledge of each other. The successful completion of shared tasks during the training events inculcated a sense of inclusiveness and positivity that increased affective trust between the network members (Morrow et al., 2004; Webber, 2008).

The findings confirm the presence of a strong positive relationship between trust and commitment (Morgan and Hunt, 1994); trust promotes commitment and commitment promotes trust. The presence of trust and commitment encourages risk taking and interdependence. During the expansion phase the Glen of Aherlow network members became increasingly reliant on each other and their commitment to the network



expanded considerably, evidenced by their adoption of the business plan and the 'Walkers Welcome' charter. These actions signalled that the network members expected that the network would continue indefinitely.

The commitment phase represents the coming of age, or maturity, of the network. High levels of trust, interdependence and commitment exist and close interpersonal relationships are evident. Network members believe that their interests are linked and that they share common goals and objectives. By this phase the network members are well aware of each other and have established shared values, rules, and procedures to support network relationships (Ring and Van de Ven, 1994). Ongoing exchanges are significant and predictable (Ford et al., 1998) and communication is spontaneous, collaborative and democratic (Knapp and Vangelisti, 1992; Mohr and Speckman, 1994; Sias and Cahill, 1998). Conflict, managed constructively, acts to maintain interest in the network and promotes creative solutions (Weick, 1979; Ring and Van de Ven, 1994). Network members are comfortable working with each other and are able to leverage their diverse skills and abilities to benefit the network; this allows the range and extent cooperative tasks to expand. Interpersonal relationships are maintained through frequent communication. During this phase network members are willing to expend effort and make sacrifices to maintain the network (Dwyer et al., 1987; Morgan and Hunt, 1994), indicating the presence of affective trust, genuine empathy and respect for the views of others is evident throughout the network. Affective trust facilitates a sense of psychological safety which can result in network members developing novel solutions to problems and adopting innovative, risky suggestions to be proposed and implemented (Wetzels et al., 1998). A safe and supportive atmosphere facilitates the free flow of information and allows productive functional conflict exchanges to occur. Successful collaborative outcomes encourage further commitment which reinforces perceptions of goal congruence and prompts an expansion in the range and extent of collaborative activities (Anderson and Narus, 1990; Lambe et al., 2001a). This is in effect a positive reinforcing cycle in which success prompts increased commitment which leads to further, more expansive, collaboration and strengthens network interdependence. One network member described their personal journey from detachment to involvement in the following terms:

*I've been a regular attender at the meetings...oh I guess, what has changed? I suppose in a sense it's better to be connected to the community around you rather*

*than to be totally disconnected from them... I'm very committed to what's going on down there, one hundred percent...I now know people in the Glen that I wouldn't have known otherwise and I feel very much part of the community in the Glen whereas before joining it I didn't so there, that's good in itself... it's a very diverse group...I mean I'm thinking about the likes of people who I would have absolutely nothing in common with but I guess we all figure out that for the greater good that we have to pull together and decide to make commitments to things... I'm beginning to understand the importance of what it is to them and I'm actually quite respectful of their views now so I've moved a little bit'.*

The findings highlight the importance of network champions for network development and maintenance (Abodor, 2006). Network champions drive the collaboration, coordinate network activities and motivate the ongoing involvement of network members thereby maintaining commitment.

The findings indicate that, consistent with interaction/network theory, good interpersonal relationships are important enablers of network development. Interaction and regular communication facilitate the development of relational variables and norms to develop. The findings clearly support the view that relationships take time to develop (Hakansson and Snehota, 1985; Rao and Perry, 2002; Terawatanavong et al., 2007). Relationships cannot be forced or artificially created; they must evolve organically. However, the findings show that, through conscious planning, the overall atmosphere of a relationship can be changed (Hakansson, 1982). Thus it is possible for government agencies such as Fáilte Ireland to orchestrate the development of conditions conducive to the establishment, development, and maintenance of a collaborative interorganisational network.

### **8.3 Research Contribution**

The theoretical purpose of this research is to add to the literature a better way of understanding the formation and maintenance of collaborative interorganisational tourism networks in a rural setting. Although collaboration through networks has been acknowledged in academic and government circles as a key driver of competitiveness for Irish rural tourism (National Development Plan 2007-2013), few research agendas have addressed this issue. Consequently significant knowledge gaps exist in understanding how collaborative rural tourism networks can be created and managed.

This research adds to the understanding of how rural tourism networks function and, typical of an action research project, contributes to both theory and practice.

### **8.3.1 Theoretical Contribution**

The major theoretical contribution of this research is to advance the state of knowledge of network development from an interpersonal perspective thus adding to the literature a better way of understanding the relational factors that influence the formation and maintenance of collaborative tourism networks. Its main contribution lies in the exploration of the dynamic relational aspects of network formation. Specifically, the research highlights the importance of communication as a facilitator of relationship development. Communication and interaction allows network participants to get to know each other and overcome any negative prior experiences. The identification of common goals and a common purpose builds network cohesion and trust. Trust induces a sense of psychological safety which, combined with the judicious use of functional conflict, enhances network cohesion and performance. The findings also highlight the importance of network champions in encouraging involvement, coordinating activities and driving the collaboration.

### **8.3.2 Contribution to Practice**

The research findings have been utilised to develop a comprehensive pragmatic managerial model for involving rural tourism stakeholders in a collaborative rural tourism network. This model represents a road map for tourism practitioners that can be utilised to guide the formation, development and evaluation of collaborative rural tourism networks. The pragmatic managerial model and associated notes are shown in Appendix J. From a policy perspective, this model has been presented to Fáilte Ireland; they intend to incorporate the model and research findings in the formulation, implementation and evaluation of collaborative rural tourism networks in Ireland.

## **8.4 Research Limitations and Research Recommendations**

The most obvious limitation of this research is that it relies on an idiosyncratic research site involving a small population in a particular industry and a unique location. As Jack (2010, p. 131-132) points out 'it is hard to generalize from a study that examines one network'. The author feels that any potential lack of generalisability is more than compensated for by the richness of the information gathered. The long timescale of the study and the depth of access provided allowed the researcher to realise considerable insights into the enabling and inhibiting factors in network development.

All single researcher projects impose unavoidable limitations, in particular resource constraints. Action research, when carried out by a single researcher, carries the risk that the researcher will be prone to bias that may negatively affect their objectivity. The author maintained a reflective diary to challenge researcher bias and assumptions throughout the research, nevertheless it is appropriate to acknowledge that this limitation exists. A team of researchers would generate a broader range of views and concepts and would reduce the potential for bias.

In spite of the limitations, this study contributes to the growing body of research into the dynamic and complex relational issues that lie at the core of long-term, collaborative network relationships. The dynamics of network development and the processes and motivations that underpin network development are under explored, this study adds to the greater picture. Future research could improve and build on this dissertation in several directions.

One direction that further research could take is to develop the research approach to investigate whether or not the findings of this study apply beyond this research project. The research focused upon a rural context; further research on urban tourism networks could be conducted. Similarly, further research could be conducted to refine, modify or confirm the research findings by replicating it in different industries, or in a different cultural context.

Further research could adopt an alternative methodology to investigate the dynamic, processual aspects of network evolution. A qualitative research approach could be used to confirm the presence of the relational variables identified in this study in other

tourism networks. Such an approach has the possibility of generating dependable, credible and transferable outcomes. Alternatively future research in this field could employ a combination of qualitative and quantitative tools. A mixed method approach would generate a wider, deeper understanding of the processes through which networks are developed and sustained.

The research findings highlighted the important role played by network champions in motivating involvement and maintaining network momentum. Further research could explore the prevalence and significance of network champions in other network environments. In a tourism context, further research could focus on the implications for destination organisation management entities of fostering network champions within existing or emergent networks.

## **8.5 Personal Reflection**

In this section because it is reflective, I will use the first person pronoun instead of the customary third person pronoun. I embarked on this research adventure with no knowledge or experience of what academic research actually entailed. My research adventure involved periods of self-doubt, apprehension, frustration, and challenges, along with some pride and achievement. In the following statement, I summarise the vicissitudes of my research adventure.

I will begin with a reflection on methodology. My training (accountancy) and business background indicates an ingrained preference for an empiricist, deductive, positivistic epistemological approach. The nature of the research task (exploratory with theory generating opportunities) and the access afforded (open and participatory) required the employment of an action research methodology. I felt it was appropriate to adopt a pragmatic research approach “applying methods that suit the problem rather than methods that suit ontology or epistemology concerns” (Holden and Lynch, 2004). Thus, I abandoned the safe familiar shores of positivism and delved into the muddy waters of interpretivism, taking some comfort from Gummesson’s (1991, p. 174) assertion that the “action-oriented researcher...needs to make use of both positivistic and hermeneutic knowledge”.

I found the review of literature on interpersonal relationships fascinating. However, it was all too easy to be distracted by an interesting, but not strictly relevant, strain of literature. I was readily diverted into obscure by roads and spent many happy hours investigating the murky worlds of 'dark' networks, paradigm wars and group dynamics. When dealing with literature of relevance to the study I regularly got frustrated. I found it hard to be satisfied that I had done 'enough'; there was always another interesting article to delve into. Learning to restrain myself and devote my attention to pertinent literature took some time. Within the relevant literature I also encountered difficulties as I regularly got overly engrossed in a single topic. Trust was a particularly difficult abyss to extract myself from. Despite these frustrations I found the whole process fascinating and enriching and feel that the diverse range of literature I ingested has undoubtedly enhanced my understanding of the world.

The actual 'doing' of the research was a wonderful experience. The opportunity to participate in the creation of a rural tourism network from the inside was invigorating. Trawling through the voluminous interview transcripts trying to make sense of the information was a time consuming, messy, demanding and occasionally confusing process. The more I learnt from the literature the more I saw in the transcripts. Making sense of what was happening took time. Identifying and selecting information to support the key findings was difficult. I found the process of writing the findings in the appropriate tense a particular challenge.

The knowledge and insight I have acquired concerning the factors that enhance and inhibit the development and maintenance of interpersonal relationships is life enhancing and of relevance to all my present (and future) relationships whether they are personal or professional in nature. I have come to understand the true meaning and value of qualitative research and how much you can learn from being an interpretive traveller.

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# Appendices

## Appendix A: Profile of Tourism Enterprises in the Glen of Aherlow

Accommodation Providers	Facility	Website
Rathellen House	B&B/Guesthouse	www.rathellenhouse.com
Homeleigh Farmhouse	B&B/Guesthouse	www.homeleighfarmhouse.com
Bansha Castle	B&B/Guesthouse	www.banshacastle.com
Foxfield House	B&B/Guesthouse	www.foxfordfarmhouse.com
Ballinacourty House & Restaurant	B&B/Guesthouse	www.ballinacourtyhse.com
Bansha House	B&B/Guesthouse	www.tipp.ie/banshahs.htm
Aishling House	B&B/Guesthouse	www.aislingbedanbreakfast.com
Springhouse B & B	B&B/Guesthouse	
Teach Gobnathan	B&B/Guesthouse	
Aherlow House Hotel & Restaurant	Hotel	www.aherlowhouse.ie
The Glen Hotel & Restaurant	Hotel	www.theglenhotel.ie
Aherlow House Lodges	Misc Accommodation	www.aherlowhouse.ie
Aherlow Woods - Trident Holiday Homes	Misc Accommodation	www.tridentholidayhomes.ie
Maple Lodge	Misc Accommodation	www.maplelodge.ie
Glen of Aherlow Caravan & Camping Park	Misc Accommodation	www.tipperarycamping.com
Ballinacourty Caravan & Camping Park	Misc Accommodation	www.camping.ie
Tig Roy Cultural Centre	Misc Accommodation	www.tigroy.com
Bridget Bourke Bansha	Misc Accommodation	

Tourism Service Providers	Service	Website
Springhouse Bicycle Hire	Bicycle Hire	www.springhouse.eu.com
Hillcrest Equestrian Centre	Equestrian Activities	www.ehi.ie
Mandy Parslow Pottery	Pottery	www.parslowpottery.com
Coach Road Inn	Public House	
Moroney's Public House	Public House	
Glen of Aherlow Failte Society	Tourism Office	www.aherlow.com
Aherlow Walks	Walking Guide	www.walkingaherlow.com

*Source: Glen of Aherlow Failte Society Ltd*

## Appendix B: List of Interviewees - First Round of Interviews

### Interview dates and interviewee profiles

Date	Time	Interviewee(s)	Company
2 Dec '08	11.30	Tourism Service Provider	Tourism related company
2 Dec '08	15.30	Accommodation Provider	Hotel
2 Dec '08	17.00	Accommodation Provider	Hotel
3 Dec '08	9.30	Tourism Service Provider	Tourism activity provider
3 Dec '08	10.45	Accommodation Providers (3) and Tourism Service Provider (1)	Misc accommodation and tourism activity provider
3 Dec '08	12.00	Accommodation Provider	Misc accommodation
3 Dec '08	14.00	Accommodation Provider	B&B/Guesthouse
3 Dec '08	17.00	Accommodation Provider	B&B/Guesthouse
4 Dec '08	10.30	Tourism Service Provider	Tourism related company
4 Dec '08	12.00	Tourism Service Provider	Tourism activity provider
4 Dec '08	14.00	Tourism Service Provider	Tourism activity provider
4 Dec '08	15.30	Accommodation Provider	Misc accommodation
4 Dec '08	18.00	Accommodation Provider	B&B/Guesthouse

**Summary: Seventeen individuals were interviewed, comprising eleven accommodation providers and six tourism service providers.**

## Appendix C: List of Interviewees - Second Round of Interviews

### Interview dates and interviewee profiles

Date	Time	Interviewee(s)	Company
8 May '09	10.30	Tourism Service Provider	Tourism related company
8 May '09	13.00	Accommodation Provider	Hotel
8 May '09	14.00	Accommodation Providers (2)	Misc accommodation and tourism activity provider
8 May '09	15.00	Accommodation Provider	Hotel
11 Jun '09	10.30	Tourism Service Provider	Tourism activity provider
11 Jun '09	11.30	Tourism Service Provider	Tourism related company
11 Jun '09	12.00	Accommodation Provider	Misc accommodation
11 Jun '09	14.00	Tourism Service Provider	Tourism activity provider
11 Jun '09	14.30	Accommodation Provider	Misc accommodation
11 Jun '09	15.00	Accommodation Provider	B&B/Guesthouse
11 Jun '09	16.00	Accommodation Provider	B&B/Guesthouse
11 Jun '09	17.00	Accommodation Provider	B&B/Guesthouse

**Summary: Thirteen individuals were interviewed, comprising nine accommodation providers and four tourism service providers.**

## Appendix D: List of Interviewees - Third Round of Interviews

### Interview dates and interviewee profiles

Date	Time	Interviewee	Company
18 May '10	10.30	Tourism Service Provider	Tourism related company
18 May '10	12.00	Accommodation Providers (3) and Tourism Service Provider (1)	Misc accommodation and tourism activity provider
18 May '10	15.00	Accommodation Provider	Hotel
20 May '10	13.30	Accommodation Providers (2)	Misc accommodation
20 May '10	14.30	Accommodation Provider	Hotel
20 May '10	16.00	Accommodation Provider	Misc accommodation
20 May '10	18.00	Tourism Service Provider	Tourism related company

**Summary: Ten individuals were interviewed, comprising seven accommodation providers and three tourism service providers.**



## **Appendix E: Interview Protocol - First Round of Interviews (December 2008)**

### **Introduction**

Outline background and purpose of research project

Assurance of confidentiality

### **Background: Who they are/what they do**

Ask interviewee to describe their business:

- How long in business?
- Trade history/development
- Target Market – type of customer
- Current business climate
- Thoughts on the future

Did they find the workshops interesting/useful?

Were the results and findings of the surveys as they expected?

Was there any item in the survey results that surprised them?

Geographical definition of the area - what are their thoughts and views?

Confirm interviewees agree that the market segments (1) Sightseers and culture seekers and (2) Outdoor activity/Hobby enthusiasts have the most potential for the area and will be targeted.

Purpose: Context and input to business plan

### **Group Interactions**

Relationships with others in the area in general and tourism related in particular

- What kind of relationships do they have with other tourist providers in the area?

- Do they communicate with other tourist providers in the area? If so who?
- When and why do they cooperate with other tourist providers?
- Benefits/Shortfalls of working together?
- What other local bodies (not tourist related) are they involved in?
- Are there any key stakeholders that we have missed?
- Are they happy to work with the group?

Purpose: Baseline for relationships within the network

## **Appendix F: Interview Protocol - Second Round of Interviews (May and June 2009)**

### **Reprise**

Review of summary of previous interview

Assurance of confidentiality

### **Update**

Significant events in area since last meeting

Current business climate and forecast for 2010

Physical and infrastructural developments in the area

### **Group Interactions**

Discuss group activities and interaction

Group cohesion and collaboration

Update on their relationships with others in the area in general and those in the tourism network in particular

The purpose of these interviews is to capture the views of the members towards the network, its progress to date and their relationship with other members in the network. A key objective of these interviews is to identify the existence of (and if so an estimate of the magnitude of) the relational norms present within the network.

## **Appendix G: Interview Protocol – Third Round of Interviews (May 2010)**

### **Reprise**

Purpose of the research

Summary of last interview

### **Update**

Significant events in area since last meeting

Current business climate and forecast for 2010

Physical and infrastructural developments in the area

### **Group interactions**

Discuss group activities and interaction

Group cohesion and collaboration

The purpose of these interviews is to capture the views of the members towards the network, its progress to date and their relationship with other members in the network. A key objective of these interviews is to identify the existence of (and if so an estimate of the magnitude of) the relational norms present within the network.

## Appendix H: Walkers Welcome Charter



### Hotel/Bed & Breakfast/Guesthouse

We welcome walkers and will do all we can to ensure a comfortable, safe and enjoyable Walkers Welcome experience.

In providing this service we offer the following:

- Staff members who can advise you on the best walks in the area, times, distances, suitability for level of fitness etc. & local access information
- Contact details for local walking guides
- Information on local activities, entertainment and dining
- A selection of walking books, Ordnance Survey maps, brochures
- First aid kit & spare walking sticks
- Daily local weather report
- Storage for wet clothes & laundry facilities
- Transfers to walks & pick up or contact details for the service
- Packed lunches for guests
- Flexible evening meal times
- Visitors book for feedback on the walks & service
- Adherence to *Leave no Trace* code of ethics
- Certified attendance at Fáilte Ireland's Walkers Welcome Training Programmes

Signed .....

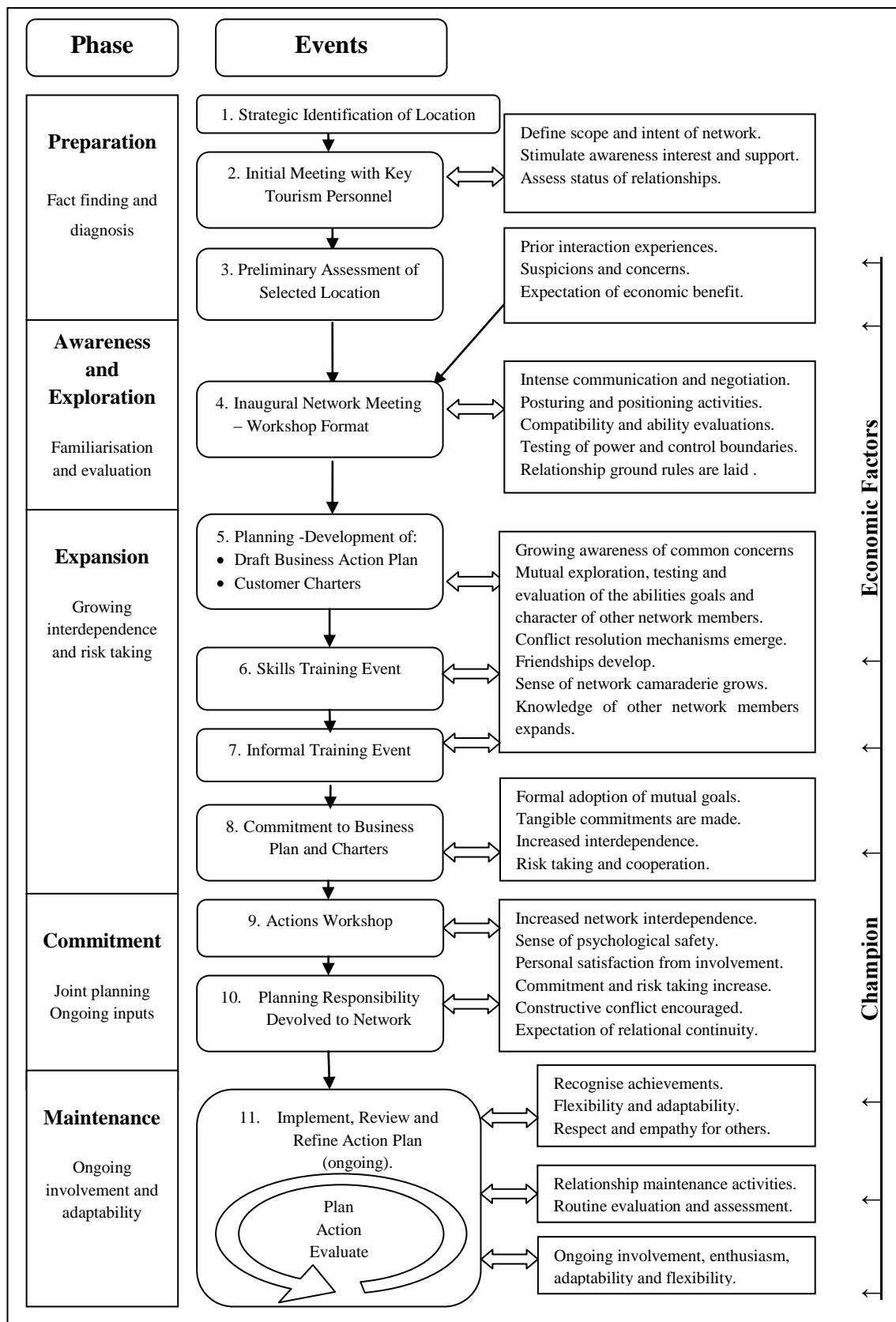
Date .....

# Appendix I: Nvivo Nodes

The screenshot displays the Nvivo software interface for a project named 'Glen of Aherlow.nvp'. The main window shows a list of nodes under the 'Tree Nodes' tab. The nodes are organized into a tree structure, with some nodes expanded to show their sub-nodes. The table below represents the data shown in the 'Tree Nodes' table.

Name	Sources	References	Created On	Created By	Modified On	Modified By
Business Plan Input (D)	0	0	09/02/2010 12:30	BHB	09/02/2010 12:31	BHB
Innovation	0	0	12/02/2010 12:31	BHB	12/02/2010 12:31	BHB
Innovative or creativ	0	0	12/02/2010 12:34	BHB	12/02/2010 12:34	BHB
Innovative Thinking	2	3	12/02/2010 12:34	BHB	12/02/2010 13:40	BHB
Refs to Indivs Group F	0	0	09/02/2010 12:16	BHB	09/02/2010 12:20	BHB
Aherlow Faite Grou	9	24	09/02/2010 12:26	BHB	15/02/2010 16:46	BHB
Faite Int-GOA-WIT b	8	8	09/02/2010 12:23	BHB	15/02/2010 16:02	BHB
Information Centre -	6	7	09/02/2010 12:23	BHB	15/02/2010 16:36	BHB
Personal info, busin	8	14	09/02/2010 12:22	BHB	15/02/2010 16:28	BHB
Reputations - Refs t	11	92	09/02/2010 12:24	BHB	15/02/2010 17:00	BHB
Relationship Variables	0	0	09/02/2010 11:38	BHB	09/02/2010 11:38	BHB
Commitment	11	47	09/02/2010 12:04	BHB	15/02/2010 16:52	BHB
Communication withi	9	31	09/02/2010 12:04	BHB	15/02/2010 16:52	BHB
Conflict within Group	4	16	12/02/2010 14:13	BHB	15/02/2010 16:41	BHB
Co-operation	10	51	09/02/2010 12:04	BHB	15/02/2010 17:00	BHB
Customer Care	6	30	09/02/2010 12:03	BHB	12/02/2010 14:19	BHB
Good Citizenship Co	8	16	09/02/2010 14:08	BHB	15/02/2010 16:41	BHB
Opportunistic behavi	4	5	09/02/2010 12:25	BHB	15/02/2010 15:15	BHB
Self reliance	4	12	09/02/2010 11:55	BHB	12/02/2010 14:45	BHB
Trust	10	58	09/02/2010 12:05	BHB	15/02/2010 16:57	BHB
Trustworthiness	6	15	09/02/2010 11:45	BHB	15/02/2010 16:34	BHB

## Appendix J: Managerial Model for Involving Rural Tourism Stakeholders in a Collaborative Rural Tourism Network



## **Commentary on Managerial Model**

### **1. Strategic Identification of Location**

The development of a collaborative tourism network must be supported by a strategic orientation. In essence the location must possess sufficient elements to allow the development of a destination experience that complies with the strategic goals of the region. This will involve conducting desk research on a number of locations to build a profile of the proposed tourism destination in terms of the providers and product offerings. The preliminary profile is then analysed in terms of alignment with the strategic goals of the region.

### **2. Initial Meeting with Key Tourism Personnel**

The primary objective of this meeting is to stimulate awareness, interest, understanding and support from tourism service providers in the selected location to form a collaborative tourism network. Defining the purpose of the network will help the tourism representatives to identify mutual goals and common concerns. Critical issues that may influence the success of the project are explored and potential project drivers and coordinators are identified. The meeting sets the scene in terms of how the collaborative initiative will be managed, supported and measured to ensure a successful outcome of the project for all stakeholders. The underlying theme is to highlight the beneficial nature of the project for the individual tourism service providers and the region and to build a common vision for action.

### **3. Preliminary Assessment of Selected Location**

The intention of this phase is to compile a comprehensive profile of tourism activity in the selected location. Engage in a fact-finding and familiarisation exercise to generate a stakeholder list of all tourism service and activity providers within the selected location and to identify key ancillary support services. Conduct a market research process to:

- (1) Build detailed profiles of visitors to the region;



- (2) Identify the strengths and weaknesses of the tourism offering in the selected location;
- (3) Specify key target market segments for the region;
- (4) Identify the needs of the target market segments and gaps in service provision within the selected location.

Using the foregoing information, economic forecasts and national and international trends in tourism, compile an analysis of the strengths, weaknesses, opportunities and potential threats (SWOT analysis) affecting tourism entities in the selected location.

#### **4. Inaugural Network Meeting – Workshop Format**

Invite all tourism service providers within the region to an inaugural network meeting in the form of a workshop at which the market research results and the SWOT analysis are presented for review and discussion. The workshop acts as a forum to brainstorm around relevant findings such as target market identification, product identification, business practice development, marketing and branding. The brainstorming technique encourages creative thinking and innovative problem solutions and is particularly useful in overcoming habitual or conventional patterns of thinking. The workshop begins the process of identifying how well current products and service standards meet the needs of the key customer segments identified in the market analysis and where gaps in provision exists. In essence it begins the process of identifying the core competencies of the region and the key tourism market segments that the region can address the needs of quickly and cost effectively. The tangible outcomes of the workshop are to identify the unique tourism strengths and selling points of the region and to outline how the distinctive features of the area can be developed and enhanced. An important function of the workshop is to highlight the benefits of the potential economies of scale and the potential benefits that individual network members could achieve through cooperation and collaboration in the development of an integrated market proposition for the area thereby building support, interest and involvement for the initiative.

The brainstorming process encourages highly participative discussions; this helps the network members to bond with each another as they work together to address issues in a positive, rewarding environment. These conditions support information exchange

and allow the network members to increase their knowledge of other network members. The discussions allow a shared understanding of the issues and problems facing the region and an awareness of common goals and objectives within the network to emerge, thereby encouraging a sense of shared purpose within the network. The outcomes of the workshop discussion help to shape the business plan, thereby facilitating inclusion, involvement and ownership amongst the tourism representative. It is important that the views of the tourism representatives are listened to, valued and included in the business plan as this will encourage their involvement, ownership and commitment to the plan.

An underlying objective of the workshop is to facilitate relationship development between network members. The brainstorming format encourages conversation and debate. Scheduling ample lunch and coffee breaks into the workshop programme provides opportunities for casual conversation and encourages personal dialogue and social interactions between the network members.

## **5. Planning**

Develop a draft business and action plan for the region. The objective of the business plan is to integrate and align the perspectives of the network members and to create a common vision and purpose for the network. The business plan also acts as a coordinated framework for action. Inputs to the business plan include the market research findings, the SWOT analysis and the outcomes of the workshop discussions. The business plan sets out the mission, purpose and strategic goals of the network. An important component of the business plan is the identification of key action items and performance indicators for the network.

Develop a simple customer charter outlining a coordinated regional approach to meeting the needs of the selected tourism market segment. In essence, the charter is an expression of commitment through action by tourism providers and the local community to:

- Awards-based, consumer-focused service training and customer care
- Networking with other appropriate tourism suppliers so as to maximise cross-selling on a local and regional basis

- Environmental best-practice as set out in the Fáilte Ireland's 2007-2009 action plan, 'Tourism and the Environment'
- Buy-in to the management, development and co-ordination of a tourism network

The charter provides the selected location with a unifying focus and also helps to create a unique tourism identity for the region. This unique identity, or point of difference, is a valuable marketing resource as it makes the region memorable thus allowing it to stand out from other regions.

The collective and active involvement of the network members in the compilation of the business plan and the design of the customer charter is important in a number of ways. Firstly it allows the network members to feel their views are valued which enhances their commitment to the process and promotes a sense of ownership and involvement. Secondly, the process will inevitably result in heated debates and disputes regarding the aims and strategic goals of the network. Disagreement and conflict are part of any dynamic and participatory process and should be accepted as they allow conflict resolution mechanisms to develop within the network. Thirdly, the interactions allow the members to expand their knowledge of the skills, competencies, attributes and motivations of other network members. All of the foregoing elements are important enhancers of relationship development as they facilitate the emergence of relational norms within the network.

## **6. Skills Training Event**

Deliver a skills training event, tailored to meet the needs of the tourism network participants. The practical aim of the skills training event is to build and enhance the skills of the network members and make the network members aware of the skills and competencies that exist in the network. The underlying objective of the training event is to promote interaction and encourage relational development amongst network members. To promote relational development the skills training event should be designed to be participative in style. Robust discussion and debate should be allowed and opportunities for casual informal conversations should be incorporated in the training schedule. These interactions allow the network members to improve their

knowledge of each other and to update and refine their views and opinions of other network members.

### **7. Informal Training Event**

Select a relevant theme to build the informal training event around (e.g. Food Programme). Design the training as a participative, interactive and hands-on event in which the network members engage and work with each other to achieve an outcome. The practical aims of the informal training event are to expand the skills of the participants and to promote cooperative efforts within the network. The underlying relational objective is to encourage friendships and affective responses between network members thereby promoting social bonding and allegiance to the network.

### **8. Commitment to Business Plan and Charter**

Secure the formal commitment of the tourism representatives to the business plan and the customer charter. Commitment to the achievement of common goals and objectives signals the growing interdependence of the network members and indicates that they expect their involvement in the network will continue.

### **9. Actions Workshop**

The practical aim of the actions workshop is to equip network members with the skills necessary to take responsibility for planning for the network. The training content should include advice on how to draft and implement an action plan.

### **10. Planning Responsibility Devolved to Network**

Building on the business plan, charter and training delivered to date the network members collectively create and implement an actionable and results driven plan. The action plan is a tool to provide structure and guidance for activities designed to achieve the shared goals and objectives of the network members. Successfully managing the activities detailed in the action plan requires leadership and a structure to support implementation. The network must designate a network member to act as a

coordinator. The role of the coordinator is to bring together and synchronise the individuals and resources that are needed to implement the action plan.

### **11. Implement, Review and Refine Action Plan (Ongoing)**

The network carries out the specific actions detailed in the action plan with the direction of the coordinator. Effective implementation requires a structure and process with clear roles and responsibilities. The coordinator acts to integrate and coordinate a variety of tasks and activities and works to build and maintain momentum by keeping network members motivated and in connected with each other. The action plan is reviewed regularly, achievements are recognised, and new projects are identified, planned and implemented by the network.