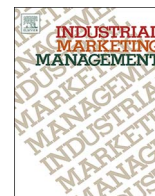




Contents lists available at ScienceDirect

Industrial Marketing Management

journal homepage: www.elsevier.com/locate/indmarman

New value creation in business networks: The role of collective action in constructing system-level goals

Juri Matinheikki^{a,*}, Teemu Pesonen^a, Karlos Artto^a, Antti Peltokorpi^b

^a Aalto University, School of Science, Maarintie 8, P.O. Box 15500, FI-00076 Aalto, Finland

^b Aalto University, School of Engineering, Rakentajanaukio 4 A, P.O. Box 12100, FI-00076 Aalto, Finland

ARTICLE INFO

Keywords:

Strategic business networks
Meta-organizations
System-level goal
Goal formation
Collective action
New value creation

ABSTRACT

This study focuses on collective goal formation in business networks aimed toward new value creation and innovation. Previous research has depicted such networks as value-creating systems or meta-organizations pursuing a system-level goal. We develop these views by addressing a research question: How can multiple organizations collectively form a system-level goal, and how does this affect new value creation at the level of the whole network? We conducted a multi-case study of two Finnish health care networks in which multiple diverse organizations participated in the formation of a system-level goal for the network and developed innovative joint treatment practices for the better care of patients. We derived six propositions and developed a conceptual model explaining how the collective formation of a system-level goal is linked to network-level value creation by increasing network actors' resource commitment. Furthermore, we introduced important moderating factors, network architects and domain similarity, which affect collective goal formation. We claim that the conceptual model strengthens pre-existing theories on managing business networks through a system-level goal, collective action, framing, agenda construction, and institutional mobilization. We contribute especially to previous research on networks aiming for new value creation.

1. Introduction

This paper contributes to the research on intentionally created business networks. Such networks are defined as goal-oriented, value-creating systems (Matinheikki, Artto, Peltokorpi, and Rajala, 2016; Möller & Halinen, 1999). The management of such networks is often seen as a centralized activity where a few dominant organizations with bargaining power (called hub firms or lead organizations; see, e.g., Hinterhuber, 2002) form and use business relationships to orchestrate other organizations (Dhanaraj & Parkhe, 2006; Todeva, 2006). When the network's goals are built tightly around the goals of a hub firm, the network may become vulnerable because its existence will likely depend on the hub firm's success in running its business (Håkansson & Ford, 2002; Ojasalo, 2004). By focusing mainly on transaction-based and hub firm-driven networks, past literature has tended to neglect other aspects that explain how all network members, not just one participant, can collectively contribute to keeping the network together and creating value at the level of the whole network (Provan, Fish, & Sydow, 2007).

In this paper, we focus on collective action among network members in forming a system-level goal, which then influences value creation of the whole network. Previous research on business networks has suggested framing, agenda construction, and the institutional

mobilization of actors as means for determining a system-level goal for the network (Möller, 2010; see also Möller & Svahn, 2006, 2009; Ritvala & Salmi, 2010). These authors have claimed that such approaches are particularly essential in networks involving innovation and uncertainty and which aim for new value creation (Möller, 2010; Möller & Svahn, 2009), as well as in networks aiming to commercialize innovation (Aarikka-Stenroos & Lehtimäki, 2014; Aarikka-Stenroos, Sandberg, & Lehtimäki, 2014). In addition to business network research, we used literature on meta-organizations to complement the conceptual understanding of the collective formation of the system-level goal in networks of organizations that are legally autonomous and not linked through contractual business relationships (Gulati, Puranam, & Tushman, 2012; Lundrigan, Gil, & Puranam, 2015).

Based on the above, we formulated the following research question: How can multiple organizations collectively form a system-level goal, and how does this affect new value creation at the level of the whole network? To address the research question, we conducted a case study of two networks, each consisting of multiple health care organizations co-located on two campuses in Finland: Rehapolis (in the City of Oulu in Northern Finland) and HealthPark (in the Helsinki Metropolitan Area in Southern Finland). These two networks include private, public, and

* Corresponding author.

E-mail addresses: juri.matinheikki@aalto.fi (J. Matinheikki), teemu.pesonen@aalto.fi (T. Pesonen), karlos.artto@aalto.fi (K. Artto), antti.peltokorpi@aalto.fi (A. Peltokorpi).

<http://dx.doi.org/10.1016/j.indmarman.2017.06.011>

Received 1 April 2016; Received in revised form 22 June 2017; Accepted 27 June 2017
0019-8501/ © 2017 Elsevier Inc. All rights reserved.

non-governmental organizations (NGOs) that for the most part do not have legally binding business relationships with each other; they do, however, belong to the same health care domain that aims to provide comprehensive care to patients.

In the both case networks, members participated in collective action to determine the system-level goal in addition to initiating and carrying out joint routines. The Rehapolis network worked on renewing dispersed, publicly funded disability health care services through better integration over the whole treatment chain, whereas the HealthPark network focused on developing a new overall service offering that combined orthopedics, physiotherapy, dentistry, and neurotherapy and was collectively provided to elderly people. Despite the fact that the networks included diverse organizations without direct, mutual business relationships, the actors jointly aimed to innovate and improve the existing local health care systems; thus, they resembled business renewal or new business nets aimed at creating new business (or health care) operations and a value-creating system (Möller & Svahn, 2006). Generally, we label such innovative results as *new value creation*.

Regarding the findings and contributions, we derived six propositions from our empirical analysis and suggest a conceptual model for the collective formation of a system-level goal and its influence on new value creation. Our model posits that an interactive and collective process of determining a system-level goal is moderated by the extent to which network participants have similar operations, customers, organizational goals, or knowledge bases (defined through the degree of domain similarity) and are facilitated by a single actor, i.e., a network architect. The model emphasizes the following finding: As the system-level goal is collectively formed, network members are likely to accept the goal and perceive it as beneficial not only for the network as a whole, but also for themselves, increasing their commitment to collective action in the network. This enables positive network-level outcomes such as comprehensive care through innovation and integration in health care operations. We argue that the conceptual model strengthens pre-existing theories on managing business networks through a system-level goal, collective action, framing, agenda construction, and institutional mobilization. Furthermore, we suggest that our findings and contributions are especially essential in networks involved with innovation and uncertainty and aimed at new value creation. This study opens up avenues for further research and provides implications for managers.

2. Theoretical background

2.1. Formation of a system-level goal

Goal orientation is an inherent feature of strategic networks (Möller & Rajala, 2007; Möller, Rajala, & Svahn, 2005). Recent theorizing on meta-organizations supports this view by positing that collectively crafted and mutually accepted system-level goal helps increase actors' commitment to collective action (Berkowitz & Dumez, 2016; Lundrigan et al., 2015) in situations where business relationships or bargaining power among member organizations is not the dominant driver for collaboration. A meta-organization is a special kind of network wherein member organizations are themselves legally autonomous and not interlinked through legally binding business relationships (Ahrne & Brunsson, 2005; Gulati et al., 2012).

Järvensivu and Möller (2009) posited that setting goals through framing is a key network management function. Furthermore, Möller and Svahn (2006, 2009) and Möller (2010) suggested that framing and agenda setting are crucial activities in situations of high uncertainty, such as the emergence of new business fields requiring active cognitive processing and sensemaking through which actors combine fragmented information to interpret and construct meaning from the prevailing environment to form suitable goals and strategies. In addition, Ritvala and Salmi (2010, 2011) emphasized institutional mobilization, in which a group of visionary actors pursues institutional change by

mobilizing diverse networks of actors into collective actions through active framing or building understanding of and legitimacy for a common issue. Therefore, the collective formation of a system-level goal and the development of joint routines can be related to broader theorizing on collective action and a commons approach (Olson, 1965; Ostrom, 1990), which describes collective actions as actions taken by a group of actors to advance a common purpose.

2.2. Collective action and innovation-focused networks

Agenda construction in networks can be depicted as a collective endeavor whereby multiple actors share design rights and construct meaning about the situation through social interaction (Henneberg, Naudé, & Mouzas, 2010; Medlin & Törnroos, 2014; Möller, 2010). Provan and Kenis (2008) posited that shared decision making is positively associated with goal consensus and network inclusiveness, leading to an increased commitment by actors to value creation at the network level. Manser et al. (2016) further suggested that sharing management responsibilities may improve communication and information sharing, thereby also improving the effectiveness of the network. According to Provan and Milward (1995), such network-level effectiveness (not the effectiveness of single organization) is important especially in health care, where the effective and comprehensive treatment of a patient requires input from multiple organizations participating in a treatment chain.

Collective approaches to agenda construction and network management are especially pivotal when networks pursue radical innovation, which requires the support of diverse actors (public organizations, expert organizations, communities, etc.) to combine dispersed knowledge and build legitimacy in the field (Aarikka-Stenroos & Lehtimäki, 2014; Sandberg & Aarikka-Stenroos, 2014). Furthermore, when a network pursues new means to organize value creation e.g., to solve unexplored issues, or when significant uncertainty is involved, value-creating activities as well as required resources are often unknown. In such cases, a few motivated actors need to define and frame the issue in order to mobilize other actors to commit existing resources to collective actions (Ritvala & Salmi, 2011) or to co-create new kinds of resources (Rusanen, Halinen, & Jaakkola, 2014). Thus, shared values, trust, common identity, and other informal social mechanisms within the network form important antecedents for collective action and the construction of a system-level goal (Mariani, 2016; Raab & Kenis, 2009; Ritvala & Salmi, 2010).

2.3. Organizing for the overall networked setting

A system-level goal determines what the network does; thus, collective action is not limited to the formation of the system-level goal, but also involves organizing value-creating activities in the network (Partanen & Möller, 2012). This actually means that actors participating in framing and agenda setting do not just make sense of and agree upon goals, but also need to decide who does what to ensure definition, activation, mobilization, and control over the value-creating activities (Gulati et al., 2012; Möller, 2010). In most cases, specific resources such as knowledge and capabilities are not readily available in the network, and new participants with such capabilities need to be involved in the network in time (Artto, Ahola, & Vartiainen, 2016; Möller & Svahn, 2009).

The selection of network members is a complex endeavor that is tightly linked to the definition, permeability, and control over network boundaries (Gulati et al., 2012; Provan et al., 2007). New members are often selected according to their complementary resources or the special capabilities required for value-creating activities (Gulati, 1995; Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Möller & Törrönen, 2003). A common identity may also help actors to distinguish network membership and form premises for collective action (Raab & Kenis, 2009). Older members may also appreciate domain similarity (Van de Ven,

Download English Version:

<https://daneshyari.com/en/article/7432156>

Download Persian Version:

<https://daneshyari.com/article/7432156>

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