



Strategising practices in an informal economy setting: A case of strategic networking



William Phanuel Kofi Darbi ^{a, b, *}, Paul Knott ^a

^a College of Business and Law, University of Canterbury, Private Bag 4800, Christchurch 8140, New Zealand

^b Ghana Institute of Management and Public Administration Business School, Accra, Ghana

ARTICLE INFO

Article history:

Received 6 May 2015

Received in revised form

23 December 2015

Accepted 28 December 2015

Available online 22 January 2016

Keywords:

Strategy as practice

Informal economy

Informal sector

Informal business

Strategic networks

Ghana

ABSTRACT

Despite the increasing interest in strategy as situated practice, studies that examine strategising practices in the informal economy are lacking. This article draws on Bourdieu's theory of practice to understand strategic networking practices in an informal economy setting. Employing ethnographic techniques, it sets out to study how an informal business and its network partners do strategic networking. We found that their strategic networking practices pivot around co-opetition, and are characterised within four interconnected themes: open communication, mutual surrogacy, fraternal engagement and naturalisation. These themes are constitutive of an interrelated set of field-specific practices, capital, habitus and dispositions of the informal business and its network partners. The study contributes to strategy-as-practice and strategic networking literature by showing how actors adopt and internalise strategising practices, and how this predisposition may be traced to strategic networking practices, choices and outcomes.

© 2016 Elsevier Ltd. All rights reserved.

1. Introduction

Despite the increasing interest in strategy as situated practice, studies that examine strategy practices in the informal economy are lacking. The informal economy includes small owner/manager self-employed businesses that are characterised by partial or non-compliance to business, tax and employment regulations but produce and sell legal goods and services (Godfrey, 2011) – they also lack formal internal organisation and bureaucracy, and often have social embeddedness as a defining feature (Hart, 2006; Williams, 2006). We argue that strategising practices in an informal economy setting are an important and worthwhile topic for a number of reasons.

First, contrary to early theorisation, the informal economy has been pervasive, and contributes significantly to social and economic lives through the provision of essential low cost products and services, and generation of employment (Blunch, Canagarajah, & Raju, 2001; Jones, Mondar, & Edwards, 2006). Second, evidence suggests informal businesses contribute to the competitiveness of formal firms, through their involvement in supply chains and

strategic networks (Holt & Littlewood, 2014; Piore & Sabel, 1984). However how they organise and strategise to deliver these essentials to businesses, customers and society has been somewhat overlooked by strategic management scholars. These gaps exist despite their important contribution to world commerce (Webb, Ireland, & Ketchen, 2014). Studying strategising practices of informal businesses constitutes a modest step towards building new knowledge and theories that augment and challenge those developed to explain phenomena in formal settings (Bruton, Ireland, & Ketchen, 2012; Godfrey, 2011). We propose that the informal economy presents opportunities for unveiling new insights, given the peculiar characteristics of the setting and participants, and the consequence these may have for shaping their strategising practices. For example, compared to formal settings, and without the benefit of guiding normative management tools and frameworks taught in business schools, informal businesses and their agents employ atypical resources and management practices (Blunch et al. 2001; Gërkhani, 2004; Godfrey, 2011; La Porta & Schleifer, 2008; Losby et al. 2002).

In pursuing this informal economy research program (Bruton et al., 2012), we investigated strategic networking practices (SNP) by an informal business and its network partners. These are aspects of strategising that contribute to the success of strategy and firm survival, but tend to be lost in the larger scheme of strategy

* Corresponding author. College of Business and Law, University of Canterbury, Private Bag 4800, Christchurch 8140, New Zealand.

research (Chia & Rasche, 2010; Tsoukas, 2010; Whittington, 2007). These aspects of strategy work present opportunities for advancing SAP scholarship that foreground micro-details of strategising. For instance, it is common for firms to form strategic networks as part of a broader strategic change implementation. Strategic networks are particularly critical to businesses operating in the informal economy. Research suggests that informal businesses typically lack access to finance, strategic capabilities and resources and markets due to their informality (Blunch et al., 2001; La Porta & Schleifer, 2008; Tokman, 1990).

We adopted a strategy as practice (SAP) perspective, which studies strategy as something organisations 'do' rather than 'have' (Jarzabkowski, Balogun, & Seidl, 2007; Johnson, Langley, Melin, & Whittington, 2007). We focused on micro-level strategic networking activities, which to date have not received much attention in either the SAP or strategic networking literature. With this focus, we studied 'what really happens in networks', encompassing a myriad of interrelated activities such as network formation, relations, behaviour, utilisation, and exiting (Chell & Baines, 2000; Coviello, 2005; Hite, 2005; Jack, 2010). These activities may be constrained and enabled by structural and contextual influences. We thus employ Bourdieu's logic of practice incorporating the concepts of field, capital and habitus (Bourdieu, 1977, 1990). As a theoretical framework, this highlights the relationships between individual agents' dispositions, their trajectories in time and space, resource configurations and strategising activities.

To achieve this objective, we carried out a study in an informal business in the printing industry in Ghana using ethnographic techniques. The printing industry in Ghana is very competitive, with a lot of informal business participation and characterised by a wide range of specialised activities, which engenders strategic networks. As a developing country, Ghana has a history of a large informal economy (Adom & Williams, 2012; Hart, 1973). Consequently, the chosen setting provided the social space for significant players that characterised the phenomenon, and thus was suitable for a Bourdieusian analysis (Hardy, 2014).

The next section briefly reviews theory on a practice approach to strategic networks, and then Bourdieu's theoretical framework on the logic of practice. Following this, we present and discuss our Bourdieusian analysis of the SNP of an informal business, its agents and partners. We characterise these practices within four interconnected themes: open communication, mutual surrogacy, fraternal engagement and naturalisation.

2. Strategic networking as practice

Inter-organisational relationships such as strategic networks are now popular phenomena amongst organisations of all types (Gulati, 1998; Wassmer, 2010). Jarillo (1988) coined the term strategic network (Richter, 2000) and defined strategic networks as 'long-term, purposeful arrangements amongst distinct but related for-profit organisations that allow those firms in them, to gain or sustain competitive advantage vis-à-vis their competitors outside the network' (1988:32). This definition privileges a 'building worldview' of strategic networking which is characterised by planned, purposeful and goal-oriented action (Chia & Holt, 2006; Chia & Rasche, 2010).

The SAP paradigm provides for the alternative 'dwelling view', which complements the more dominant 'building view' (Chia & Holt, 2006; Chia & Rasche, 2010). This approach aims to capture the social and relational dimensions of strategising (Jarzabkowski & Spee, 2009), and account for the purposive and unconscious aspects of local strategising. Bourdieu's (1990) theory of practice that we rely on supports these alternative approaches to constructing the concept of strategy, strategy making, and strategy research in

SAP scholarship (Grand, Ruegg-Sturm, & Von Arx, 2010). Currently, strategic network studies have concentrated on network content, structure, governance and performance, and have largely been approached from an asocial view (Gulati, 1998; Jack, 2010), because a large proportion have employed quantitative methods (Jack, 2010) and partly, the dominant 'building view' of strategy (Chia & Holt, 2006). A practice perspective, therefore promises to build on these previous studies.

The SAP research paradigm acknowledges the roles, influences and constraints that a multiplicity of factors and actors may have on strategising and its outcomes (Jarzabkowski et al., 2007; Johnson et al., 2007). Consequently, we are able to explore how social structures, which underpin the context of strategy practice, may predispose strategists' actions and decisions (Bourdieu, 1990; Giddens, 1984), since SAP research assumes strategists do not act without recourse to shared logic – strategies are products of everyday situated and socially-mediated coping activity (Chia & Holt, 2006; Chia & MacKay, 2007).

Studies suggest that beyond themselves, informal businesses form strategic networks with formal organisations (Holt & Littlewood, 2014; Portes & Sassen-Koob, 1987). These evidences notwithstanding, previous studies that investigate the practice aspects of this networking activity are largely non-existent. Research on the 'doing' of strategic networking which encapsulates the role of situated and contextual knowledge, interpretations, assumptions, artefacts and capabilities may offer new insights that build on extant approaches to network studies.

Studies on small business networks have been approached from a wide range of theoretical perspectives (Shaw, 2006). Most of these approaches share commonalities with those of large businesses (see Street & Cameron, 2007 for a review). Perspectives that are relatively more inclined to small business network research are those of 'embeddedness' and 'social networks', because they foreground the level of complexity and subtlety in the differences amongst the small business owner, his/her embedded social relationships, and the business. This intricacy suggests small business owners could favour economic and non-economic goals concurrently (Shaw, 2006; Uzzi, 1997).

For example, the embeddedness perspective suggests that small businesses are more embedded in strategic networks and have lesser concern for appropriation, thus they often employ more open-ended and trust-based governance arrangements (Larson, 1992; Miller, Besser, & Malshe, 2007; Uzzi, 1997). Trust is accorded because network partners expect there will be no opportunism. They tend to rely more on complementarity, reputation, fine-grained information exchanges, reciprocity, informal arrangements, and less on hierarchical and administrative controls and price mechanisms (Larson, 1991; 1992; Uzzi, 1997).

The social network perspective also assumes that the social context within which relationships are embedded shapes behaviour of the businesses and performance (Sydow & Windeler, 1998; Uzzi, 1996, 1997; Yang, Lin, & Peng, 2011). From a social network perspective, strategic networks of small businesses are not independent of social networks, requiring analysis at multiple levels such as the interpersonal, interwork unit, interorganisational and the whole network (Brass, Galaskiewicz, Greve, & Tsai, 2004; Provan, Fish, & Sydow, 2007). This perspective to studying strategic networks provides affordance for a more realistic evaluation of the strategic imperatives of networks encompassing a broader network of an organisation's embedded social relationships (Gulati, 1998; Gulati, Nohria, & Zaheer, 2000).

In this vein, the embedded and interactional aspects of small business networks have attracted studies focused on network content that depicts a broader set of information, knowledge, advice and other types of economic and non-economic exchanges

Download English Version:

<https://daneshyari.com/en/article/1014719>

Download Persian Version:

<https://daneshyari.com/article/1014719>

[Daneshyari.com](https://daneshyari.com)