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**A Qualitative Analysis of the Networks
of Tourism SMEs in Germany:
Managing Business Networks
for Knowledge Transfer**

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Thesis submitted to the University of Nottingham
for the degree of Doctor of Philosophy

July 2015

Abstract

Theoretically, it is said that social capital encourages individuals and entrepreneurs to engage in business networks. Social capital is the sum of the resource benefits an organisation derives from its network of relationships. These external knowledge sources are particularly relevant for small and medium-sized enterprises (SMEs) because of their lack of internal knowledge stock. Yet, social capital theories have primarily been investigated from a structural perspective to measure benefits through centrality and position in structural holes. To understand the resource benefits, however, it is first necessary to understand what knowledge is available, second the content of the relationship, and third the context and conditions that influence these inter-organisational knowledge transfer relationships. Thus, in this thesis, a relational approach is adopted to generate knowledge on inter-firm relationships at the SME level in order to explore how tourism business networks are operated and managed in such a way that enables the knowledge transfer. This study looks into the business networks in which the SMEs of the tourism industry engage, explains the meaning they ascribe to the knowledge transfer potential among these networks, how they exploit the networks, what knowledge is made available, and the managerial as well as contextual factors that influence the network operation and management.

A multi-method qualitative strategy was used to investigate naturally emerging business networks in North-East Germany's tourism industry. A snowball network sampling procedure was applied, from which two network zones emerged, a closed coordinated small network and the members' individually built business relationships beyond this network. The research was informed by three rounds of qualitative data generation and collection. In total, 12 first-round interviews were used to enter the field, a second-round workshop and discussion group with 31 participants was used to generate

preliminary findings and facilitate access, and in the third round 38 semi-structured qualitative interviews were conducted to generate data for the main empirical study. This qualitative data analysis was complemented and supported with data from informal conversations and observations, collected documents and field notes, as well as a secondary data review.

The study contributes to the body of knowledge on tourism SME networks and the availability and transfer of knowledge. Its original contribution is in providing a greater knowledge and understanding of the cognitive and relational component of social capital, particularly in the formation of a network. It further adds to both literature and theory on network coordinators by unpacking and circumscribing their boundaries. The study also theorises the cult of personality in a network context. In addition, it contributes to the understanding of the role of regional tourism organisations (RTO) in that it explored how different strategies lead to a collaborative environment, effective communication and member exchange. Thus, this research contributes to the conversation of SMEs, tourism business networks, coordination, and knowledge transfer.

Acknowledgments

This thesis would not have been able to be realised without the Nottingham University Business Scholarship and the help and support of many people. Writing this thesis was a challenging journey, with a great deal of effort and simultaneously a great deal of learning and rewarding experience.

I would like to express my utmost gratitude to my supervisors Dr. Mathew Hughes, Prof. Michael Humphreys and Prof. Chris Cooper for providing me with guidance and sound advices to support my work. I dedicate a particular appreciation to Mathew and Michael who have continued to supervise me under the changing conditions during my PhD process. They always had time and provided me with their inspiration, guidance, encouragement, patience and endless support. They never gave up on me and helped me to keep focused and motivated and make sense of the project even in times when it appeared overwhelming. I hope they can see how I have developed to an academic and matured as person throughout the years I have spent with you. I also would like to thank Ms. Andrea Tomlinson and Ms. Amanda Shacklock for their assistance throughout the PhD process. I also must mention the participants in my study who granted me with access and their time, interest in the topic and valuable insights into their business life.

Thank you to all the people who have accompanied this journey, and made it pleasant in times of uncertainty and anxiety. These are first the PhD colleagues, which always had an open ear, motivating words and offered to discuss issues that brought new perspectives and ideas. Thanks to Uta Morgenstern and Monica Gutiérrez who were always very supportive, and truly good colleagues but also excellent friends; and thanks to all the other close PhD colleagues Sheila Malone, Carmela Bosangit, Rieneke Slager, Isobel O'Neil and Krista Bondy, and my friends Bianka, Ivonne, Cordula and Nadine.

You all made this journey easier. Thanks to Kathrin Gammisch for translating the interview quotes and Emily Stapleton for editing my work.

Thank you to my parents, my sisters and brother who have truly stood by me and offered their love and emotional support and always believed in me. A special thanks to my husband who made it possible to pursue this PhD and greatly supported the way I have taken. I would not have gone this way without him. Finally, thank you to my wonderful daughter who brings joy in my daily life – she is a blessing.

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Abbreviations

AC	Absorptive Capabilities
DMO	Destination Management and Marketing Organisation
KT	Knowledge transfer
MWP	Mecklenburg-Western Pomerania
NAO	Network Administrative Organisation
NPO	Non-Profit Organisation
RTO	Regional Tourism Organisation
SME	Small and medium-sized enterprise
UNWTO	World Tourism Organisation
WTN	First-order network

1 Introduction

1.1 The Research Background

This thesis addresses the issue of knowledge transfer among tourism-based small and medium-sized enterprises' (SMEs') networks. This study considers the inter-organisational networks of SMEs and seeks to understand how SMEs in the tourism industry transfer inter-organisational knowledge among themselves. Knowledge has become the prime interest in the course of the knowledge-based era. In this vein, the knowledge-based view emerged from the resource-based view and highlights that knowledge, over and above almost any other resource, is the key to competitive advantage (Grant, 1996b). The knowledge-based view of the firm focuses on knowledge creation (Nonaka, 1991) and integration processes (Grant, 1996b) within the firm. Accordingly, knowledge is embedded in organisational members, in organisational tools, whether in hardware (knowledge processing and ICT) or of soft form (interaction), and in the organisation's tasks, formulated as goals, objectives and purposes (routines) (Argote et al., 2000). A key assumption of the knowledge-based view is that the firm's role is to create, store and apply knowledge (Grant, 1996b; Kogut and Zander, 1992; Nonaka, 1994). However, the tourism industry encompasses primarily SMEs (Shaw and Williams, 2010) that have different knowledge-based motives to those of large organisations (Thomas, 2000). Instead of creating explicit knowledge and innovation in-house that mainly consists of demand-driven tacit knowledge (Hislop et al., 1997), SMEs source knowledge externally to overcome their lack of internal knowledge stock (Cohen and Levinthal, 1990).

External knowledge sources are many. While tourism businesses are said to embrace research reluctantly, SMEs in tourism are embedded in a destination with a variety of tourism suppliers from which they can potentially access knowledge, if competitors are willing to share. Also, these destinations are managed and organised by destination management organisations (DMOs), which provide services and information. DMOs diffuse information and knowledge that the tourism business can readily absorb. Yet, prior knowledge is an antecedent to the development of absorptive capabilities that enable the firm's learning outcomes. Absorptive capabilities facilitate the knowledge transfer process as they enable the firm to value, acquire, transform and apply external knowledge to commercial ends (Cohen and Levinthal, 1990). Firms that innovate through externally explored resources, for example by transforming their business model, are argued to demonstrate some level of absorptive capacity (Volberda et al., 2010). So far, however, the tourism firm's absorptive capability has mainly been judged as insufficient to support knowledge absorption (Cooper, 2006), mainly because of its low R&D expenditure (Hjalager, 2010) and low-skilled labour (Hjalager, 2002).

The general business literature proposes certain conditions that facilitate knowledge transfer. Lane and Lubatkin (1998) argue that relative absorptive capacities enable knowledge to be transferred. This means that firms involved in knowledge transfer must have similar 'know-what' that is the basic knowledge basis. In addition, transfer is facilitated if firms have similar 'know-how' in the form of equivalent motivating knowledge-sharing initiatives and practices. Ultimately, similar 'know-why' in the form of similar dominant logics, or a service-dominant logic (Vargo and Lusch, 2004) in the case of the service industry (Shaw et al., 2011), that indicates why the available knowledge has been created (Lane and Lubatkin, 1998), is an antecedent for effective

knowledge transfer. According to Easterby et al. (2008), the characteristics of firms involved in knowledge transfer, the boundaries between them, and the nature of the knowledge (Argote et al., 2003) are all factors influencing knowledge transfer activities. Organisational size, a firm's absorptive capacity and the relatedness of the firms' knowledge (van Wijk et al., 2008), power relations and spatial distance (Mason and Leek, 2008; Pfeffer and Salancik, 1978), trust and risk (Dhanaraj et al., 2004; Ko et al., 2005), inter-organisational structure (formality) and mechanism (channel) (Borgatti and Foster, 2003; Brass et al., 2004), and social ties (Burt, 2001; Granovetter, 1973; Nahapiet and Ghoshal, 1998) are dynamics for inter-organisational knowledge transfer (Easterby-Smith et al., 2008).

Nonetheless, these insights are derived mainly from large organisations, high-tech firms and research-and-development-intensive firms, and leave gaps in our understanding of the knowledge transfer among small firms (Thorpe et al., 2005), who pursue different knowledge motives than the larger firms. Moreover, small firms have low or non-existent knowledge stocks or resource reserves, such that developing their own knowledge is a slow process (Hughes et al., 2014). This is where networks and the potential for inter-organisational knowledge transfer could, in principle at least, hold many advantages for small firms. By the same token, however, without prior knowledge it is hard for small firms to filter knowledge so as to absorb that which is most relevant to them (Cohen and Levinthal, 1990; Lane and Lubatkin, 1998). Thus, understanding how such firms can effectively use networking to help increase their knowledge stocks through inter-organisational knowledge transfer, and the forms of knowledge that might feature, is important.

As Thomas et al. (2011) suggest, regarding small firms in tourism, “motivations vary, these motivations are susceptible to appropriate categorisation, certain business practices are more likely to yield reward than others and [...] networks play important and multifarious roles in the lives of owner-managers” (p.972). In particular, networks are seen as important knowledge transfer mechanisms in tourism (Shaw and Williams, 2009). Morrison et al. (2004) suggest learning and exchange as the most important network benefits. Yet, there is a lack of understanding of how these benefits are derived (Tinsley and Lynch, 2007). Although there has been some advancement in understanding innovation in tourism (Hjalager, 2010), the underlying knowledge transfer that potentially adds to firms’ growth (Thomas et al., 2011) has received less attention.

It is argued that tourism organisations engage in relationships with peers to access advice (Cooper, 2006) and seek knowledge, mainly about customers and competitors (Chen et al., 2006). Nonetheless, various types of relationship are formed at tourism destinations with the aim of e.g. distribution or offering joint tourism experiences (Braun, 2005; Edvardsson et al., 2005; Tinsley and Lynch, 2001; Zehrer and Raich, 2010). In that respect, intra-sectoral as well as inter-sectoral relationships provide distinct opportunities for firms to access and consequently transfer knowledge (Williams and Shaw, 2011). This is in accord with Grant and Baden-Fuller (2004) who argue that firms’ primary knowledge-based motive is to access knowledge for innovation from external relationships, rather than to acquire knowledge for learning purposes. However, there is still a lack of understanding of how SMEs access these external resources and how this access is facilitated.

Knowledge access is granted if firms develop social capital with their network partners (Adler and Kwon, 2002; Inkpen and Tsang, 2005; Nahapiet and Ghoshal, 1998). Consequently, social capital helps to explain how benefits are derived from the social ties among organisations. Given the suggested reluctance of tourism SMEs to access research, and the low absorptive capacity attributed to them, this proposition prompts a further exploration of whether the level of a firm's absorptive capability (Volberda et al., 2010) or the extent of its social capital enables knowledge transfer (Adler and Kwon, 2002). However, Hughes et al. (2014) argue that absorptive capacity has a mediating role in social capital's effect on firm performance in young entrepreneurial firms. Nonetheless, tourism SMEs that develop social capital potentially gain advanced access to knowledge from their relationships, enabling knowledge transfer that, in turn, supports their competitive advantage. However, to date, social capital has mainly been investigated from a structural perspective (Adler and Kwon, 2002). It is rather as a soft mechanism such as the relational or cognitive component (Nahapiet and Ghoshal, 1998), though, that it seems to be applicable to tourism SMEs, for which peers and socialisation are the predominant modes of exchanging knowledge (Desouza and Awazu, 2006).

Increasingly, tourism researchers have adopted a network perspective. In this vein, whole networks (tourism destination networks) and their knowledge diffusion structures have been investigated by applying a network analysis tool (Baggio and Cooper, 2010; Scott et al., 2008b). Others describe activity-based network cases and their evolution (Huybers and Bennett, 2003; Novelli et al., 2006; Pavlovich, 2003a). Lemmetyinen and Go (2009) look at the coordination capabilities of tourism business networks that enable, for example, joint knowledge creation. Researchers have investigated, in particular, intra-sectoral knowledge transfer, mainly from the

perspective of the accommodation sector and hotel chain relationships (cf. Hallin and Marnburg, 2008; Ingram and Baum, 2001), with a few exceptions on knowledge transfer among attraction networks (Weidenfeld et al., 2010) and the benefits of sport and adventure networks (Costa et al., 2008). Various enriching literature reviews and research agendas have put forward a call to investigate knowledge management issues in tourism (Cooper, 2006; Hallin and Marnburg, 2008; Shaw and Williams, 2009; Thomas et al., 2011; Xiao, 2006; Xiao and Smith, 2007). In particular, there is a need to investigate the role of tourism organisations or associations as enablers or facilitators of knowledge-based practices and inter-organisational relationships (Xiao 2006), and to examine the efficacy, efficiency and effectiveness of networks in the production, dissemination and use of tourism knowledge (Xiao and Smith 2007).

Whereas network studies in tourism provide some valuable insights into networks and knowledge transfer, the importance of social capital, above and beyond the structural-connectives perspective, has been ignored. It is known, for example, that practitioners have difficulties in accessing the knowledge generated by academia because of the language barrier (Cooper et al., 2006). Speaking the same language facilitates the development of cognitive social capital (Nahapiet and Ghoshal, 1998), which in turn enables knowledge to be transferred more easily. Moreover, according to Granovetter (1973), organisations' weak ties with acquaintances and colleagues provide access to uncommon general knowledge that aids the creation of new product combinations and therefore innovation. Hence, the network perspective is used to further explore the formation of destination-based tourism business networks and how network operation and management enables social capital behaviour and facilitates access to knowledge from the relationships the organisations have built.

1.1.1 The Research Gap and Research Questions

There is a lack of understanding of the role of networks in knowledge transfer among tourism businesses from the perspective SMEs that potentially contributes to innovation and learning in tourism firms. By responding to this gap, this research adds to the call from Thomas et al. (2011) to incorporate the key concept of networks from the general management literature into tourism research. Moreover, there is an advanced understanding of how structural social capital facilitates access to knowledge. However, the operation and management of SMEs' networks may provide information as to how relational and cognitive social capital enables knowledge transfer above and beyond the structural component. Furthermore, while tourism network researchers have placed attention on investigating pre-defined activity-based whole network cases, there has been a lack of research identifying the tourism business actors' network horizons from their perspective, and thus also in which networks these actors engage and how they manage the activities therein.

Consequently, in this project, inter-organisational knowledge transfer is investigated through the lenses of SMEs, from a network perspective. In doing so, the research tries to identify the networks that the SMEs engage with—that are argued to be important knowledge transfer vehicles (Shaw and Williams, 2009)—at a nature-based tourism destination in Germany. This study aims to provide a greater understanding of how SMEs in tourism form and operate their business networks and generate knowledge benefits. In this vein, knowledge that appears to be available for inter-organisational knowledge transfer is explored. A further research objective is to explore managerial and contextual factors that help to make this knowledge available for access and transfer within the networks. The research project examines the partner choice and selection practices used, in order to shed light on the factors that underlie

the network formation, regarding similarities and differences. Moreover, the research tries to establish how the emerging networks are managed and coordinated, with a further examination of how these managerial factors enable the knowledge transfer. Because of the complexity of networks (Baggio et al., 2010; Ritter et al., 2004; Tremblay, 1998) and the various contexts (e.g. developed vs. undeveloped countries, urban vs. rural destinations, sectoral variation) that influence network operation (Thomas et al., 2011), contextual influences that enable or hamper the transfer or receipt of knowledge are also investigated. The following research questions guide this work:

- How are tourism business networks formed and operated?
- How do SMEs benefit, for learning and exchange purposes, from building social and business relationships?
- How are tourism business networks managed or coordinated?
- How are network management and operation influenced by the wider environment of the network actors?

In order to explore these questions, a multi-method qualitative study has been applied, underpinned by a subjective view of reality and the underlying interpretive paradigm. Thereby, the aim is to elucidate the perceptions of representatives of tourism SMEs and the meanings they ascribe to their network operations. Interviews are conducted, complemented with the necessary data to support the explorative and inductive analysis of the emerging networks and their operation. In order to identify the networks SMEs engage with, a network sampling approach is applied, by which a gatekeeper determines the network horizon. The network perspective is applied to investigate what networks are formed, operated and managed, and how the

relationships impact the actors' organisational outcomes such as network-based learning or innovation.

1.1.2 Contributions of the Study

The theoretical and managerial contributions add up to an understanding of the knowledge-based benefits derived from destination-based tourism business networks. The focus of the study is on the knowledge available in these networks and the network management practices that enable knowledge transfer. The thesis addresses calls for a greater understanding of knowledge transfer in tourism, of networks as knowledge transfer vehicles, of coordination and management practices, and of further contextual influences that add to the complexity of network research and also to the issue of the comparison of tourism networks. The thesis provides empirical evidence that focuses on the understanding that tourism business network research on knowledge transfer should not only be based on network structure and diffusion practices, but should also include the meaning and values that tourism businesses attach to their network practices. It therefore reveals that cognitive and relational social capital behaviour contributes to knowledge transfer activities.

The research project further contributes to the qualitative investigation of networks (Hoang and Antoncic, 2003, Jack et al., 2008, Shaw, 1999), albeit by applying a network snowball sampling method instead of a pre-defined network case study, which provides a realistic picture of the prevalent networks at a particular tourism destination and the meaning and value tourism business managers ascribe to their networks.

In terms of managerial perspective, DMOs are provided with a qualitative exploration of destination-based tourism business networks and coordination. The study provides an understanding of the relationships among business networks. This may help to offer a better understanding of how DMOs/RTOs can govern their destination (sub-)networks and diffuse knowledge more efficiently (Baggio et al., 2010) in that they identify the ‘networkers’. Moreover, the empirical evidence gives a pathway to enhance DMOs’ success, which is dependent on a collaborative environment (Bornhorst et al., 2010). Moreover, policy makers may find these findings valuable in enabling them to understand ways in which they can support strategic and activity-based networks more efficiently (Thomas et al., 2011).

1.2 The Organisation of the Thesis

The thesis comprises eight chapters, starting with an introduction (Chapter 1), followed by a literature review (Chapter 2), the research design and methods (Chapter 3), four analysis chapters (Chapters 4, 5, 6 and 7), and a conclusion (Chapter 8).

The foundation of the thesis is the literature that informed the research. The **literature review** in **Chapter 2** is dedicated to reviewing the three bodies of knowledge brought together in this research: the knowledge-based motives of SMEs, inter-organisational knowledge transfer, and networks from a social capital perspective. Section 2.2 starts by reviewing the knowledge-based view of SMEs, which informs the focus of this study, namely knowledge transfer among SMEs. This section reviews the different concepts and the nature of knowledge and the knowledge-based motives of SMEs, and reviews the research on knowledge transfer as applied to SMEs in tourism. Section 2.3 continues by reviewing inter-organisational knowledge transfer, its suggested inter-organisational antecedents, and the conditions that facilitate knowledge transfer,

drawing on the general management literature. The last section of this chapter, Section 2.4, reviews the network concept, its perspectives, theoretical approaches to presenting network research in the general management literature, and the SME networks that are discussed in the context of tourism. It further focuses on the components of social capital and how research on tourism networks informs these components.

The aim of **Chapter 3** is to provide a comprehensive overview of the **research design and methods** applied to the present study. It begins with an explanation of the underlying philosophical perspective, which is founded on a subjective view of reality. It further describes the multi-method qualitative strategy of this project and the qualitative interview method used to generate the data, which is complemented by further collected data. Next, Section 3.3 explains why the research is situated in the nature-based tourism destination of Mecklenburg-Western Pomerania (MWP) in North-East Germany that is used as the network boundary. The actual field work and data generation and collection journey is comprehensively described in Section 3.4, which is followed by a detailed description of the data analysis process in Section 3.5. This strategy allows for an in-depth and realistic investigation of the underlying influences and provides reasons why and how firms choose their networks and how they manage these networks to enable knowledge to be made available and transferred.

The findings of the thesis are split into four chapters. **Chapter 4** is dedicated to the emerging **'first-order network'** of the gatekeeper, a network of four horizontal competitive organisations managed by a coordinator. This chapter discloses the knowledge that is available in the network, knowledge that benefits the individual

actors, the managerial factors that influence the knowledge transfer among the actors, and an interesting new perspective on the coordinator's and the actors' roles in generating network-based outcomes. The subject is therefore explored from a whole-network perspective that not only looks at the macro-position and its impact on the individual actors but also network-based activities. **Chapter 5** looks comprehensively at the **knowledge available** in the '**second-order network**'. This is comprised of the additional network relationships of each of the actors from the first-order network. These relationships encompass business networks as well as destination-based and industry networks. **Chapter 6** continues the analysis, with the **managerial factors** that enable the knowledge in these network relationships. The final analysis chapter, **Chapter 7**, is dedicated to the **contextual influences** on network management, referring to the networkers' personalities, the coordinator's role and the local factors influencing network formation and management.

Finally, **Chapter 8, the 'Conclusion'**, is a summary and reminder of what the study aimed to achieve, and why, and how the aims were addressed. It provides a conclusion and implications for theory and management. Ultimately, limitations are indicated and suggestions as to further research opportunities are provided.

2 Knowledge-Based View, SME Networks and Tourism

2.1 Introduction

The previous chapter introduced the research project and explained the research background and objectives. This chapter introduces the main concepts that are used to investigate inter-organisational knowledge transfer (KT) among small and medium-sized enterprises (SMEs) achieved by engagement in tourism business networks. This is achieved by exploring the current literature on knowledge transfer, inter-organisational relationships and networks. For this purpose, social science databases for business and travel and tourism available through the Nottingham University eLibrary Gateway¹ were explored. Review essays, research agendas, and authors that coined particular research streams were consulted. The snowballing research technique (Denyer et al., 2008; Greenhalgh et al., 2005) was applied to pursue references of references for repeated citation of relevant authors and associated studies and sources. In particular, literature on general management and tourism literature, focusing on ‘inter-organisational knowledge transfer’ and key elements of network theory relevant for later discussion such as social capital, network management, and the enabling and inhibiting conditions of knowledge transfer and networks were considered. Thus, the organisational learning literature for example was excluded because it has not a direct bearing on the central purpose of this study. The literature review consequently produces a pre-understanding of the knowledge-motivated business relationship activities from the perspective of SMEs in the tourism industry.

¹ Abi/Inform Global, Business Source Premier (EBSCOhost), Emerald, Google Scholar, Mintel, University Nottingham Library Online Catalogue, Web of Knowledge (ISI), World Tourism Organisation (UNWTO) Gateway

For clarity (Thomas, 2000), the European definition of SMEs is applied, by which enterprises qualify as micro, small, or medium-sized according to headcount (of employees), turnover or balance sheet total (European Commission, 2003), as illustrated in Table 2-1.

Table 2-1: Definition of SME (European Commission, 2003)

Enterprise category	Headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 million		≤ € 43 million
Small	< 50	≤ € 10 million		≤ € 10 million
Micro	< 10	≤ € 2 million		≤ € 2 million

Tourism is dominated by SMEs that makes them crucial to the competitiveness of the destination. SMEs face particular issues and pressure to remain competitive arising from globalisation (Cooper and Wahab, 2001). In the knowledge-based economy, knowledge as a resource, learning, the coordination of cooperation and value-adding activities have all become crucial to achieving competitive advantage (Go and Appelman, 2001). Nonetheless, SMEs are constrained in their in-house resources and knowledge creation, which typically limits their ability to respond effectively to competition (Stinchcombe, 1965). Tourism SMEs engage less or more informally in internal R&D activities, something that has been argued to lower their absorptive capability (AC) (Cooper, 2006). Their adoption of research is low because of the language barriers between academics and practitioners (Frechtling, 2004, Cooper, 2006). The latter will consider applying research to practice only if they perceive it as inexpensive and readily applicable (Hjalager, 2002). Simultaneously, competitiveness can be achieved at a local level in that SMEs engage in cooperation and flexible networks so as to take part in innovative endeavours and generate joint tourism experiences (Smeral, 1998). Thus, SMEs tend to leverage knowledge and skills from

external resources through network ties, relationships and interactions (Chen et al., 2006; Novelli et al., 2006; Thorpe et al., 2005).

Shaw and William (2009) highlight the importance of networks as KT vehicles. From a knowledge-based view, inter-firm networks are distinguished based on their activities in acquiring and accessing knowledge from partners. While firms acquire new knowledge by exploring knowledge similar to what they already possess so as to add it to their knowledge stock, they access diverse knowledge to complement existing knowledge and retain their distinctiveness (Grant and Baden-Fuller, 2004). The general management literature suggests that successful inter-organisational KT depends on both these types of absorptive capacity (cf. Easterby-Smith et al., 2008 for a review). That said, the acquisition of external knowledge is a process of the potential AC (Zahra and George, 2002) but the accessing of external knowledge is enabled by a firm's social capital (Adler and Kwon, 2002; Inkpen and Tsang, 2005; Nahapiet and Ghoshal, 1998). Tourism businesses value peer networks between people working in the same field more than consultancies or change agents (Cooper 2006). Consequently, in this thesis, the social network theory, in particular the concept of social capital, will be reviewed from the perspective of the general management literature and its application to networks and KT in tourism. This chapter will provide a basis for the subsequent empirical chapters on some of the mechanisms behind the operation of tourism SMEs' networks and how business networks are managed, which enable KT among these relationships.

The literature review will then address the knowledge-based motives of firms, in particular SMEs in tourism, inter-organisational KT and AC, as well as the network perspective, so as to investigate tourism with the aid of social capital theory as the

mediating factor in KT among networks. First, Section 2.2 provides an overview of the different concepts of knowledge and its characteristics, useful for informing the different KT activities. Then, the concept of knowledge-motivated activities and inter-organisational KT used by SMEs in tourism is outlined. Next, Section 2.3 is dedicated to inter-organisational antecedents and facilitating conditions for KT. It also reviews the micro-foundations of potential/outward-looking absorptive capacity, thus the interaction and characteristics that aid KT across a firm's boundaries. Section 2.4 discusses network perspectives and their importance as KT vehicles for tourism. It reviews the social capital dimensions that help to explain why businesses engage in networks. Finally, network management through self-enforcement or a coordinator, in particular a local tourism organisation, is addressed.

2.2 The Knowledge-Based Economy

The new knowledge-based economy has developed from the idea that knowledge and information are sources of wealth and are directly important for economic growth (OECD, 1996). Knowledge is considered the main source of innovation and thus competitive advantage. The priority has shifted to knowledge as a resource over resources such as labour, capital and land (Drucker, 1993). These knowledge resources are the reservoirs of any organisation and therefore managers must focus on the creation and exploitation of knowledge through the acquisition, dissemination, retention and application of knowledge (Nonaka et al., 2000; Spender, 1996, p.48) in order to achieve competitive advantage through learning and innovation (Cohen and Levinthal, 1990).

2.2.1 The Concept of Knowledge

The term knowledge has been rediscovered in the knowledge debate emerging from the knowledge-based economy. It has been acknowledged that the transfer of knowledge within and between organisations is crucial to achieving the abovementioned competitive advantage (Argote and Ingram, 2000). To understand this resource that is being transferred it is important to clarify the notion of knowledge as well as the process of knowledge (Schendel, 1996; Spender and Grant, 1996; Spender, 1996). Consequently, different knowledge concepts are discussed in the literature (Beijerse, 1999; Grover and Davenport, 2001). It is said that the terms information and knowledge are often used interchangeably (Davenport and Prusak, 1998; Ghaziri and Awad, 2005). Knowledge is neither information nor data but is related to both. Data consist of hard facts, which are described as structured records of transaction and can be stored in technology systems. Data management can be evaluated for cost, speed and capacity but it can be meaningless (Davenport and Prusak, 1998). “Information is data endowed with relevance and purpose” (Drucker in Davenport and Prusak, 1998, p.2). Information is a message, which is put on record in the form of a document, or an audible or visible communication. The information is passed from the sender to the receiver. Information is data transformed by the adding of value, so that it gains meaning. Data can be contextualised, categorised, calculated, corrected and condensed in order that it becomes information (Davenport and Prusak, 1998).

Knowledge, on the other hand, is “context-specific, relational, dynamic and humanistic” (Nonaka et al., 2000, p.2). Davenport and Prusak (1998) define knowledge as “a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new

experiences and information. It originates and is applied in the minds of knower” (p.5). Nonaka (1994) states that “information is a flow of messages, while knowledge is created and organized by the very flow of information, anchored on the commitment and beliefs of its holder” (p.156) and that these humans transform information through comparison, consequences, connections and conversation. Alavi and Leidner (2001) suggest that these three terms cannot be distinguished by content, structure, accuracy or utility, but rather knowledge is personalised information, which is possessed in the minds of individuals. Yet the focus of knowledge management is knowledge rather than data or information (Beesley and Cooper, 2008).

Probably the most-cited knowledge classification is the two dimensions of knowledge in organisations, rooted in Polanyi’s (1966) theory of tacit knowledge, which is best demonstrated by the following statement: “We can know more than we can tell” (p.4). Tacit knowledge is embedded in the human brain and is difficult to express (Grover and Davenport, 2001). It can be seen as intellectual capital or physical capabilities and skills, learnt from domain-specific knowledge that is mainly possessed by front-line staff (Hallin and Marnburg, 2008). According to Baumard (1999), “[...] tacit knowledge is a reservoir of wisdom that the firm strives either to articulate or to maintain if it is to avoid imitation” (p.23). Hlupic et al. (2002) refer to it as soft parts of the corporate knowledge base, found in the human and cultural aspects of businesses and in the experiences of employees. In contrast, explicit knowledge can easily be codified (Grover and Davenport, 2001) and is systematic as well as easily transmitted between individuals in the form of language (Stacey, 2000). It is also referred to as hard knowledge that exists in various places and formats. Thus, it can be found in documents, databases, files and customer directories (Hlupic et al., 2002, Cooper, 2006).

2.2.2 Characteristics of Knowledge

Grant (1996b) suggests that knowledge that creates value is characterised according to its transferability, its capacity to be aggregated, and its appropriability. Firstly, ‘knowing about’ is explicit knowledge that can be communicated and becomes a public good as it is easily transferable and accessible. ‘Knowing how’ is tacit and more complex, and if it is not codified it is only accessible and transferable through experience and observation. Secondly, common language facilitates the absorption and aggregation of explicit knowledge; however, capabilities and attitudes are context-related and specific and thus difficult to accumulate. Thirdly, knowledge can have a relatively low level of appropriability due to its tacitness, which makes it difficult to evaluate, and its explicitness, which means that it is easily made public and imitated with uncontrollable valuable returns. Tacit knowledge moves more slowly across organisational boundaries, is more costly than codified knowledge, and requires particular motivation and an active stance (Grant, 1996b).

According to Kogut and Zander (1992), three dimensions are useful for determining the degree of explicitness which affects the transferability and limitability: codifiability, teachability and complexity – which were operationalised by Chua (2001) to measure the richness of media used to transfer knowledge. First, codifiability is the ability to formulate knowledge into rules that are articulated in documents through words. This knowledge can be essential, for example in blueprints, or procedural, for example in instructions for carrying out a task. Second, teachability is the ability to teach knowledge to another person. While explicit knowledge can be distributed and communicated, tacit knowledge needs to be experienced and is learnt through interaction. Third, complexity refers to the interrelating operations and critical elements of knowledge needed to perform a given task. On the one hand, the more

explicit the knowledge, the less complex and thus easier it is to codify and teach. On the other hand, the more tacit the knowledge, the more complex and difficult it is to codify and teach (Chua, 2001). Patriotta (2004) introduces a way to operationalise tacit knowledge in order to study knowledge systems in organisations and suggests a three-lens framework encompassing time, breakdowns and narratives. According to Patriotta (2004) knowledge is a) path-dependent and recedes in history, b) using knowledge becomes a habit as well as c) relates to experiences. Therefore, the empirical investigation should focus on discontinuities in time, in action and of experiences. In an attempt to investigate tacit and explicit KT in international joint ventures, Dhanaraj et al. (2004) used three dimensions to capture the tacitness or explicitness of information. Marketing know-how, managerial techniques and knowledge of foreign cultures were identified as tacit knowledge. Explicit knowledge was measured using written knowledge gained in the area of technology and management, and the transfer of procedural manuals (p.434).

A rigid separation of the two characteristics, however, is misleading. The two types of knowledge are often considered mutually exclusive (Nonaka et al., 2000) or as representations of extremes in a continuum (Koskinen, 2003), instead of “co-existing and inter-penetrating dimensions in the process of knowing” (Hlupic et al., 2002, p.92). Externalised knowledge remains, to a certain extent, tacit as it depends on the cognitive framework of the provider and how the receiver recognises and interprets the transferred knowledge (Nooteboom, 2000). Beijerse (1999) states that tacit and explicit knowledge are complementary and cannot be separated because of the relative cognitive distance between organisations sharing knowledge. Thus, culturally and cognitively close firms may find it easier to exchange tacit knowledge (Boschma, 2005). Blackler (1995) suggests that knowledge is mediated, situated, provisional,

pragmatic, and contested. Therefore, he argues that the focus should shift from the kind of knowledge that capitalism demands to the way knowing and doing is achieved through systems.

2.2.3 Knowledge-Based Motives of Organisations

The resource-based theory of the firm, with its focus on the resources and capabilities of firms, has shifted to the knowledge-based view of the firm, with the latter described as a “social community specializing in the speed and efficiency of creation and transfer of knowledge” (Kogut and Zander, 1996, p.503). In the knowledge-based theory, emphasis is placed on the role of knowledge and learning (Grant, 1996b). Success is not explained by the deployment and maximisation of value from resources and capabilities but coordination, the role of organisational structure and management, decision-making roles and innovation. Firms grow through a recombination of existing knowledge (Kogut and Zander, 1996). Grant (1996) views the organisation as a knowledge-integrating institution and emphasises individuals’ roles in creating knowledge through individual activities. The organisation’s role is to deploy existing knowledge for product development and innovation (Grant, 1996b). Spender and Nonaka (1996) view the organisation as a body of organisational knowledge. Accordingly, knowledge is held by individuals, teams, organisations and society. According to Nonaka (1994), the knowledge-creating entity focuses on creating knowledge stock, rather than on deploying, protecting or extracting value from existing knowledge (Spender and Scherer, 2007). Nonaka et al. (2000) highlight that “knowledge is created through the dynamic interactions among individuals and/or between individuals and their environments, rather than an individual who operates alone in a vacuum” (p.3). Therefore, organisations should be coordinated as ongoing

alliances between these independent knowledge-creating bodies (Spender, 1996) with the capability to absorb knowledge (Nonaka et al., 2000).

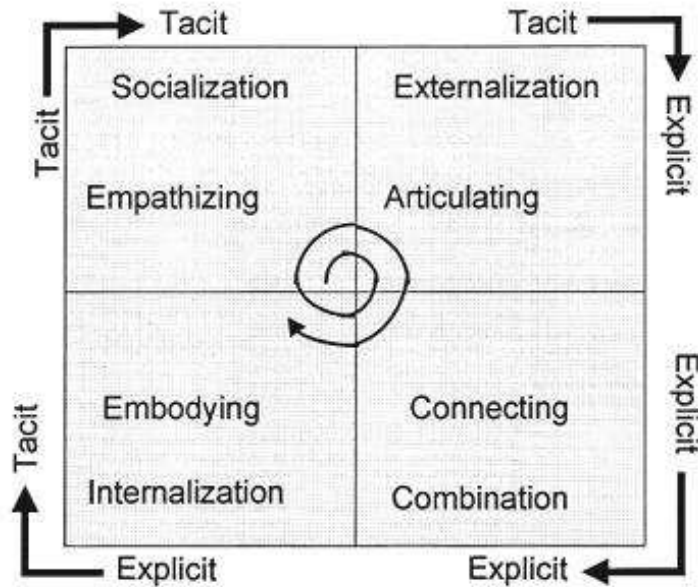
Grant and Baden-Fuller (2004) argue that organisations form relationships as vehicles of learning that are explored for new knowledge, which is acquired and added to the knowledge stock of the organisation. On the other hand, they focus on a few core competences and access complementary knowledge and capabilities that allow them to remain distinctive and pursue their specialism. March (1991) provides an explanation of the exploration and exploitation of different types of external knowledge for different purposes. Existing knowledge is exploited and new knowledge is explored for either learning (March, 1991) or innovation (cf. Jansen et al., 2006; Sorensen, 2007). Exploitation describes the usage of existing knowledge to refine, improve or extend the existing knowledge base. Exploration, on the other hand, describes experimentation with new alternatives and the gathering of general knowledge to acquire a different knowledge base (March 1991). If the aim is to create value by deploying existing knowledge then the partner's knowledge stock is exploited and applied to the existing products and services but if firms aim to increase their knowledge stock, new knowledge is created by exploring uncommon knowledge from partners' knowledge bases, facilitated by the understanding of a joint task or project (March, 1991; Spender, 1992). March (1991) further argues that improvements in existing competencies limit experimentation with other alternatives. Hence, a balance between exploitation and exploration appears necessary to firms' survival and prosperity (Gupta et al., 2006; He and Wong, 2004; March, 1991).

Ultimately, the key to innovation and learning that add to competitiveness is effective transfer and the ability to integrate and use knowledge (Argote and Ingram, 2000;

Grant and Baden-Fuller, 2004). In the context of the tourism sector, the real challenge lies in KT (Cooper 2006). Knowledge stocks have undergone significant advances in relation to the reservation process, customer relationship management tools, databases etc. (e.g. Hallin and Marnburg, 2008; Sigala, 2005). The term ‘knowledge transfer’ is often used interchangeably with the terms ‘dissemination’ or ‘extension’. According to Beesley and Cooper (2008), dissemination is the “communication of knowledge to others” (p.55), while knowledge sharing is regarded as the most important stage in the KT process (Laycock, 2005). KT is “when information has been reasoned over and incorporated in to the receiver’s existing knowledge structures” (Beesley and Cooper, 2008, p.55). KT occurs at various levels “between individuals, from individual to explicit sources, from individuals to groups, between groups, across groups, and from the group to the organisation” (Alavi and Leidner, 2001, p.119). Gibson et al. (2007) argue further that KT is a form of organisational learning or transfer of best practice and is thus encouraged by the firm’s absorptive capacity and the desire for complementary knowledge.

The creation and exchange of knowledge occurs within a complex social context. Therefore, a major part of transferring knowledge is knowing how to make knowledge transferable, in particular tacit knowledge. Knowledge can be created through conversion (Nonaka, 1994), by a continuous interplay between tacit and explicit knowledge (Beijerse, 1999, p.100), and through the interaction of individuals and groups (Nonaka, 1991). Nonaka (1994) identifies four different modes of knowledge conversion, exemplified in Figure 2-1. This can also be described “[...]as a growing spiral flow as knowledge moves through individual, group, and organizational level” (Alavi and Leidner, 2001, p.116).

Figure 2-1: Modes of Knowledge Creation (Nonaka and Takeuchi, 1995)



The four different modes are socialisation, externalisation, combination and internalisation. ‘Socialisation’ facilitates the conversion of tacit to tacit knowledge, whereby experience is exchanged and personal knowledge is created through face-to-face meetings and on-the-job training between individuals. Tacit knowledge is ‘externalised’ to explicit knowledge through mutual interaction, e.g. in brainstorming where tacit is articulated into explicit knowledge. In tourism, developers play a crucial role in this process (Cooper, 2006). The conversion of explicit to explicit knowledge involves knowledge ‘combination’ through the reconfiguring of knowledge through the sorting, adding, recategorising and recontextualising of existing knowledge. Explicit knowledge is ‘internalised’ into tacit knowledge by understanding, achieved through discussion or learning through action that become organisational routines and capabilities. Organisational knowledge creation is a dynamic interaction between these four conversion modes and knowledge that is transformed from the individual to the collective level (Nonaka, 1994), to the organisational and finally to the inter-

organisational level. However, Desouza and Awazu (2006) distinguish between creation modes related to SMEs and large organisations respectively. They emphasise socialisation in SMEs because, in these firms, the manager acts as a knowledge repository, thus knowledge is only internalised when communicated from the manager to the employees.

Social communities provide a diversity of knowledge and specialism through distinctive core competencies that generate a variety and a differentiation of knowledge (Kogut, 2000). However, mere knowledge creation and transfer does not lead to competitive advantage but requires a coordinating mechanism to support the process and integrate individuals' specialist knowledge (Grant, 1996b; Kogut, 2000). According to Grant (1996), knowledge integration is hindered or enabled by common knowledge structures, the organisational structure and the boundary of the organisation. Common knowledge structures among the sharing entities facilitate knowledge sharing and transfer across their boundaries, what are otherwise characterised by diverse specialisations. Concomitantly, a certain amount of similar knowledge, or making knowledge somewhat common to all organisational members, is important in knowledge integration (Spender, 1996). In turn, identification with the organisation proves valuable for an environment of communication and learning (Kogut, 2000) and reduces opportunistic behaviour (Foss, 1996). Identification is generated through a set of principles and rules that coordinate behaviour and decision-making and the creation of values and converging expectations (Kogut and Zander, 1996). Yet these approaches to capture organisational knowledge overlook the knowledge that is embedded in human networks (Cross et al., 2001). Increasingly, knowledge processes are being perceived as fundamentally human and social processes (Brass et al., 2004).

Knowledge is embedded in individuals and technology. Whereas a cognitive network model focuses on information technology (IT) and information-sharing initiatives, the community network model emphasises the human interaction and sense making through interactive knowledge sharing (Swan et al., 1999). According to Alvesson and Kärreman (2001), a soft view of knowledge management emphasises both social interaction and managerial coordination that add to a sharing environment and foster the sharing of ideas among a community. Cross et al. (2001) highlight that “it requires attending to the often idiosyncratic ways that people seek out knowledge, learn from and solve problems with other people in organizations” (p. 101) rather than through impersonal information sources. Accordingly, strategic knowledge creating and sharing benefits are generated through senior management networks, communities of practice and collaborations. Communities of practice is a “group of people who share a concern or a passion for something they do and learn how to do it better as they interact regularly” (Wenger, 1998). In particular, this group are practitioners with established active relationships who share a similar domain of interest for which members develop a sense of belonging and identity (Lave and Wenger, 1991). Collaborative initiatives across organisations can take various forms such as alliances or joint ventures.

The focus of this study is on the community network model that is thought to elucidate the reality of networking rather than the virtual reality in the context of tourism, which consists of many micro and small organisation, often not equipped with IT.

2.2.4 Knowledge Transfer, SMEs and Tourism

The knowledge-based view informs the investigation in the literature of the innovation and learning environment of SMEs that are dependent on inter-organisational KT. There is evidence that service SMEs gain and accumulate their knowledge differently than larger organisations (Thomas, 2000; Zanjani et al., 2009) or SMEs in different industries (for example the manufacturing sector) as evidenced in the overly 'hidden innovations' in the service sector (Shaw and Williams, 2010), innovations that underlie the conceptualisation of inter-organisational KT.

2.2.4.1 Knowledge Transfer Mechanisms

It is argued that SMEs hardly ever create knowledge internally, engage less than other firms in in-house R&D, or tend to carry it out informally (Hjalager, 2010; Muscio, 2007; Nooteboom, 1994). In addition, tourism/service SMEs rarely access research (Beesley and Cooper, 2008; Cooper, 2006). Although tourism stakeholders are constantly searching for useful and advanced information, they face difficulties in accessing the information and applying it to the existing knowledge base (Cooper et al., 2006; Richards and Carson, 2006). Academic publications are read predominantly by educators, trainers and consultants; a low level of access is observed among the managers and marketing/sales representatives of hotel and tourism businesses (Frechtling, 2004). Tourism practitioners prefer to access sources from suppliers and newsletters (Xiao and Smith, 2010). Frechtling (2004) suggests that the one-way flow from researchers to practitioners is inefficient in terms of absorption by practitioners because of the latter's lack of motivation to draw on this kind of knowledge. However, the lack of motivation is a response to the lack of absorptive capacity and the different languages researchers and practitioners speak. Research needs to be codified first, to be made readily available for the tourism industry (Cooper et al., 2006), and

transferred through practitioner-targeted communication (Xiao and Smith, 2007). Hence, knowledge use is proposed to be higher in community-based tourism knowledge networks (Xiao and Smith, 2007). A collaborative tourism research network builds upon an understanding of a destination as a network of different tourism stakeholders and value chains, and the acknowledgement of their different needs and values that shape their relevant business objectives (Beesley, 2004). Transfer mechanisms that are aimed at stimulating innovation need to be identified according to the targeted or involved organisations (Tremblay and Sheldon, 2000).

Hjalager (2002) proposes a model for the successful transfer of knowledge to tourism. This KT system includes four channels: (a) a trade system by which filtered research is transferred through trade associations, (b) a technology system by which knowledge comes along with technology, e.g. information communication technology, (c) an infrastructure system that enables access to knowledge as a side-effect of managing natural and cultural resources and public goods, and (d) a regulation system that transfers knowledge in the course of implementing mandatory regulations. In particular, the technology system seems the most common innovative source in the hotel sector through collaboration with suppliers (Hjalager, 2010; Orfila-Sintes et al., 2005). Sheldon (1997) highlights the important role of tourism organisations and associations in distributing knowledge and coordinating knowledge sharing among tourism actors. According to the empirical investigation of KT in the attraction sector, carried out by Weidenfeld et al. (2010), these four channels proposed by Hjalager (2002) were the least common source, albeit perceived as useful knowledge vehicles. There is, though, little evidence of the effectiveness or generated learning outcomes of these knowledge vehicles (Shaw and Williams, 2009). As will be discussed later in

Section 2.4.4, the tourism associations and destination organisations are considered to be facilitators of the brokering of local tourism business networks.

2.2.4.2 Inter-Organisational Knowledge Transfer

According to Argote and Ingram (2000), organisational knowledge is embedded as reservoirs in people, tools and tasks. SMEs are argued to benefit from common knowledge among their social community, which remains tacitly available, in particular as managers' repositories in organisations (Cooper, 2008; Desouza and Awazu, 2006). Hjalager (2002), however, argues that in tourism people rarely feature as repositories of knowledge because of the tendency to provide little relevant industry-based training and education², the high turnover, and short-term contracts. Nonetheless, the service employees and front-line staff possess and accumulate work-related and domain-specific knowledge (Enz et al., 2006; Hallin and Marnburg, 2008), generating industry-specific knowledge, which adds to the unconscious or tacit knowledge stock of the organisation.

Whereas front-line staff tends to share operational knowledge, managers share strategic knowledge about the external environment (e.g. government policies, competitors and customer-related knowledge) (Chen et al., 2006; Yang and Wan, 2004). In SMEs, managers and entrepreneurs in particular are valued for their knowledge and ability to absorb market knowledge and technology (Thorpe et al., 2005). This, however, depends on the characteristics and motives of the business owner as two types of business managers have been identified in tourism (Shaw,

² Training provision varies across countries, e.g. the UK, USA and Germany. Germany, the context of this study, has a broad, relevant and standardised vocational and educational training system, in particular for young people and in terms of further qualifications for higher managers Finegold, D., Wagner, K., & Mason, G. 2000. National skill-creation systems and career paths for service workers: Hotels in the United States, Germany and the United Kingdom. *International Journal of Human Resource Management*, 11(3): 497-516..

2004). Albeit they possess the ability to identify and exploit opportunities (Schumpeter, 1934), they do so with different motives. The ‘lifestyle entrepreneur’ is characterised by non-economic motives and pursues personal interests and lifestyle (Ateljevic and Doorne, 2000; Shaw and Williams, 1998) similar to small business owner who pursue primarily personal goals for securing income (Carland et al., 1984). On the other hand, ‘business-oriented entrepreneurs’ are motivated to generate business growth. While the business-oriented entrepreneurs are recognised for the crucial part they play in innovation, the lifestyle entrepreneurs are characterised as developing from lead-users to first-users to first-movers in some tourism sectors, in particular the attraction and adventure sector (Peters et al., 2009). Accordingly, these distinct motives behind the management of SMEs tend to influence the ability to value external knowledge sources and apply them for growth purposes, and also the type of knowledge being valued and exploited.

Cooper (2008) estimated that 80% of the knowledge in SMEs is of a tacit nature, only 10% to 20% of which is transferred. The generally low willingness to share knowledge is argued to be based on a fear of losing valuable core competencies (Zanjani et al., 2009). This behaviour is affected by the characteristics of tourism enterprises and their intangible services that are poorly protected and thus easily imitable (Hjalager 2002). This encourages a high level of learning by observation, imitation and demonstration (Hall and Williams, 2008; Weidenfeld et al., 2010). Scanning the industry-specific environment and gathering competitive intelligence predominantly encompasses the direct task environment that is perceived to be more valuable than the general environment (Xu et al., 2003). The activities of scanning the direct environment, on the other hand, make business owners reluctant to transfer knowledge to competitors (Chen et al., 2006). Ultimately, these conditions increase

the value of tacit knowledge for the competitive advantage of the tourism industry as they make it complex, and difficult to codify, teach, and thus to imitate.

There is consensus that SMEs instead approach their social networks of peers to access advice and relevant information, signalling that there is a trustful environment for KT (Chen et al., 2006; Cooper, 2006; Kelliher et al., 2009; Thomas, 2012). Chen et al. (2006) provide evidence that SMEs value inter-organisational KT with customers and suppliers, friends or counterparts, particularly for exchanging external knowledge about customers. As indicated above, SMEs tend to exploit external knowledge because of a lack of internal resources with which to create knowledge (Desouza and Awazu, 2006) or because of the lack of evidence of entrepreneurially driven start-ups based on innovation (Shaw and Williams, 1998) as people pursue lifestyle rather than economic entrepreneurship (Hjalager, 2002). Knowledge is exploited in particular to respond to niche markets (Thomas, 2000) or consumer needs (Shaw and Williams, 2010), and is primarily driven by economic self-interest (Hjalager, 1997) or in response to relevant problems and objectives (Cooper et al., 2006).

While intra-organisational KT in tourism has received some attention (Yang, 2007a; Yang, 2007b), inter-organisational KT is still under-researched (Shaw and Williams, 2009) and the research that exists mainly deals with international hospitality firms or global hotel networks. Researchers have investigated the learning opportunities of hotel agglomerations, gained through the transfer of knowledge, and the effects of local operating experience on a hotel's organisational survival (Baum and Ingram, 1998; Hallin and Marnburg, 2008; Ingram and Baum, 1997), and the inefficiency of communication channels in long-distance multinational corporations for the transfer

of tacit knowledge that requires close and effortless relationships (Rodriguez, 2002). Inter-organisational KT is facilitated when organisations belong to the same parent, franchise affiliation or chain (Argote et al., 2003), whereas KT across independent organisations remains challenging because network members differ in their motivations, goals and strategies for learning from counterparts (Hamel, 1991). Most of the organisations involved in tourism are small and micro businesses (Shaw, 2004), and these types have received greater research attention than SMEs (Shaw and Williams, 2010). Generally, it is said that SMEs have less capacity to absorb external knowledge (Cohen and Levinthal, 1990; Cooper, 2006), and therefore gaining greater insight into these actors and their relationships may provide further understanding of how they operate in their networks, including their KT activities.

Hislop et al. (1997) distinguish between intra-firm sharing and inter-firm dissemination and the nature of knowledge therein, which is an effective approach for explaining knowledge stocks and flows in geographically based tourism networks (Cooper, 2008). The knowledge that is created and shared in-house at the micro-level is predominantly know-how and is relevant to the business as it satisfies organisational needs. This is referred to as 'demand-side' knowledge, involving sharing and combining new knowledge for learning and innovation purposes (McElroy, 2000). This knowledge is predominantly shared through socialisation and interaction (Desouza and Awazu, 2006), and should be kept within organisational boundaries because of the increasing importance of strategic assets and sources of competitive advantage (Argote and Ingram, 2000; Malmberg and Maskell, 2002). At the macro-level, on the other hand, knowledge, which is transferred around the network, tends to be codified and made explicit (Hislop et al., 1997). This inter-organisationally available knowledge is referred to as supply-side driven, namely

sharing in response to particular knowledge requirements (McElroy, 2000). Consequently, in-house knowledge needs to be articulated and made explicit if it is to be transferred around the social business network of one's peers (Cooper, 2008; Hislop et al., 1997) and made available for exploitation.

Instead of creating knowledge in-house, SMEs exploit and explore the knowledge stock of other businesses and apply these external complementary or uncommon knowledge sources. The exploitation of knowledge is particularly evident in the tourism industry through the predominance of incremental innovation (Hjalager, 2010). Major or disruptive innovation may (rarely) occur through the implementation of new business models (Hjalager, 1997) or it can be adopted from suppliers (Hjalager, 2002). While learning is facilitated if partners have similar knowledge bases, found in competitive relationships (Lane and Lubatkin, 1998), complementary knowledge that adds to the extension of products and services but keeps them distinct from those of partners is found in cooperative relations (Grant and Baden-Fuller, 2004). Nonetheless, the latter authors propose that, although firms learn through the acquisition and absorption of partners' knowledge, they are instead motivated to form alliances and networks to access knowledge (Grant and Baden-Fuller, 2004).

The tourism industry encompasses a variety of sectors, each with particular core competences, e.g. accommodation, attractions or tourist services. William and Shaw (2011) distinguish between intra-sectoral and inter-sectoral KT. Intra-sectoral KT adds to industry-specific knowledge and enables the transfer of best practices between organisations from the same sector, such as from hotel to hotel. Codified diverse knowledge is transferred inter-sectorally in vertical value chains with suppliers, and generates opportunities for coproduction and innovation as well as increasing general

management knowledge (Williams and Shaw, 2011). Therefore, knowledge exploration for learning purposes may be achieved by organisations within the same sector, e.g. hotel chains that do not compete locally assimilating their knowledge bases. Locally, businesses tend to exploit knowledge from distinct organisations, such as heterogeneous and complementary firms, e.g. firms from the hotel and attraction sectors.

The assumptions that tourism SMEs access knowledge in their social networks and exploit knowledge that is relevant to their business are evidenced by Koza and Lewin (1998), who argue that the majority of inter-organisational learning in relationships is exploitative in nature. However, exploiting knowledge requires a facilitating mechanism. From the knowledge-based view, a facilitating mechanism that is relevant to tourism SMEs is KT, conceptualised as AC (Cooper, 2006), which is key to the creation of a firm's knowledge base (Volberda et al., 2010), as will be discussed in Section 2.3. From the inter-organisational perspective, a facilitating mechanism is the social capital derived from the inter-organisational relationships and networks a firm builds, as will be discussed in Section 2.4.

2.2.4.3 Knowledge Transfer Activities

Inter-organisational KT activities include a variety of interactions between organisations. Easterby-Smith et al. (2008) highlight “training members of the recipient firm, planned socializing activities, transferring experienced personnel, and providing documents, blueprints or hardware that embody the knowledge transferred to the recipient firm” (p.682). Chen et al. (2006) suggest a different set of activities, in particular among SMEs, such as attending exhibitions/congresses, seeking advice from other organisations, working together with competitors, meetings with

customers/suppliers, benchmarking and complaint management, to improve business performance. Good social relations, mutual empathy and common ground are the bases for cross-boundary knowledge creation, taking the importance of face-to-face interaction for knowledge dissemination into consideration (Rynes et al., 2001). Although organisations may establish an appropriate strategy to obtain required information, or hire know-how from advisors or consultants, networking is a common knowledge-transfer activity. Experiences and routines are best transferred in a close relationship and through face-to-face interaction such as training (Desouza and Awazu, 2006). Thus, the use of formal or informal transfer activities and interactions affects the kind of knowledge that is transferred. This has implications for inter-organisational relationships and network features, which will be explored after the review of the literature on a firm's AC.

2.3 Knowledge Transfer and Absorptive Capabilities

To succeed in today's competitive environment, SMEs need to develop capabilities to transform resources (Barney, 1991) by leveraging the knowledge and know-how of others through efficient KT. Shared knowledge needs to be absorbed by the organisation, which then creates value by doing something different. Ultimately, successful KT occurs when knowledge is used and consequently new ideas are developed that contribute to competitiveness (Argote and Ingram, 2000; Davenport and Prusak, 1998). Thus, a firm's AC is an important determinant of successful KT. Knowledge can be efficiently transformed into learning and innovation outcomes through an organisation's AC (Cohen and Levinthal, 1990). As stated above, capabilities are processes for using knowledge. Winter (2003) defines organisational capability as "a high-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organization's management a set of

decision options for producing significant outputs of a particular type” (p.991). Capabilities are socially embedded in the organisation, historically determined and tacit (Barney, 1991), and they are not tradable and do not belong to single individuals (Foss and Eriksen, 1995). In contrast to knowledge management practices, ACs are routines, which may be argued to be carried out informally.

According to Davenport and Prusak (1998), for KT to take place, at least two actions must occur: transmission and absorption. Knowledge must first be sent or presented to the potential recipient (transmission); then this information must be absorbed by the organisation (absorption) (Davenport and Prusak, 1998). Using its ACs, a firm can access existing knowledge and acquire new, external knowledge. Thus, KT between organisations is affected by their AC. The original definition of absorptive capacity is “[t]he firm’s ability to recognize the value of information, assimilate it, and apply it to commercial ends”, as coined by Cohen and Levinthal (1990, p.128). According to Lane et al. (2006), ACs are a bundle of capabilities that the firm develops over time by accumulating a knowledge base. Some researchers have advanced the generally-taken-for-granted concept of AC (Lane et al., 2002).

Zahra and George (2002) distinguish between potential and realised AC. Potential ACs are the processes of acquiring and assimilating knowledge, and realised ACs are the processes of transforming and exploiting new knowledge. The first refers to the inter-organisational level or the outward-looking absorptive capacities (Cohen and Levinthal, 1990) that are moderated by activation triggers, such as internal crisis or performance failure, or environmental changes such as rapid technological changes that encourage a firm to respond (Zahra and George, 2002). Todorova and Durisin (2007) add the initial capability to value knowledge, and regard the ability to

transform to be an alternative to the assimilation of knowledge, as both assimilation and transformation create some changes in the acquired knowledge.

2.3.1 Inter-organisational Antecedents to Knowledge Transfer

The firm can improve its ability to identify, value and assimilate (or explore) knowledge from external sources by investing in capability-building activities (Fabrizio, 2009) such as R&D investment and knowledge stock (Cohen and Levinthal, 1990), employee skills (Vinding, 2006), in-house basic research (Dyer and Singh, 1998; Lane and Lubatkin, 1998), or external connections (Owen-Smith and Powell, 2004; Powell et al., 1996). Generally, evidence of these antecedents is derived mainly from investigations of large organisations or technology-intensive contexts (Easterby-Smith et al., 2008; Lane et al., 2006). Thus, the most common proxy for AC is R&D investment and patents (Cohen and Levinthal, 1990), although Meeus et al.'s (2001) study does not confirm that R&D intensity affects learning. Investigating SMEs that invest less in R&D, carry out research informally and depend on external resources is required to explain external knowledge transfer.

AC is argued to be path-dependent (Cohen and Levinthal, 1990), and the ability to value and acquire knowledge is said to depend largely on the organisation's knowledge stock and prior knowledge and experience (Lane et al., 2001; Szulanski, 1996; Volberda et al., 2010; Zahra and George, 2002). The available knowledge, which is mainly tacit in (tourism) SMEs, needs to be stored (Nonaka and Von Krogh, 2009) or distributed throughout the organisation (Lenox and King, 2004) if it is to add to the firm's knowledge capacity. Organisational characteristics such as firm size (Cooper, 2008) or age (van Wijk et al., 2008) have also been suggested as relevant to AC development with respect to an increased knowledge base and routines that

facilitate knowledge sharing. However, firm size was not confirmed by Mowery et al. (1996) as enabling inter-organisational KT, although it is positively related to intra-organisational KT because it leads to a greater and more diverse knowledge resource base, which in turn is an antecedent of the ability to absorb external knowledge (Cohen and Levinthal, 1990). This may also apply to a firm's age. The longer a firm exists, the more experience and organisational knowledge it will accumulate.

Studies provide evidence that relative ACs and inter-organisational characteristics and contexts are more relevant than R&D-based activities for learning outcomes (Dhanaraj et al., 2004; Lane et al., 2006; Reagans and McEvily, 2003) and innovation (Benson and Ziedonis, 2009). Network characteristics have been argued to influence the level of AC with regards internal knowledge creation (Matusik and Heeley, 2005). Lane and Lubatkin (1998) use the inter-organisational context as the unit of analysis when investigating AC, and argue that the ability to learn from a dyadic relationship depends on the relative characteristics of the organisational antecedents of the firms involved. The learning dyad of student and teacher depends on three factors: (i) type of new knowledge (know-what), (ii) similarity of organisational structure (know-how), and (iii) familiarity with the organisational problems of the firms involved (know-why). First, learning outcomes are explained by relatively similar basic knowledge rather than by specialised knowledge that enables the firm to value and acquire know-what of the partner firm. Cohen and Levinthal (1998) argue that a broad and active organisational network strengthens the individual's awareness of others' capabilities and knowledge. Second, similarity of lower management formalisation and research centralisation (organisational structure) and of compensation practices (management by motivation, used to motivate the performance of employees) facilitate the comprehension of the external know-how of the partner and therefore

enable its assimilation. Third, similarity of dominant logic and thus experience in the solving of similar types of problems, needs and concerns enables the knowledge-acquiring firm to apply the newly acquired knowledge to commercial ends (Lane and Lubatkin, 1998).

Lane and Lubatkin (1998) explain their latter assumption using the example of firms having similar types of ‘dominant logic’ regarding preferences in developing projects or products in the R&D context. The more these preferences are congruent, the more easily external knowledge is applied. In the context of service/tourism SMEs or networks based on marketing exchanges, however, the ‘service-dominant logic’ (Vargo and Lusch, 2004) would explain the degree to which firms manage similar types of knowledge from the external sources. Service provision involves service-laden premises as a result of which the created value is idiosyncratic, contextual, experiential and meaning-laden (Vargo and Lusch, 2004). This makes the firm’s service-dominant logic rather unique and hampers the comparison of the student and teacher firms’ preferences regarding how and why they create value.

Shaw et al. (2011) highlight the employee dimension of service-dominant logic as the operant resource used to co-produce the tourism experience along with the co-creation and interaction of actors and tourists (Stamboulis and Skayannis, 2003). However, there is a lack of understanding of the ACs used to absorb knowledge derived from co-production with customers (Shaw et al., 2011) and with other tourism businesses. Consequently, even if the student firm understands the external know-what and know-how of the teacher firm’s resources, its ability to apply that knowledge depends on its familiarity with the know-why of its exchange partner (Lane and Lubatkin, 1998). In addition to the relative absorptive capacity theory, partner-specific AC develops from

particular relations with partners that enable the systematic identification of valuable knowledge (Dyer and Singh, 1998). These relations develop overlapping knowledge bases, and frequent and intense interactions used for inter-organisational knowledge exchange. On the basis of knowing the partners' know-how, further informal knowledge-creating activities can emerge. Therefore, inter-firm routines are inter-organisational antecedents to the development of partner-specific AC (Dyer and Singh, 1998).

Volberda et al. (2010) suggest inter-organisational antecedents to the process of acquiring external knowledge from other organisations as being crucial to the development of AC. Therefore, social network research may clarify how KT vehicles in networks enable sharing and impact on learning (Volberda et al., 2010). Transferring the findings of Tsai (2002) to the inter-organisational unit of analysis, one may consider the relative importance of various kinds of network organisations as antecedents of AC (Volberda et al., 2010). Formal central network structures have been found to be impediments to knowledge sharing among network members, whereas informal lateral social interactions increase knowledge sharing, implying increased AC (Tsai, 2002). Thus, the coordination of a network, either centrally or decentrally, and horizontally or vertically, may affect the knowledge-sharing efficiency. This leads to the question of how motivation and incentives can enhance knowledge sharing among organisations (Volberda et al., 2010). Although Argote and Ingram (2000) suggest that human interactions are the key source of knowledge and KT, individuals and their interaction is an under-researched area in determining how individuals' networking activities affect knowledge transfer (Volberda et al., 2010) at the firm level. In the following section, conditions of inter-organisational knowledge transfer are reviewed.

2.3.2 Conditions of Inter-organisational Knowledge Transfer

Both the communication process and information flow are seen as drivers of organisational KT. The goal is to facilitate knowledge flow so as to maximise KT (Alavi and Leidner, 2001). Holtshouse (1998) suggests that a systematic approach to the sharing of knowledge is crucial “in order for it to be quickly leveraged, grown, and expanded” (p.278). The conditions that facilitate the flow between knowledge searcher and knowledge provider encompass infrastructure and soft mechanisms.

Inter-organisational KT requires consideration of the characteristics of the firms involved, the nature of knowledge, and the inter-organisational dynamics (Easterby-Smith et al., 2008). This allows firms to understand aspects of KT and how to handle the knowledge (Shaw and Williams, 2009). According to Easterby-Smith et al. (2008), the dynamics of KT include power relations, trust and risk, structure and mechanisms, and social ties. Power imbalances cause difficulties in creating inter-firm KT capabilities (Mason and Leek, 2008). However, power relations are usually found in strategic networks, which involve organisations of different sizes from small to large (Sydow, 1992), and may be explained by resource dependency (Pfeffer and Salancik, 1978) or through the firm’s (structural hole) position and centrality within the network (Burt, 1980). Regional networks, on the other hand, are constituted of smaller organisations without a strategic focal organisation (Sydow, 1992), and the power dynamics seem less acute in this context.

Ladd and Ward (2002) provide a review of the macro-conditions that affect inter-organisational KT. Considering the tacit component of knowledge, some relational channel that determines the frequency and depth of interactive knowledge exchange may facilitate KT (Dyer and Singh, 1998; Rulke et al., 2000). Frequent interaction

facilitates the transfer of trustful and complex knowledge (Chua, 2001; Grant, 1996b). Van Wijk et al. (2008) suggest that close and active interaction for knowledge exchange purposes facilitates the understanding of ambiguous knowledge, which normally hampers knowledge acquisition and imitation. The understanding of external knowledge is facilitated by partner similarity. Partner similarity refers to similarity of interests, background or education between individuals (Almeida and Kogut, 1999; Grant, 1996b), similarity of the individuals' characteristics (Becker and Knudsen, 2003), and inter-firm congruency of interests, caused by congruency of individual and organisational goals. Similar interests between partners and congruency of individual and organisational goals enable KT (Ladd and Ward, 2002).

Moreover, source credibility and cooperation has been argued to lead to inter-organisational trust, which lessens the risk of free-riders among the knowledge receivers, but increases the transferability of tacit knowledge (Ko et al., 2005; Nahapiet and Ghoshal, 1998). Common knowledge (Grant, 1996b; Reagans and McEvily, 2003) or previous experience in the knowledge that is to be shared (Lorenzoni and Lipparini, 1999) facilitate KT among organisations. The structure and context of the inter-organisational exchange relations affect how knowledge is shared. There is evidence that different formal structures (Hagedoorn and Narula, 1996) and network features (Becker and Knudsen, 2003) affect the knowledge interaction and flow. Thus, formal structures may be needed for the transfer of significant knowledge (Easterby-Smith et al., 2008), yet a formal central network can rather impede knowledge sharing (Tsai, 2001). Bell and Zaheer (2007) provide evidence that social ties, in particular individual-level friendship ties spanning distant organisations, facilitate knowledge flow among spatially distant network ties. Structure, and the

nature and quality of ties will now be discussed from a social capital perspective that sheds light on the enabling factors of KT among SMEs.

2.4 Networks, Social Capital and Inter-Organisational Relationships

Macpherson and Holt (2007) posit that “the entrepreneur, the firm and the available social and business networks act as the mechanisms through which the accumulation and application of knowledge resources is achieved” (p.177). The previous sections have indicated that tourism SMEs engage in networks and relationships to exchange advice, information and knowledge. They do so because of their overly tacit knowledge stock but lack of ability to access research and acquire technology. Therefore, social business networks have become crucial for exploiting knowledge that adds to the innovativeness of organisations. For this study’s investigation of tourism SMEs’ networks, an understanding of what constitutes a network will provide a foundation, allowing insights into the exchange mechanisms to be gained. Networks, however, can be investigated from various perspectives, including those of the individual actors and of the network. Various perspectives have been applied to investigate knowledge diffusion within tourism destinations, KT through the channel of relationships, or the acquisition of knowledge from a network that is facilitated by a certain position or structure. In tourism, businesses engage in different types of networks and relationships in order to do business and coproduce their tourism experience products, with different goals and effects. The kind of relationship that is most useful for exploiting knowledge can be understood using social capital theory. In order to generate social capital that enables KT, however, networks need to be managed, and this network management varies according to the type of relationship. Whereas some relationships are managed with certain capabilities, others are managed by an external body that coordinates the exchange activities.

2.4.1 Network Theory

From a knowledge-based view, the social community (organisation) consists of interrelated individuals, groups or organisations of individuals. The social community of an organisation is not simply made up of its internal ties among individuals, groups, divisions or units but also its relationships with other organisations or actors outside the firm. To understand the wider social communities impacting on the creation and transfer of knowledge, and the benefits to individuals, requires a consideration of network theory. Child and Faulkner (1998) state that networks are particularly important in the knowledge-based economy because the ability to access and acquire new knowledge for product and process innovation is crucial for sustainable competitiveness. Also, the tourism industry is characterised as a fragmented and geographically dispersed industry that relies on a network of social and business relationships. It is the relationships of these businesses that generate and deliver tourism experience products (Scott et al., 2008a). Thus, individual (tourism) businesses cannot be seen as isolated but are influenced by the nature of their social relationships (Brass et al., 2004; Knoke and Kuklinski, 1991).

In order to investigate tourism business network relationships, the network terminology and approaches to studying networks require some attention. The social network idea is rooted in sociology, and is defined as “a specific set of linkages among a defined set of actors, with the additional property that the characteristics of these linkages as a whole may be used to interpret social behaviour of the actors involved” (Mitchell, 1969, p.2). According to Knoke and Kulanski (1991) several network contexts can be studied: the actors in relationships (ties), the content of relationships (boundary), or the form of relationships, providing insight into the nature and patterns of the network. Hoang and Antoncic (2003) suggest network content,

network governance and network structure as critical elements to be defined in researching entrepreneurial networks. The actors in relationships refers to who has the ability to form linkages with another actor (Knoke and Kuklinski, 1991). This perspective can be investigated from different levels of analysis, such as the inter-personal (people are actors), the intra-organisational (units or groups are actors) and the inter-organisational (organisations are actors) (Brass et al., 2004).

The content of a relationship defines the reason for the connection and as such determines the boundary of the network (Knoke and Kuklinski, 1991). Reasons could include friendship, business exchange, visitor flows, joint promotion etc.... Network content explains the media and channels through which actors access their resources from other actors belonging to their network. The focus lies predominantly on the actor accessing resources rather than the network accessing capital (Hoang and Antoncic, 2003). The form of relationships represents the properties of the network and how the actors are embedded in their network (Knoke and Kuklinski, 1991). Network structure defines the pattern of direct or indirect ties and how these impact on the network phenomenon (Hoang and Antoncic, 2003). Network governance mechanisms are used to coordinate and manage networks. The most-cited perceived mechanisms are trust and norms rather than legal contracts in managing efficient network relationships (Dyer and Singh, 1998; Hoang and Antoncic, 2003; Jones et al., 1997; Levin and Cross, 2004; Lorenzoni and Lipparini, 1999). This summary seems to present a network perspective whereby the actors, represented by individuals (entrepreneurs, managers or employees), groups or units (organisational divisions) or organisations, that possess a particular position within the network that impacts upon other actors' outcomes, build direct or indirect relations with other actors through

some form of exchange (e.g. information, resources, business or customer flows) that can be managed and coordinated with distinct governance mechanisms.

2.4.1.1 Network Perspectives on Inter-Organisational Knowledge Transfer

Social network analysis is useful in investigating the informational benefits that largely derive from people (Burt, 1992; Cross et al., 2001; Granovetter, 1973). To investigate networks, relevant nodes (actors) need to be identified; then the relationships between the nodes are studied in order to reveal how these nodes are connected; finally, we must try to deduce the emerging nature, pattern and mechanisms of these connections (Wasserman and Faust, 1994). Researchers taking a network perspective focus on the relations among actors, either as explanatory factors or as outcomes of organisational processes (Borgatti and Foster, 2003). These decisions to do with the network investigation lie in the researcher's imagination and are limited according to a particular network's contents (Brass et al., 2004). There has been growing attention paid to network theory since the mid-1980s by both practitioners and academics (Costa et al., 2008). However, recent reviews of the network theory criticise the lack of consensus over what constitutes network theory (Borgatti and Foster, 2003; cf. Brass et al., 2004; Galaskiewicz, 2007; Provan et al., 2007). Nonetheless, Galaskiewicz (2007) suggests that "at least a network perspective gives us a way to think about and analyse actors as they are embedded in social relationships with other actors and collectivities" (p.14).

Network boundaries can be set based on two main perspectives: either from the individual view or the network view (Provan et al., 2007). Network researchers also distinguish between the micro and macro-perspectives (Wasserman and Galaskiewicz, 1994). The micro-focus concentrates on the individual actor and their impact and

importance for others, and is mainly used to investigate dyadic relationships. The macro-focus considers the role of the actor and other networked actors for the whole network (Johanson and Mattsson, 1988). Another perspective is the egocentric versus the whole-network perspective (Kilduff and Tsai, 2003; Provan et al., 2007). The egocentric network focuses on one central actor and his contacts, the so-called alters. The whole network is defined as follows: “three or more organizations connected in ways that facilitate achievement of a common goal [...] are often formally established and governed and goal directed rather than occurring serendipitously [...] relationships among network members are primarily non-hierarchical, and participants often have substantial operating autonomy” (Provan et al., 2007, p.482). Halinen and Törnroos (1998) distinguish between the actor-network (ego-alter), the dyad-network (a buyer-seller relationship), and the micronet-macronet perspectives in investigating inter-organisational business networks. The actor-network perspective investigates the network through an actor’s personal views of their wider network. The dyad-network perspective involves a concrete business exchange and focuses on the dyadic connections within the network. The micronet-macronet perspective explains a network of some activity-based members, which is embedded in a wider (political or institutional) network that exerts influence on the micronet (Halinen and Törnroos, 1998, p.193). Provan et al. (2007) suggest that the investigation of networks requires a focus on the actor or network that is used as the input, as well as the outcomes to be achieved by the organisation or the network. Figure 2-2 illustrates the perspectives that can be used to investigate networks.

Figure 2-2: Typology of Inter-Organisational Network Research (Provan et al., 2007, p.483)

		Outcome Focus	
		Individual Organisation	Collectives of Organisations
Input Focus	Organisational variables	Impact of organisations on other organisations through dyadic interactions	Impact of individual organisations on a network
	Relational or network variables	Impact of a network on individual organisations	Whole networks or network-level interactions

While the whole network perspective is under-researched in the general organisational management literature (Provan et al., 2007), Ahmed (2012) reveals that most research on tourism networks has taken a whole-network approach, from either a single or multiple network perspective, to investigate the effect of network structure on network knowledge diffusion (cf. Baggio and Cooper, 2010; Scott et al., 2008b) or the impact of individual actors (behaviour or attitude) on their interaction and knowledge exchange with other actors (cf. Saxena, 2005; Tinsley and Lynch, 2007; Weidenfeld et al., 2010). The social network theory had usually explained the impact of the network on individuals (Mitchell, 1969) but the management literature started to investigate the impact of networks on firms' outcomes such as performance (Gulati et al., 2000), innovation or organisational learning (Ahuja, 2000), as well as channels through which KT could be used to gain organisational benefits (Kotabe et al., 2003). Innovation and learning are organisational outcomes that tourism businesses can achieve by engaging in networks with the objective of gaining access to knowledge and resources (Morrison et al. 2004). These resources can be found in a variety of tourism networks.

2.4.2 SME Networks' Formation in Tourism

The network perspective is particularly useful for investigating the complex destination-based tourism system of inter-organisational relationships primarily encompassing SMEs. At a destination, tourism firms are interconnected through various links and networks (Baggio and Cooper, 2010), partly local but also geographically spread out (Tremblay, 1998). The degree of these linkages defines the destination as a 'setting for interactions' and suggests a boundary of an area covered by tourism networks rather than a fixed place (Thrift, 1996). According to Morrison et al. (2004), tourism networks are a "set of formal, cooperative relationships between appropriate organisational types and configurations, stimulating inter-organisational learning and knowledge exchange, and a sense of community and collective common purpose that may result in qualitative and/or quantitative benefits of a business activity, and/or community nature relative to building profitable and sustainable tourism destinations" (p.202). Inter-firm alliances that are not defined by legal contracts or ownership (market and hierarchy) provide an alternative way to access the skill portfolios of firms (Grant, 1996a; Grant and Baden-Fuller, 2004). These autonomous economic entities complement each other for tourist distribution purposes or in the generation of 'tourism experience products' that add to firm and destination development (Braun, 2005; Edvardsson et al., 2005; Tinsley and Lynch, 2001; Zehrer and Raich, 2010). In addition, cooperative networks among smaller businesses add to the 'hidden innovations' of individual service businesses as they rely on innovation in the supply chain and around consumer needs (NESTA, 2007; Shaw and Williams, 2010). In particular, incremental product innovations are developed from the available (limited) complementary resources in locally embedded networks (Freel, 2003).

Social business networks seem very valuable from the practitioners' perspective as they predominantly seek advice from peers rather than consultants and service provider networks, as suggested by Lewis (2002) and Zehrer and Raich (2010). Social networks are primarily important during firm start-up (Lechner and Dowling, 2003), but do not generate benefits for firm performance (Lechner et al., 2006). Yet, these social ties increase the innovative behaviour of small firms (Shaw, 1998). Shaw and Williams (2009) suggest that strategic networks are particularly relevant for businesses wishing to exploit external knowledge sources and leverage knowledge from these networks. Gulati et al. (2000) propose that strategic networks encompass "strategic alliances, joint ventures, long-term buyer-supplier partnerships, and a host of similar ties" (p.203) that are long-lasting and strategically important for a firm's success. A strategic alliance is a "constellation of agreements characterized by the commitment of two or more partner firms to reach a common goal, entailing the pooling of their resources and activities" (Teece, 1992, p.19). These networks provide firms with necessary resources for their business strategy and objectives. Because of the common knowledge held by the social communities SMEs are made up of, strategic networks are particularly valued for their 'uncommon' knowledge (Shaw and Williams, 2009). Moreover, high-level networks such as interlocking directorships created through alliance formation, in tourism, provide access to tacit, albeit restricted, knowledge sources that facilitate transfer through strong ties (Shaw and Williams, 2009).

Tremblay (1998) proposes three distinct kinds of industrial networks. Networks of spatially distributed neighbouring firms create an 'innovative milieu' in that they share complementary assets, promote innovative initiatives and coordinate local tourism suppliers. Vertical or horizontal strategic alliances link larger interdependent organisations through formal and informal communication channels, sharing

marketing know-how about the same target group. Horizontal networks (within and across destination boundaries) share the same technology base but serve different markets (Tremblay, 1998).

Some authors precisely distinguish between network types prevalent in tourism according to their function. Relationships with suppliers, customers, competitors and complementors produce added value for the firm's consumer, and thus is conceptualised as the firm's value net (Nalebuff and Brandenburger, 1996). Sorensen (2007) suggests four network types. First, the production of a tourism experience is facilitated by 'horizontal complementary relations' between different types of tourism firms at the same production level, such as between hotels and entertainment providers or attractions; these entities cooperate to produce joint products or marketing and engage in information and social exchange (Zehrer and Raich, 2010). Second, the distribution channel is likely to transform into 'vertical distribution networks' between tourism firms and their distributors, for example the tourist boards or tour operators. Third, economies of scale can be achieved through 'horizontal competitive or chain relations' between similar tourism businesses, most commonly in the hotel sector (hotel chains). Finally, 'vertical input relations' occur at different levels of production, for distribution or resource provision in the supply chain, between tourism firms and their suppliers, for example craft or food suppliers; these are mainly built for economic exchange reasons and can benefit from the partners' know-how (Zehrer and Raich, 2010). In addition, Buonocore and Metallo (2004) mention the local network with multidimensional relationships among local actors from the same or different tourism sectors.

The importance of networks among tourism businesses has gained increased attention from tourism research in recent years (Costa et al., 2008; Shaw and Williams, 2009). There is still a paucity of network research into tourism SMEs (Tinsley and Lynch, 2001), and their function as vehicles of KT (Shaw and Williams, 2009). While each network type is advantageous for a particular function, beneficial and effective information flows depend on other factors than the 'type' of network, as will be looked at in the following sections.

2.4.2.1 SMEs' Objectives and Network Benefits

The benefits of tourism business networks are many. Morrison et al. (2004) seized on a suggestion made in a literature review by Lynch et al. (2000) on three main types of network benefits that contribute to a destination's competitiveness. According to this, network benefits are predominantly of a qualitative nature and are classified as 'exchange and learning', 'business activity' and 'community'. From an individual business perspective, SMEs face challenges of resource scarcity in attempting to fulfil their business objectives (Barringer and Harrison, 2000; European Commission, 2004). Micro businesses usually pursue operational and short-term objectives while small and medium-sized enterprises are motivated to achieve strategic and long-term objectives (European Commission, 2004). The business services sector's motivation to cooperate is predominantly to gain access to necessary know-how and knowledge, with the aim of learning about new core competences, and discovering new market opportunities and trends in consumer attitudes and demands (European Commission, 2004), which are exploited for incremental innovation (Hjalager, 2002). What all relationship-building endeavours have in common is that SMEs require some kind of relational capability to be willing to form partnerships, and build and maintain networks (Dyer and Singh, 1998; Lorenzoni and Lipparini, 1999), in addition to the

AC to value external knowledge and benefit from network-based learning (Hughes et al., 2014).

Morrison et al. (2004) conclude that tourism business “networks generating the greatest range of benefits were those that had embedded a system and a culture to sustain inter-organisational learning and knowledge exchange” (p.201). Yet, there is a lack of understanding of how these benefits arise (Tinsley and Lynch, 2007), and a deeper awareness of these network formation and maintenance success factors is required if we are to understand how to manage these networks to their best advantage (Morrison et al., 2004). In general, the processes through which tourism SMEs engage in networks have received less attention (Braun, 2005). Bertelli (2011) found that informal relational bonds rather than formal professional bonds generate mutual trust and understanding that are strengthened through ongoing interaction and frequent communication. These social and business relations from which benefits derive are said to possess value and create value for the personal benefit of the individual actors (Bourdieu, 1986; Burt, 1997) or collectively as a public good (Coleman, 1988; Putnam, 1995). Hence, the soft mechanism in the form of social capital tends to enable KT, in particular for SME networks (BarNir and Smith, 2002; Chung et al., 2000; Shaw, 1998; Spence et al., 2003), which impacts upon their success and that of the entrepreneurs themselves (Uzzi, 1997), and especially so in tourism (Tinsley and Lynch, 2001).

2.4.3 Social Capital, Networks and Knowledge Transfer

Tourism networks are classified according to organisational type, inter-organisational formation, formality, intensity, functions and aspired-to benefits (Morrison et al., 2004, p.201). The benefits gained from access to knowledge in networks can be

explained using the social capital theory, in which the role of network structure, the nature of the ties and the quality of the ties indicate beneficial and effective networking and KT (Carmeli and Azeroual, 2009; Inkpen and Tsang, 2005; Nahapiet and Ghoshal, 1998). Social capital is defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal 1998, p.243). Social capital theory explains the formation of valuable inter-organisational relationships that generate value and add to social capital behaviour. However, these relationships vary according to network type, as this affects the organisation’s ability to access and transfer knowledge (Inkpen and Tsang, 2005). At an organisational level, social capital benefits include superior new business opportunities, reputation, enhanced understanding of network norms (Inkpen and Tsang, 2005), influence and power, as well as solidarity, which reduces the need for control (Adler and Kwon, 2002). Moreover, mobilising social capital grants privileged access to increasing and uncommon new knowledge that, in turn, affects a firm’s outcomes (Adler and Kwon, 2002; Inkpen and Tsang, 2005; Nahapiet and Ghoshal, 1998).

2.4.3.1 The Nature of Network Ties Influencing Knowledge Transfer

Network structure has been central to the investigation of information distribution (Adler and Kwon, 2002), which has focused on patterns of interconnections (Borgatti and Foster, 2003). This dimension of social capital can be analysed based on the nature of the ties (cooperative versus competitive), network stability (changes to network members) and the configuration of network structure, such as density and connectivity (Inkpen and Tsang, 2005). Closed networks generate an environment where trust and norms are easily built, enabling the exploitation of tacit specific knowledge through a tighter communication structure, which promotes stronger as

well faster information exchanges and joint problem solving (Coleman, 1988; Rowley, 1997; Uzzi, 1997). Actors in sparse networks have advantageous opportunities to explore the most distinctive and newest knowledge (Burt, 2000). In this respect, close or sparse network ties are conduits for the creation of value through the optimal exploitation of existing resources and capabilities, and the exploration of new opportunities (March, 1991).

The trade-off between trust-based knowledge and knowledge diversity can be resolved by embedded networks characterised by spatial proximity and central organisations dedicated to information sharing (Brass et al., 2004). Spatial proximity facilitates inter-firm and interpersonal interaction that verifies the information flow (Ingram and Roberts, 2000), and is particularly important where a high degree of tacit knowledge needs to be transferred (Boschma, 2005; Maskell and Malmberg, 1999). Koka and Prescott (2002) criticise the different operationalisation of various constructs of social capital across studies, such as connectivity, range, structural holes and centrality, which has resulted in non-comparable and conflicting outcomes. Thus, Audretsch and Feldman (1996) argue that the closer a firm is to the knowledge source the better will be its innovative performance. Empirical evidence by Sorensen (2007) suggests that tourism firms that seek to explore information for innovation purposes find this in networks that are spatially distant, strong and sparse but economically and culturally close. On the other hand, weak dense ties that are spatially close but economically and culturally distant generate exploitative information benefits. Yet, learning by observation on the part of local firms also requires some cognitive proximity if the firms are to absorb this externally acquired knowledge (Boschma, 2005), as will be discussed further below.

In tourism research, the structural investigation from the whole-network perspective provides insight into the diffusion practices and information flow among destination-based organisations (Scott et al., 2008b). The findings reveal that centrally organised networks with close network structures demonstrate enhanced coordination and diffusion compared to less-regionally-structured, loose networks among operators. Moreover, the more industrialised tourism regions demonstrate more cohesion in their inter-organisational structures, and more decentralised clusters that are necessary for producing integrated tourism experience products, than the rural regions. Insights into the network structures of tourism destinations suggest that a random homogeneous network has far slower diffusion processes than a structured non-homogeneous network (Baggio and Cooper, 2010). Network structures and position, key players and their roles in knowledge sharing from an individual perspective reveal that business people in tourism share more knowledge through formal business relationships in the course of working together (e.g. in joint promotions) than through informal social relationships with people with whom they have no business relationship (McLeod et al., 2010). Nonetheless, informal business-based social networks have been shown to be denser than the formal networks that facilitate the sharing of embedded knowledge (McLeod et al., 2010).

Moreover, the strength of the ties explains the social infrastructure through which resources flow (Borgatti and Foster, 2003). An actor can have strong ties with close friends or family members, weak ties with colleagues (peers), acquaintances or distant friends, and absent ties (Granovetter, 1973). In weak ties, information is more general in nature and more distinct, which supports the acquisition of new ideas (Rodan and Galunic, 2004), non-redundant knowledge (Levin and Cross, 2004), and the transfer of codified and simple knowledge (Hansen, 1999; Reagans and McEvily, 2003), as is

the case with the sparse ties mentioned above. Strong ties, on the other hand, facilitate the transfer of tacit and complex knowledge (Hansen, 1999; Reagans and McEvily, 2003) similarly to dense ties. Prior relationships and repeated interactions drive the development of strong ties (Gulati, 1995), which in turn enable network-based learning. The longer strong ties persist, the stronger the bonds become between the actors. This is likely to result in information similarity that constrains the development of new ideas. The structural mechanism of social capital only influences KT indirectly (Nahapiet and Ghoshal, 1998). Yet, it is a major indicator of the ease of accessing knowledge (Inkpen and Tsang, 2005). This evidence is in line with Mackellar (2006), who found that the event network she studied had positive effects on the innovation and interaction of businesses and clusters, by granting better access to resources through contacts made in the course of the event. Pavlovich (2003b) suggests that strong local support relations and weak external information-seeking relations optimise the information flow to the consumer. Further, Ingram and Roberts (2000) found that an intense network of informal and interpersonal relationships among hotel managers in an urban agglomeration was valuable in helping them to combine best practices, resulting in increased performance and profitability of their businesses. Ingram and Roberts (2000) point out that these informal friendship ties fell short of being considered in the network analysis approaches.

2.4.3.2 Relation and Affect as Conduits for Knowledge Transfer

The relational properties of social capital are those created and leveraged from relationships, among which trust in relations and the trustworthiness of organisations (Putnam, 1993), norms and sanctions (Coleman, 2000), obligations and expectations (Burt, 1992), identity and identification (Hakansson and Snehota, 1995) are key indicators (Nahapiet and Ghoshal, 1998). These affective qualities stimulate

knowledge exchange and long-lasting relationships. Partners who trust each other are more confident in the resources provided by others, and thus more open to accessing and disclosing information (Dodgson, 1993). Yet, there are two different levels of trust. Generalised trust between units comes from reputation and is rather impersonal, while resilient trust between individuals grows from interactions and experiences (De Wever et al., 2005). While generalised trust facilitates the exploitation of fine-grained knowledge, dyadic trust enables the exploration of a broad range of knowledge (Kang et al., 2007). Levin and Cross' (2004) investigation of dyadic knowledge exchange confirmed that useful knowledge is received through strong ties that are mediated by competence- and benevolence-based trust. Moreover, norms and expectations create a certain degree of consensus among the network members, regarding the behaviour that is acceptable or not. In particular, norms of openness in terms of the disclosure of information facilitate knowledge exchange (Nahapiet and Ghoshal, 1998) and control free-riding (Dyer and Nobeoka, 2000). Alliance partners signal trustworthiness through their behaviour, whereas in loose agglomerates trust is developed through informal and interpersonal interaction that subsequently drives the development of organisational social capital (Inkpen and Tsang, 2005). Additionally, group identification, where various group members share the same standards and values and identify with the organisation, facilitates the emergence of trust and increases the opportunities to exchange knowledge (Kogut and Zander, 1996; Lewicki et al., 1998). However, the willingness to value diversity, criticism and failure can help a group to avoid becoming too strong and convergent (Nahapiet and Ghoshal, 1998). The tourism network success factors seem to depend heavily on relational social capital in the pursuit of joint objectives and purpose, in the engendering of a culture of trust, and

in the promotion of member engagement, according to Augustyn and Knowles (2000) and Morrison et al. (2004).

This tourism network perspective has generated some valuable insights into the relational component of social capital. Saxena (2005) investigated patterns of interaction among actors, focusing on individual attitudes towards communication that provide relational capital for the actor and impact upon learning. The key elements needed to generate a tourism learning network were found to be (i) relational exchange, (ii) trust and commitment that reinforce social relationships formed as a result of ongoing business interactions amongst partners, (iii) interactivity, which implies an exchange of information between partners based on honesty and open communication and the mutual fulfilment of promises, and (iv) a shift of emphasis from products and firms to people, organisations and social processes (Saxena, 2005, p.288).

2.4.3.3 Cognitive Resources Providing a Common Ground in Networks

Nahapiet and Ghoshal (1998) suggest that the cognitive dimension of social capital encompasses shared representation, interpretation and a system of meaning as well as sharing the same knowledge and expertise (Boschma, 2005) that are all particularly important mechanisms for knowledge creation and integration into the existing core competencies (Grant, 1996b) and absorptive capacity (Cohen and Levinthal, 1990). Nooteboom et al. (2007) explain cognitive distance by drawing on members' organisational focus that is rooted in organisational cultures (Schein, 1984). Schein (1984) defines culture as "a pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be

considered valid and, therefore can be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (p.3), which can be classified into assumptions, values and artefacts. More specifically, the cognitive dimension is attributed to values or shared vision (van Wijk et al., 2008). Inkpen and Tsang (2005) suggest that shared goals and a shared culture among the network members are facets of social capital conducive to KT. Accordingly, shared culture is explained as the behaviour of organisational members and thus organisations in network relationships, which is governed by values or assumptions (Gulati et al., 2000; Schein, 1984).

This cultural level was related to absorptive capacity in terms of similarities in organisational politics or compensation practices (Lane et al., 2001). Shared culture or cultural similarities are also referred to congruency in human resource bases between the networking partners with respect to education, economic situation and occupation (Weidenfeld et al., 2010). Smaller economic sectors are said to differ in their human resource base and therefore in their approach to networks favouring personal and informal networks in contrast to larger economic sectors (Morrison, 1998; Sorensen, 2007).

Knowledge sharing is facilitated if members of networks develop a shared interpretation of the knowledge, and this in turn is facilitated through shared language, codes and narrative (Nahapiet and Ghoshal, 1998). Shared values and systems facilitate a common understanding in intra-organisational (Tsai and Ghoshal, 1998) as well as inter-organisational relationships (Lane and Lubatkin, 1998; Mowery et al., 1996). Cognitive proximity between sharing partners increases their ability to combine knowledge (Nahapiet and Ghoshal, 1998; Nonaka, 1994). Nonetheless, knowledge transfer is the combination of diverse knowledge that requires, on the other

hand, a certain similarity of knowledge bases or contexts in order to be understood and absorbed (Lane and Lubatkin, 1998, Nahapiet and Ghoshal, 1998). While cultural distance has beneficial effects on knowledge transfer (Inkpen and Tsang, 2005; Parkhe, 1991) it hampers the transfer if norms and values are not understood (Mowery et al., 1996). Yet, cultural distance between firms is less detrimental to knowledge transfer than it is within them (van Wijk et al., 2008). Nooteboom et al. (2007) suggest that the effect on firm performance is higher in firms that are cognitively distant, interpreted as possessing different technological knowledge, where the risk of misunderstandings because of distinct understandings or emotional behaviour is greater. This in turn may inhibit the development of shared representations and interpretations (Nahapiet and Ghoshal, 1998).

A prerequisite for developing and managing a network is an organisational culture that is open to innovation and task oriented (Cooper, 2008; Ladd and Ward, 2002). Although cultural distance and diversity are proposed to be beneficial for KT, such situations are more difficult to manage. A shared network identity or vision among network members facilitates knowledge-sharing activities and knowledge mobility that in turn foster value creation (Dhanaraj and Parkhe, 2006; Dyer and Nobeoka, 2000). A common culture of network management that derives from an understanding of appropriate network behaviour among the involved members may indeed require some compromises on the part of individual members if the joint goals are to be pursued (Inkpen and Tsang, 2005). In particular, because each autonomous firm follows its own specified vision and objectives, which may not always be congruent with all other network members' visions and goals, these visions and goals need to be negotiated until a common network focus emerges with clearly stated goals (Inkpen and Tsang, 2005).

Moreover, shared industry and managerial practices evolve among firms operating in the same industry or pursuing the same tasks (Inkpen and Tsang, 2005) or related national cultures (Parkhe, 1991). According to the literature, partner similarity or product similarity facilitates inter-organisational knowledge sharing because of the cognitive proximity of the involved partners (Borgatti and Foster, 2003). Weidenfeld et al. (2010) provide empirical evidence of cognitive proximity by investigating KT among attraction clusters, and conclude that spatial clustering, and product and market similarity facilitate KT. Parkhe (1991) differentiates societal culture as consisting of different perceptions and interpretations of phenomena, and corporate culture to refer to differing ideologies and values of firms in an inter-firm context. Cultural distance at the organisational level can be overcome by organisational learning, while differences in societal culture require formal training, informal contact and transparency of behaviour.

That similar language facilitates information access and exchange became a prevalent idea in the research on KT in tourism. The lack of this resource, such as between the two distinct communities of in tourism—academic and practitioners—seems to inhibit the KT across the communities. Tourism firms are said to search for knowledge that is relevant to their business (Cooper, 2006), thus in close proximity to their knowledge base (Boschma, 2005) that is argued to facilitate knowledge transfer and absorptive capacity (Cohen and Levinthal, 1990) but limits learning (Nooteboom, 2000).

2.4.4 Partner Management in Tourism Networks

While the previous section focused on social capital building aimed at creating value from relationships through self-enforcement (Dyer and Singh, 1998), managing networks and the ability to do so are important if networks are to be sustained (Provan

et al., 2007; Provan and Kenis, 2008; Ritter et al., 2004), and for providing incentives for value creation initiatives. Here, social capital behaviour plays a crucial role along with knowledge sharing and the combining of partners' resources (Dyer and Singh, 1998). Ritter et al. (2004) suggest that relationship management has proactive and reactive elements: "They involve initiating and responding, acting and reacting, leading and following, influencing and being influenced, planning and coping, strategizing and improvising, forcing and adapting" (Ritter et al., 2004, p.178). Furthermore, Ritter et al. (2004) refer to relationship management abilities as "coordinating different activities between firms; that is, synchronizing efforts of different actors which goes beyond pure exchange" (p.180). Once a network has formulated a common network goal and created a shared identity through cognitive social capital building, "some form of governance is necessary to ensure that participants engage in collective and mutually supportive action, that conflict is addressed, and that network resources are acquired and utilized efficiently and effectively" (Provan and Kenis 2008, p.231).

Management mechanisms have been discussed in the contexts of dyadic relationships (Dyer and Singh, 1998) and whole networks (Provan and Kenis, 2008). Dyer and Singh (1998) argue that relationships can be managed either through third-party enforcement, that is, a contract or a legal authority, or through informal or formal self-enforcement. Informal self-enforcement is very much like the social capital mechanisms; here, a network is safeguarded through personal goodwill, trust, embeddedness, reputation (Dyer and Singh, 1998) or generalised trust (De Wever et al., 2005). Provan and Kenis (2008) suggest this kind of management as being suitable for participant-led networks of less than six to eight members. Such networks, they argue, are manageable through shared governance and social capital, according to

which every network member is equally involved and collaborates to achieve common goals and network-based learning. Such practices, in turn, benefit from inclusive decision-making, internal legitimacy and flexibility (Provan and Kenis, 2008). A firm can also formally safeguard a relationship by binding its partner through financial engagement (Dyer and Singh, 1998). A study by Huybers and Bennett (2003) on cooperative arrangements in geographic nature-based tourism clusters suggests that “a hybrid regime of internal and informal institutions complemented by formal monitoring and enforcement” (p.586) is most effective. If more than eight firms are involved in a network, or if a firm has several network relationships, the management of partners starts to become complex. Then, cross-relational tasks are argued to involve the planning, organising, staffing and controlling of several parallel relationships (Ritter et al., 2004).

Obstfeld (2005) suggest that a ‘third-party who joins’ an organisation, serving as a means to the success of the organisation rather than for its own purposes, stimulates innovative behaviour within an organisation by overcoming structural holes. A ‘central network actor’ in a business-to-business relationship (Magnusson and Nilsson, 2003) or a ‘hub firm’ (Dhanaraj and Parkhe, 2006) in a strategic network (Jarillo, 1988; Sydow, 1992) or a buyer-seller relationship (Provan and Kenis, 2008) can possess “prominence and power gained through individual attributes and a central position in the network structure, and [use] its prominence and power to perform a leadership role in pulling together the dispersed resources and capabilities of network members” (Dhanaraj and Parkhe, 2006, p.659). The more centralised governance approach achieved through this kind of lead-organisation governance tends to be more efficient, increasing stability and external legitimacy (Provan and Kenis, 2008). In tourism, this kind of governance tends to be initiated and led by councils that are

rather bureaucratic, centralised and inefficient, both at including networks in their decisions and at building external legitimacy, because of their traditional service-provider roles (Beaumont and Dredge, 2010). As argued in the literature in tourism, a bottom-up network approach and peer networks (Cooper, 2006) are more valued by practitioners than service-provider networks (Zehrer and Raich, 2010).

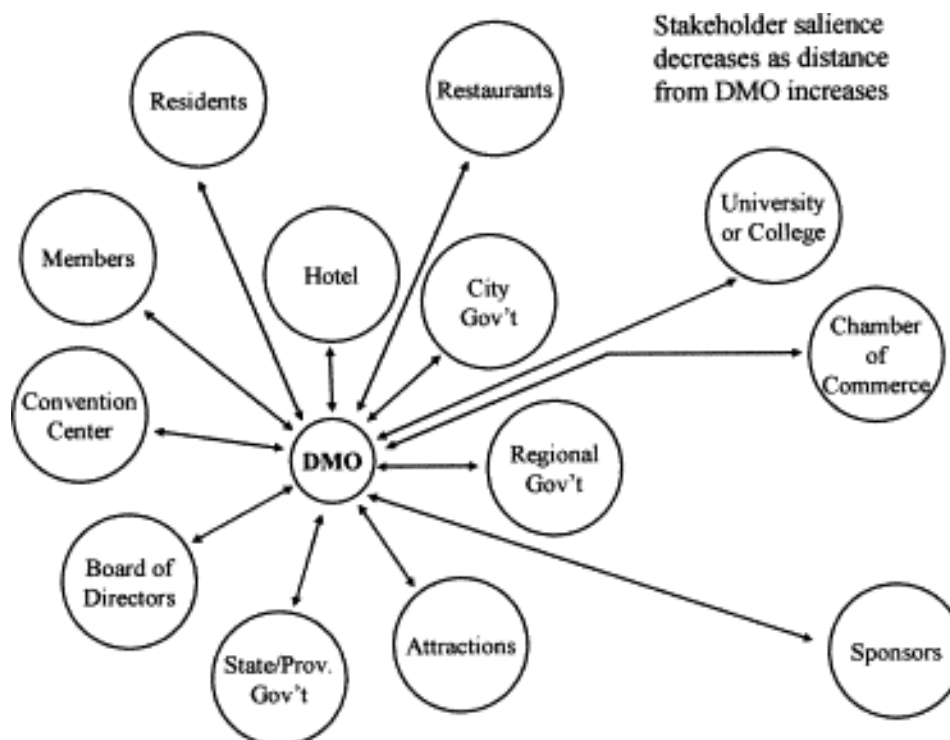
Alternatively, an external entity, a so-called network administration organisation (NAO) (Provan and Kenis, 2008), such as a single individual referred to as a facilitator or broker (Human and Provan, 2000), or a formal organisation physically distant from the network members (McEvily and Zaheer, 2004), may be employed to exclusively lead and coordinate the network: “Network brokers identify opportunities, bring small firms together and facilitate cooperation” (Hanna and Walsh, 2002, p.204). The broker’s role is to facilitate the building of internal and external legitimacy (Human and Provan, 2000), and increase network stability and efficiency (Provan and Kenis, 2008). Provan and Human (1999) highlight the broker’s role in facilitating the learning mechanisms of homogeneous (competitor) and heterogeneous (complementary) SME networks. A broker who strongly encourages and facilitates interaction among heterogeneous complementary firms will stimulate organisational learning. Moreover, brokers who commit themselves to exploratory learning in order to develop membership and member interaction will stimulate greater organisational learning in homogeneous networks. Although the different levels of organisational learning can depend on the type of network, Provan and Human (1999) strongly suggest that the broker play a crucial role in the network-based learning benefits. If the coordinator takes a proactive role, it is likely that they will encourage and maintain interaction among complementary firms. In turn, active network participation that

shapes trust was argued to influence the development of firms' absorptive capacity (Lane and Lubatkin, 1998).

According to Hjalager (2002), there seems to be a high degree of jealousy among tourism enterprises, because of (a) a lack of innovation capacity, (b) imitative habits, and (c) free-riding on the investments, ideas and success of competitors (p.469). To overcome these conditions, destination management organisations (DMOs) (also called tourism associations), regional tourism organisations (RTOs) and tourist boards are intermediaries for collaboration among tourism enterprises (Hjalager, 2002). Similarly, Inkpen and Tsang (2005) suggest that supportive organisations such as trade associations—in addition to social capital building—create facilitating conditions for network operation and management. Yet, the existence of these associations does not automatically generate strong personal connections among members (Grootaert and Van Bastelaer, 2001). Bornhorst et al. (2010) argue that the DMO is a central organisation that is responsible for the management and/or marketing of tourism in a region. In addition, DMOs must coordinate tourism stakeholders, improve communication structures, play a leadership, advocacy and liaison role, and develop a competitive tourism destination (Baggio et al., 2010; Beaumont and Dredge, 2010; Bornhorst et al., 2010; Ritchie and Crouch, 2000). In this way, they aim to overcome restricted arm-length KT activities in relationships (Hjalager, 2002). Network governance by local tourism organisations (LTOs) has been found to be highly efficient in improving communication structures, transparency, visioning, the acceptance of heterogeneous members and the development of a learning environment among the members (Beaumont and Dredge, 2010).

Lemmettyinen and Go (2009) argue that the coordinator of a tourism business network must have the capability to create joint knowledge or develop absorptive capacity, to develop and implement managerial roles, and to orchestrate and envisage the network in a way that strengthens the actors' common identity along with a strong partnering capability. This is in line with Sheehan and Ritchie (2005), who argue that the ability to reorganise uncooperative tourism stakeholders (the degree of salience illustrated in Figure 2-3) and build stakeholder relationships depends on three conditions: first, the extent of stakeholders' networking activities, second, the centrality of the organisation within the network, and third, the degree of social capital that DMO executives hold with members of the network (Sheehan and Ritchie, 2005, p.730).

Figure 2-3: A Stakeholder View of DMOs (Sheehan and Ritchie, 2005, p.728)



The structural network analyses that have been undertaken regarding tourism destination networks provide insights into the structural component of social capital that enables KT processes within a destination from a whole network perspective instead of individual actor's perspective. Moreover, network perspectives that seek to reveal the impact of individuals on aggregated tourism network outcomes mainly consider DMOs and their influence on the destination through tourism policy development (Henriksen and Halkier, 2009). According to Lemmetyinen (2010), DMOs can create value by actively coordinating and taking part in integrated marketing activities. Accordingly, Bornhorst et al. (2010) provide evidence that the DMO's success can be increased through operational activities (joint marketing and management activities), internal stakeholder connections, communication and KT through the identification of stakeholder needs, and to a lesser extent resources (knowledge about destination) and information on performance measures (visitor statistics) (Bornhorst et al., 2010). If tourism destinations aim to become competitive, DMOs need to value the tourism stakeholder relationships and such stakeholders' engagement in KT. Thus, in order to create a collaborative environment and motivate and coordinate stakeholder connections, social capital mechanisms other than structure seem to be crucial. However, there is a paucity of research investigating the impact of DMOs, as tourism business network coordinators, in creating a collaborative environment, stakeholder networking and KT.

2.5 Conclusion of the Literature Review

This chapter has approached the business networks among SMEs as a knowledge-based activity and conceptualised this activity as the outcome of knowledge-based motives, inter-organisational KT and social capital. In the knowledge-based economy, knowledge as a resource has become crucial for competitive advantage – for tourism

destinations and for tourism businesses. The tourism industry is mainly comprised of SMEs, which are generally heterogeneous. Those which are driven by growth and competitive advantage tend to cooperate locally to create value through the development of joint tourism experience products. Because tourism SMEs lack internal capacity and focus on a few core competences, these firms access knowledge from external resources. Various opportunities to do so exist, yet, instead of accessing knowledge from service providers (consultants or universities), tourism businesses are said to exchange information with peers. Thus, to understand the competitiveness of a destination, the dynamics of these peer relationships needs to be understood as networks are perceived as important vehicles of KT.

The heterogeneous suppliers at a destination provide a variety of knowledge exploitation and exploration. The general management literature has investigated a variety of facilitating conditions that help firms to successfully access and acquire knowledge through inter-organisational KT, and the inter-organisational antecedents of ACs. Although tourism network success has been argued to depend on joint objectives and purpose, organisational structure and leadership, a culture of trust, human, financial and physical resourcing, member engagement (Augustyn and Knowles, 2000; Morrison et al., 2004) and inter-organisational learning (Halme, 2001), there is a paucity of understanding of how network operation and management enable knowledge to be transferred, received or learnt, and thus how learning benefits are derived (Tinsley and Lynch, 2007).

Research investigating tourism networks from various network perspectives and applying the knowledge-based view has enhanced our understanding of the competitive tourism organisation as well as the competitive destination. These works

have provided insights into effective diffusion structures at a destination level. Large industrial, centrally organised destinations with strong local support, decentralised clusters and formal business networks display greater cohesion and provide opportunities for knowledge sharing and the development of integrated tourism experience products. On the other hand, informal social relationships among business people, those in rural destinations and loosely structured destination networks all provide evidence of a smaller amount of knowledge-sharing activities. In addition, relational attributes such as relational exchange, trust, frequent interaction, honesty and transparency have been found to stimulate learning networks in tourism. Organisational (strong) ties and cognitive proximity (product and market similarity) among network members suggest that cognitive aspects play a role in KT in networks. These studies suggest that social capital facilitates KT and that the social capital theory provides a tool by which to understand these networking activities. Nonetheless, mainly structural-functionalist analyses of networks have been used to measure relationships and explain network structures (Baggio and Cooper, 2010; Dredge, 2006). Few studies have concentrated on how the interconnectedness of local businesses influences their innovative processes (Novelli et al., 2006; Sorensen, 2007; Sundbo et al., 2007), and as a result their KT.

From the social network theory, networks with colleagues exemplify weak bonds that are cognitively close, as the members possess similar basic knowledge related to the industry and locations they are engaged with, and they speak the same language. Therefore, this study aims to further explore social capital aspects in the formation and operation of networks of SMEs, to determine which networks are exploited for value creation and which are explored for learning advantages, how network management enables KT, and how the context influences the network's operation and the

knowledge that is shared. This research looks into the networks in which SMEs engage, with the intention of explaining the meaning they ascribe to the KT potential among them, how they exploit the networks, what knowledge is made available, and the managerial as well as contextual factors influencing KT and network management. How these objectives are investigated is further explained in the following chapter, which is dedicated to the research methods applied.

3 Research Design and Method

3.1 Introduction

The previous chapter elaborated on the need for further exploration of theories of inter-organisational relationships and knowledge transfer from a relational rather than structural viewpoint. This chapter is dedicated to the research design and methodological approach used in this study that explores inter-organisational relationships with a knowledge-based view via in-depth interviews. In contrast to the previous and subsequent chapters, this chapter is written in the first person in order to present authentically the personal journey of my research. I start by presenting the rationale for this research design that includes my philosophical approach underpinned by a subjective view of reality and the underlying interpretive paradigm, from which I apply a multi-method qualitative strategy (3.2). This is followed by a section on the reason for choosing the research setting in North-East Germany (3.3). Before I outline the procedure I have used to analyse the data I will focus on data generation and collection. This entails a discussion on how I was able to ensure adequacy of and access to data, and the adopted ‘snowball’ network sampling procedure. I also provide some details on how I plan to document the data (3.4), followed by a presentation of the data analysis procedure (3.5).

3.2 Rationale for the Study

Several factors underlie the decision to use qualitative inquiry for this research: first, the research objective; second, the suggestions from the literature; third, the nature of the research questions. The underlying ontological and epistemological assumptions follow in the subsequent Section 3.2.1.

First, this research project addresses the need for empirical research into SME networks. To date there is no comprehensive conceptualisation and understanding of the complex nature and function of network structures and networking processes (Braun, 2005), including types of knowledge transferred around SME networks (Thomas et al., 2011), particularly in the tourism industry (Shaw and Williams, 2009). Chapter 2 has provided a pre-understanding of and background to the studied area and highlighted emergent issues from previous studies on the inter-organisational relationships of tourism SMEs, informing to the following research questions:

- How are tourism business networks formed and operated?
- How do SMEs benefit, for learning and exchange purposes, from building social and business relationships?
- How are tourism business relationships managed or coordinated?
- How are network management and operation influenced by the wider environment of the network actors?

Second, this qualitative inquiry considers also the nature of the subject studied, namely small organisations and human actions (managing these organisations and external networks), that “is essentially concerned with the nature of reality in the social world” (Shaw, 1999, p.60). Small firm development and the behaviour of owner-managers are difficult to research by applying the linear traditional models used in quantitative research (Fillis, 2006). Small business network researchers, who apply variables and numeric approaches, simplify their conceptualisations of networks (Curran et al., 1993). Haas and Mützel (2010), however, propose that ties among actors are phenomenological constructs deriving from their narratives, and thus an empirical development of content with respect to meaning, context and discourse is

needed. Selin and Beason (1991) call for theory-building research into the inter-organisational relationships in tourism. Almost two decades later, Scott et al. (2008a) find a broad application of qualitative approaches, primarily researching pre-identified relationships using thick description and illustrations of relations, in contrast to the network analysis applied in other fields of study. Increasingly, researchers of small business networks are advocating the adoption of qualitative strategies for investigating this social phenomenon in order to generate the necessary breadth and depth (Hoang and Antoncic, 2003; Jack et al., 2008; Shaw, 1999).

Third, it is the nature of the research questions that guides the researcher (Crotty, 2003). Accordingly, this study seeks to answer ‘what’, ‘how’, and ‘why’ questions, which legitimates a qualitative approach. These questions aim to generate theory grounded in data rather than uncover correlations and frequencies. By asking these types of question, one can encourage the interviewees to tell their stories about their experiences of networks and information sharing. Not limiting networkers’ accounts to a predefined context such as a particular network facilitates this process. In their answers, the participants use their own interpretation of what ‘networks’ and ‘information’ or ‘knowledge’ means to them. This type of approach aims to generate in-depth and broad information and insights about the nature of available knowledge and the influence of network operation and management on social capital. I discuss this further in the next section.

3.2.1 Research Philosophy

Crotty (2003) affirms that every research design should contain four interrelated approaches to explain and justify the methodology and method used. The research design for this study is established by the framework illustrated in Table 3-1.

Table 3-1: Research Design (Source: Author)

Four Approaches to Research Design	This Study's Research Design
Epistemology - the theory of knowledge	Subjective reality (Burrell and Morgan, 1979)
Qualitative inquiry: theoretical perspective - the philosophical traditions	Interpretive perspective (Crotty, 2003; Patton, 2002)
Methodology - the strategy, how to plan the data collection	Explorative research approach Multi-method qualitative strategy
Method - the technique, how to collect the data	Qualitative interviews (Flick, 2006; Kvale, 2008; Rapley, 2004) supported with secondary data, documents, workshop and discussion group, observation and conversations (Saunders et al., 2009)

Crotty (2003) argues that ontology sits alongside epistemology, being a way of understanding what is, while epistemology is an understanding of what it means to know (p.10). Researchers tend to perceive human beings and their world either in terms of a more subjective and/or objective reality (Burrell and Morgan, 1979). However, these realities lie on a continuum and advocates of either may incorporate insights from the other end of the continuum (Morgan and Smircich, 1980). In an objective approach, reality is perceived as a concrete process or structure, which exists independently and regardless of social actors (Bryman and Bell, 2007, p.21). This view has mainly been applied to investigate the structure of organisational networks and is, so far, the dominant approach used to operationalise social capital as a network constellation (Koka and Prescott, 2002).

In contrast, subjective approaches view reality as socially constructed (Burrell and Morgan, 1979) and related to personal issues, motives, emotions and perceptions (Gray, 2004). This study rests on the subjective view of reality, where individuals and

groups construct their social world and meaning “out of something” (Crotty, 2003, p.9), and thus create their realities of which they are part (Denzin, 2002). Because different people have different ideas about meanings, they make their own personal sense of truth (Crotty, 2003). In designing and analysing this research, I have assumed that a network comes to exist among small businesses because “conscious beings construe [this network]. As a [network], it too is constructed, sustained and reproduced through social life” (Crotty, 2003, p.55, subject under study inserted). Hence, the meanings each individual ascribes to these interactions makes any social interaction of daily life complex (Marshall and Rossman, 1995) and I investigate this complex meaning using a qualitative approach. Having identified the ontological and epistemological stances towards the idea of a subjective view of the world being socially constructed, I now explain my theoretical perspective.

A broad choice of methodologies (Crotty, 2003) derives from contrasting theoretical traditions and their underlying qualitative inquiry (Patton, 2002). Creswell (2012) suggests that novice qualitative researchers should choose one methodology to inform scientific learning. However, Watson (1997) suggests pragmatically drawing on insights from various methodologies, as a strict adherence to one particular choice is restrictive and not realistic. Theoretical perspectives can be distinguished according to ‘how meaning is perceived’ or ‘what kind of meaning’ the analysis seeks to explore (Hollstein, 2006). Patton (2002) distinguishes between theoretical perspectives by asking foundational questions, which are rooted in philosophy, sociology, political science, economic studies, etc. There is not just a single question that is relevant to this research. For example, there are questions about a common set of symbols and understandings (symbolic interaction), the conditions under which a human act may

take place (hermeneutics), and what theories emerge from systematic comparative analysis and are grounded in the data (grounded theory) (p.133).

This qualitative study largely aims to capture and understand the complex social phenomenon of network content, operation and management, and is thus grounded in the interpretivist paradigm. According to Gephart (2004), the interpretive perspective highlights a 'relation to somebody'. The interpretive paradigm asserts that social reality "does not exist in any concrete sense, but is the product of [the] subjective and inter-subjective experience of individuals" (Morgan, 1980, p.608). These experiences of human beings produce authentic meanings. These concepts are created in certain contexts that constitute individuals' social reality (Crotty, 2003), which means that the participant's perspective is explored, rather than the researcher's. Therefore, the idea is to interact with those involved in the research, generate data, and extract underlying patterns and order from their social lives (Morgan, 1980; Strauss and Corbin, 1990). By doing so, the perceived individuals' thoughts, impressions and feelings as well as their motives and personal evaluations regarding their own and individual experiences can be captured by analysing the data (Trigg, 1985). As a consequence, the investigator needs to be reflexive because of the sensitive and subjective data generated. Also, an open research approach is required to capture the subjective realities of the social actors. This is in contrast to an objective approach, which uses theories to generate hypotheses to test a particular phenomenon. An interpretive approach is open and flexible, which provides a framework to gain an authentic picture of the complex social reality of the investigated phenomenon (Bryman and Bell, 2007). Thus, this approach is appropriate for investigating organisations embedded in networks. Here, an organisation is a "social community" (Kogut and Zander, 1996, p.503). Ultimately, certain emerging conditions and mechanisms need

to be considered in order to explore the foundations of networks and the underlying patterns of the social actions of individuals in their embedded networks.

There seems to be a broad consensus of the common characteristics ascribed to qualitative approaches (Rossman and Rallis, 2003, p.8ff.) among the community of qualitative researchers (Cassell and Symon, 2004). These common characteristics are used to justify the qualitative inquiry into which this study neatly fits, as illustrated in Table 3-2.

Table 3-2: Characteristics of Qualitative Research (Source: Author)

Common Characteristics	Research Setting
Takes place in a natural setting reflecting normal everyday life	Gathering data about the small or medium-sized businesses of the participants, focusing on their networking activities and information-sharing approaches, to understand how they experience their (net-)work
Holistic view	Rich descriptions, given by individuals concerned with the study context, used to examine the relations among various emerging aspects
Description of Lebenswelten from the inside, capturing data on the perspective of social actors	To ask the networkers about their meanings of their experiences with networking and networks
Multiple methods	Applying qualitative interview data, and secondary data including documents, websites, concepts and brochures
Focus on context	SME networks, network management and operation (knowledge transfer), German tourism destination
Reflexive, flexible and iterative reasoning	Going back and forth between data collection, data analysis and understanding from the theory and literature review
Interpretive	Explore, reflect, and interpret the gathered data

First, the research takes place in a natural setting, which reflects the normal everyday lives of individuals (Miles and Huberman, 1994). Second, the research takes a holistic view of the subject under investigation (Patton, 1999). Third, the research focuses on the description of Lebenswelten from the inside and captures data on the perspectives of social actors (Flick et al., 2009; Rubin and Rubin, 1995). Fourth, the research uses multiple methods to capture individuals' perceptions and interpretations of meanings (Denzin and Lincoln, 2005; Van Maanen, 1979). Fifth, the research focuses on context-specific settings (Crotty, 2003; Patton, 2002; Schwandt, 2000). Sixth, the study is emergent rather than tightly prefigured (Strauss and Corbin, 1990) and finally, it is fundamentally interpretive (Cassell and Symon, 2004; Rossman and Rallis, 2003).

3.2.2 Methodology - Multi-Method Qualitative Strategy

The essence of my study is to 'verstehen' (to understand) the phenomenon and human beings rather than just 'erklären' (to explain) the given (Crotty, 2003). In this study the focus is on understanding and exploring the networker's working reality. I chose an exploratory approach to data generation and collection based on the lack of consistent literature about this research project's objective and the need to understand the phenomenon in its natural context. The primary objective of most exploratory research is to provide insights and understanding of the investigated situation (Flick, 2006).

Qualitative network studies have mainly been approached using a case study research strategy to investigate network contents (Halinen and Törnroos, 2005; Hallin and Marnburg, 2008; Lemmetyinen and Go, 2009; Sorensen, 2007; Weidenfeld et al., 2010) or through longitudinal studies to elucidate network processes, evolution and development (Hallin and Marnburg, 2008; Jack et al., 2008; Johannisson, 1996). A

case study research approach is used when a study is investigating a group of persons within a (network) organisation (Bryman and Bell, 2007). Halinen and Törnroos (2005) define a network case study as “an intensive study of one or a small number of business networks, where multiple sources of evidence are used to develop a holistic description of the network and where the network refers to a set of companies connected to each other for the purpose of doing business” (p.1286). However, Halinen and Törnroos (2005) point out that it is difficult to capture the complexity of a network case with all its direct and indirect links. The aim of this study is to investigate aspects of the network, rather than the complete network as a case, as would be required to ensure the quality of case study research (Yin, 2003). To answer the research question in this study there was no need to stick to one rigid network constellation, but the heterogeneity of network ties that individuals build in order to do business in the tourism context was considered. This study aimed to explore a ‘snapshot’ of reality (Saunders et al., 2009) and to use this real phenomenon to answer the research questions.

With these thoughts in mind, I applied a multi-method qualitative strategy (Saunders et al., 2009), adopting a single paradigm stance (Morse, 2003) to elucidate the foundations of network operation. This approach allowed me to “remain sufficiently open and flexible to permit exploration of whatever the phenomenon under study offers for inquiry” (Patton, 2002, p.255) and the network to emerge. Hence, using multiple qualitative methods I was aiming “to obtain a more complete picture of human behaviour and experience. Thus, we are better able to hasten our understanding and achieve our research goals more quickly” (Morse, 2003, p.189). Ultimately, qualitative interviews were the predominant method I used to understand the

phenomenon, and I complemented these with field notes, documents, informal conversations, observations and a secondary data review (Section 3.2.3).

In summary, this study aims to elucidate perceptions regarding what the facilitating factors are for knowledge transfer and how network management and operation enable social capital. The research focuses on how individuals, embedded in inter-firm networks and involved in knowledge-based networking activities, understand, make sense of and consider their actions and the actions of others. Therefore, it seems appropriate to address the issue through exploratory research, so as to understand the meanings and underlying patterns that tend to be best identified using inductive strategies whereby theoretical contribution is grounded in data (Bryman and Bell, 2007; Saunders et al., 2009) rather than the testing of theory (Eisenhardt, 1989).

3.2.3 Methods

3.2.3.1 Semi-Structured Qualitative Interviews

Van Maanen (1979) states that the qualitative approach covers “an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not frequency of certain naturally occurring phenomena in the social world” (p.520). Similarly, Denzin and Lincoln (2005) describe qualitative research as “multimethod in focus[...]using a variety of empirical material” (p.2). Qualitative interviews are most appropriate for conducting exploratory, inductive research that focuses on understanding social actions by interpreting the meanings of individuals and groups in a given social context (Rubin and Rubin, 1995). Qualitative interviews can be either semi-structured or open conversations (Flick et al., 2009) that gather in-depth insights (Rapley, 2004), and are commonly conducted face-to-face (Holstein and Gubrium, 1995). An interview is literally an inter-view or an inter-

change of views between the two people who are involved in a particular conversation (Kvale, 2008), where interviewer and interviewee are conversational partners (Rubin and Rubin, 1995). It provides deeper insight into processes that cannot be directly observed, and captures the experiences of the individuals (Holstein and Gubrium, 1995), while limiting the risk of socially desirable answers (Dana and Dana, 2005).

In addition, qualitative interviews are suitable where ‘how’ questions are asked, where little is understood about the phenomenon, and where context is important in order to produce valuable and usable findings, including those for practitioners (King, 2004; Rubin and Rubin, 1995; Saunders et al., 2009; Strauss and Corbin, 1990). Thus, semi-structured qualitative interviews are used to obtain qualitative aspects and descriptions of daily life activities and interpretations of the meanings of individuals (Kvale, 1996). Larger social systems (such as networks) may be understood by interacting with individuals who are part of such structures. The interview approach taken in this study is consistent with the research goals and methods used in similar studies (Lemmetynen and Go, 2009; Sorensen, 2007; Weidenfeld et al., 2010). The interviews were aimed at gathering insights into how networks are built and managed and elucidating what kind of knowledge is available to the established relationships. Factors, attitudes and behaviours influencing these processes are based on the perceptions and beliefs of the individuals involved.

3.2.3.2 Complementary Data Sources

In the field work, I generated the majority of the empirical data by conducting semi-structured qualitative interviews with tourism firms, and by collecting documents as data sources to act as adjuncts to the interviews (Saunders et al., 2009). In addition to these explicit sources, I generated further data through informal conversations and

observations of websites and networking events. Secondary data gathered from relevant books, articles and statistics provide general information about the study context. Moreover, I accessed two sources of documents: (a) those which were published and could be accessed, such as press releases, newsletters and journals; (b) those provided by the interviewees, such as handbooks, mission statements or promotional leaflets, offering evidence of their inter-firm relationships and information circulation. Furthermore, I wrote field notes to accompany the interview process and describe the interview setting (further explained in Section 3.4.3.3).

An overview of the multiple methods adopted is provided in Table 3-3. These sources are useful in cross-examination and data triangulation as well as in supporting the analysis and understanding of the interviews. These complementary sources help to generate further insights into the meaning of the stories and accounts provided by the participants about networking activities

Table 3-3: Empirical Data Sources (Source: Author)

Data Material	Details	Description
Literature review	Pre-understanding about research context	Evolutionary process before and during data collection and analysis
Documents publicly available	Background information on situating the research and supporting the data analysis (literature, industry reports, tourism policy concepts, press releases, newsletters, statistics and analysis)	Starting in 2009 prior to entering the field and informing the research interviews through industry reports, firms’/associations’ websites and press releases
Presentation and workshop discussion group	31 participants	November 2009 before the main field work started
Formal interviews	12 first-round interviews 38 interviews (28 with SMEs’ representatives and 10 with network coordinators)	July to October 2009 January to November 2010
Documents provided by interviewees	Further insight, understanding and triangulating of the interviews (concepts, marketing material of the firm or networks, publications, e.g. handbooks or applied master’s dissertations)	These documents were analysed according to their contents after the interviews, to inform the analysis
Observations and informal conversation	Websites 3 networking events	Mission statements, further hints on links.

The data generation and collection journey is explained in Section 3.4. In the following section the process of finding a suitable research setting is presented.

3.3 Situating the Research in a German Tourism Destination

Having identified a research design appropriate for answering the research questions in the previous section, in this section I present how and why I identified the research site (Bryman and Bell, 2007). The aim was to choose a natural setting appropriate for

investigating (a) SMEs that were (b) engaged in tourism, (c) involving inter-organisational relationships, and that would (d) set an appropriate geographical boundary, as necessary for network research. First, the location would need a predominance of SMEs rather than larger organisations (such as tour operators, hotel chains or resorts) so that I would be able to concentrate on smaller businesses. This would increase the likelihood of interviewees referring to partners and other organisations also falling into the category of SME. Second, the destination's primary economic sector would need to be tourism so that there would be an opportunity to find a broad variety of tourism networks with different reasons and motivations for network operation and knowledge-sharing activities. Third, the area would need to contain some existing tourism networks to facilitate the investigation of network operation, and entry to the sampling procedure. Fourth, it was required that the destination had a dominant common tourism stream (for example, nature-based tourism or adventure), the intention being to find a broad variety of SMEs pursuing similar goals. This would also increase the likelihood of finding organisations doing business together in tourism.

3.3.1 Characteristics of the Tourism Industry in Germany

The context of this study is based in Germany in order to increase the variety of cultural contexts, which need to be taken into consideration when studying inter-firm relationships (Brass et al., 2004). Germany's tourism industry consists of some major global players; nevertheless, 90% of it is represented by SMEs (Intel Report, 2008; OECD, 2008), of which most small businesses involved in tourism are micro-businesses (Shaw, 2004) for which a variety of national trade associations³ exist.

³ For example, the German Tourism Association, Federal Association of the German Tourism Industry, German Spa Association, German Hotel and Restaurant Association, German Chamber of Industry and

Germany's tourism sector has substantial national and international economic importance, and has achieved a globally significant level of international arrivals and receipts (World Tourism Organisation, 2008). The main incoming markets are from the Netherlands, the US and the UK. Germans themselves are the main source of inbound tourism arrivals, which is reflected in the 81% domestic arrivals and 19% inbound-tourism (Hintereder et al., 2008). International incoming tourists tend to target the southern and western parts of Germany, whereas the northern part, in particular the New Länder (formerly East Germany) of Germany, has low international arrivals and is relatively unknown internationally (DZT, 2009). Nonetheless, domestic tourists most value the Baltic Sea coast and Mecklenburg-Western Pomerania, as well as the northern coast and Bavaria (Eisenstein and Müller, 2012). The former East German destinations benefit from longer average stays than the former West German ones (dwif-Consulting GmbH, 2008).

3.3.2 Situating the Research in Mecklenburg-Western Pomerania

Mecklenburg-Western Pomerania (MWP) was chosen as the study context. This new federal state has recorded the strongest growth in arrivals at the federal level in the eastern regions (German Trade and Investment, 2009) and is acknowledged as a growing tourism destination in Germany (BMW, 2008; Coles, 2003). Tourism is the destination's most important economic sector (Wirtschaftsministerium, 2004) and is seen as an opportunity for economic development within the destination (Braun, 2009). The tourism industry of MWP is scattered and small-scale in nature, which is reflected in the lowest intensity of tourism⁴ (15,540 overnight stays per resident)

Commerce, German Travel Association, German Cyclists' Federation, German International Hotel Association etc.

⁴ Intensity of tourism is an indicator to quantify the meaning of tourism for a community. The measure indicates the number of overnights per 1,000 residents (Gabler lexicon)

among Germany's destinations (CIA, 2009). Within the destination the Baltic Sea coast, Lake District and Rügen benefit from above average tourism intensity (dwif-Consulting GmbH, 2008).

Natural factors are important resources for touristic attractiveness (Gearing et al., 1974), in particular for Germany's tourism industry. MWP's tourism industry benefits greatly from natural resources and is famous for its nature-based tourism (Eisenstein and Müller, 2012). The area is presented by the Ministry of Economic Affairs, Building and Tourism on their Website (www.mecklenburg-vorpommern.eu) as follows:

“Mecklenburg-Vorpommern – it's the deep blue lakes and the green meadows. Rape in bloom covers the landscape like a yellow robe and, as night falls, the lights of the fashionable promenades scintillate like an evening gown. The temperament of lively towns mixed with the quietude of idyllic villages and swathes of land are a picture full of harmony. The inhabitants love their land – and so do the great number of guests. The rates of growth in tourism have been enormous: since 1993 the number of overnights has risen from 7.6 to about 27.6 million, the number of beds has increased from 77,000 to 183,000. In the meantime Mecklenburg-Vorpommern has become the most popular tourist destination in all of Germany” (Staatskanzlei des Landes Mecklenburg-Vorpommern, 2009).

Nature tourism is a broad concept and includes outdoor activities, recreation in nature, national parks and biosphere reserves. Nature tourism is defined as “primarily concerned with the direct enjoyment of some relatively undisturbed phenomenon of

nature” (Valentine, 1992, p.108) or is “associated with viewing or enjoying natural ecosystems and wildlife for educational or recreational purposes” (HaySmith and Hunt, 1995, p.203). From a German perspective, nature-based tourism encompasses rural tourism, with a variety of national parks and natural areas, as well as farm tourism. This can be interpreted as camping, cycling, hiking, rural/farm tourism and the like where the traveller’s experience is focused on nature. There are 100 nature parks, 14 national parks and 14 biosphere reserves, as well as 60,000km of bicycle paths, 200,000km of hiking paths and 10,000km of waterways through which to experience activity tourism in contact with nature (DTV, 2007). Also, the largest Lake District in Germany is located in MWP, close to the Baltic Sea region. Consequently, the research context focuses on the nature-based tourism areas of the destination, with networked small-scale tourism businesses, and their interdependence in offering tourism experiences.

Germany’s tourism is decentralised. This means that planning, development and direct support of tourism is the responsibility of the States with a consequent tourism product differentiation across federal states according to their resources. MWP is decentrally organised into urban and regional tourism areas as illustrated in Figure 3-1. The environment is the main source of regional tourism differentiation in MWP. Some cross-border cooperation, such as the joint promotion of long-distance bicycle tours or waterways (Brandenburg, MWP), exists and provides evidence of cross-border ties.

Figure 3-1 Geographic Location and Tourism Areas of Mecklenburg-Western Pomerania (Source: Website of the Federal State of Mecklenburg-Vorpommern)



The areas within MWP demonstrate economic variance (Kaiser, 2007), which is measured according to the uneven market share of the regions. The Baltic Sea coast is promoted as a sun, sand and sea tourism area, and has the highest share (24.6%), followed by the Inland Lake District, which is promoted as an area for nature and adventure tourism (17% inclusive of the neighbouring tourism region of Mecklenburg Switzerland). These areas, as well as the island Rügen, have received substantial support with infrastructure development since the reunification of Germany (Coles, 2003) and depend highly on tourism as an economic sector (dwif-Consulting GmbH, 2008). During the communist-era, MWP was a restricted Baltic seaside holiday destination for annual vacation and domestic Visiting Friends and Relatives (VFR) trips (Coles, 2003). Since 2001 MWP pursued the promotional themes “Brick Gothic”, “land of castles, gardens and manor houses” as well as “fascination water”. However, the regional government proposed in its tourism concept 2010 several

tourism development potentials. These are art and culture, MICE (business tourism), nature-based tourism, hiking, golf and VFR.

The destination acknowledges the innovation potential with respect to tourism products, quality and marketing (DTV, 2007) in response to an increasing demand for nature-based tourism experiences and quality (Chafe and Honey, 2005; World Tourism Organisation, 2001). The regional government published a ‘tourism policy concept 2010’ and put forward a framework for tourism of MV, highlighting optimising quality, cooperation among tourism and nature conservation stakeholders, and improvement of monitoring and statistical data (Wirtschaftsministerium, 2004). Combining and upgrading the portfolio of attractions and facilities is a way to expand opportunities and reduce the seasonality of the tourism industry in the destination. Given the fact that the financial support for economic growth and development will gradually be disestablished, and in view of the inherently small-scale nature of tourism, stakeholders are strategically searching for solutions through enhanced network building (Mews, 2010). In a review of R&D-intensive and innovative regions in eastern Germany, Koschatzky and Zenker (1999) state that the structural interruption led to a “reorientation and reappraisal of cooperative relationships” (p.12) after reunification and assert that there is a tendency towards trust-based regional networks. This kind of informal governance was also suggest to be valuable in geographic nature-based tourism clusters (Huybers and Bennett, 2003)

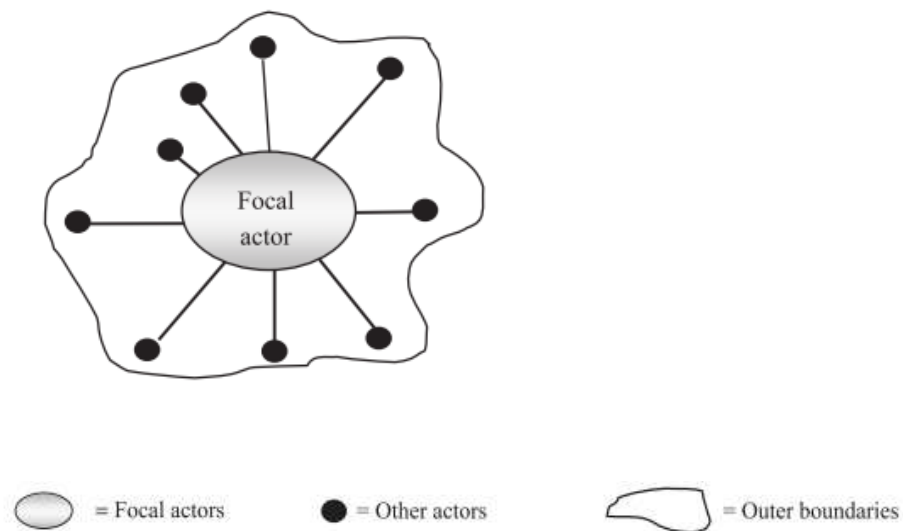
In summary, this setting seems appropriate for an investigation of inter-firm relationships among SMEs in tourism, and an exploration of the network operations and management that enable social capital together with the knowledge available within these networking activities. MWP is a tourism-intensive destination dominated

by SMEs. The focus here is on tourism SMEs operating in nature tourism, as it may be argued that tourism businesses with similar tourism strategies possess similar knowledge, and similar interests in cooperating and exchanging knowledge. Existing networking activities and inter-firm relationships could be inferred from the tourism policy statements and the available but scarce literature and ultimately confirmed in the first round data generation process explained in Section 3.4.1.

3.3.2.1 Network Boundary

Before starting with data generation and collection, the unit of analysis of a business network study needs to be determined in order “to decide what it is you want to be able to say something about at the end of the study” (Patton, 2002, p.229). This is achieved by asking questions about the boundary of the network (Halinen and Törnroos, 2005). A macro-view of a focal actor within the network (which is defined by the focal actor him or herself) or a dyadic micro-view can be taken (Johanson and Mattsson, 1988). It is difficult to study an entire business network with all its direct and indirect links, as it is a challenging task to identify tourism enterprises involved in inter-organisational relationships (Sheehan and Ritchie, 2005). Therefore, I have sought a focal actor’s definition of the unit of analysis. This consists of the focal actor’s networks, along with its immediate set of relationships among tourism firms (Halinen and Törnroos, 2005), as illustrated in Figure 3-2.

Figure 3-2: Boundaries through a Focal Actor's Perspective (Halinen and Törnroos, 2005, p.1289)



In this study, I have aimed to include a relatively high number of connected firms, with a focus on the relational properties (Selin and Beason, 1991) among the variety of exchange relationships. I imposed no limits in terms of particular network constellations (e.g. competitive horizontal relationships, such as among hotels or attractions alone, a cluster, or a regional tourism association) prior to my entry into the field. Whereas regional tourism organisations (RTOs) act as regional tourism networks through their memberships, it does not necessarily follow that all network members are connected and cooperate to build a dense network.

The purpose of this research is to reveal what forms of deliberate relations occur between tourism businesses, and to let the network emerge naturally from the data. Thus, I have investigated the relationships that emerged from the study's data-generating efforts. The network is socially constructed by a variety of individual relationships and organisations (individuals). Given this, the purpose of the study is to identify the reasons for these relations and what knowledge resources are available

and transferred. This also provides interesting insights into the foundations of network operation, how networks are managed, what contextual factors influence network management and exchange processes, and how knowledge is made available for sharing at the inter-organisational level. Accordingly, the gatekeeper (see Section 3.4), as the focal actor, has denoted the network horizon that defines the unit of analysis.

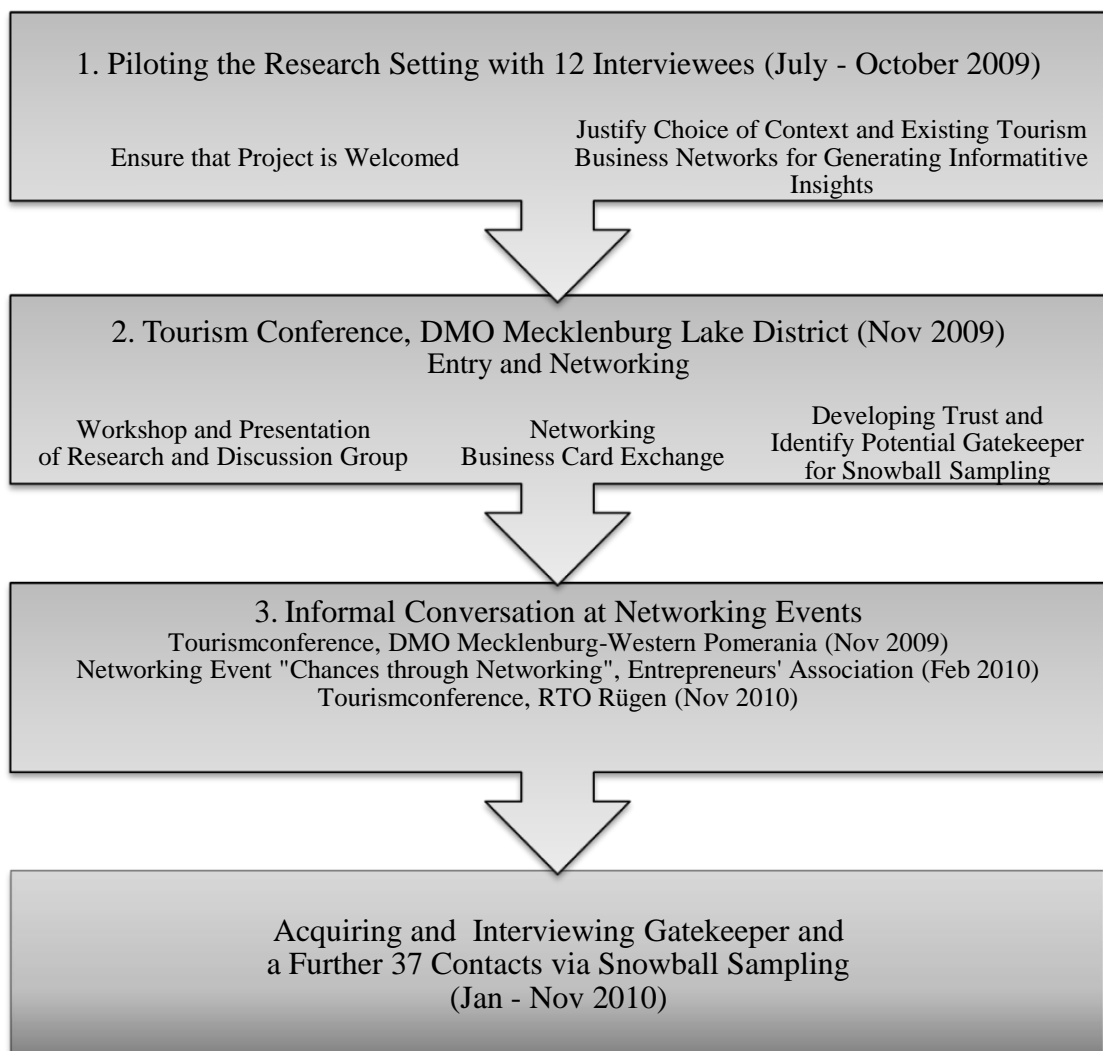
The geographical boundary for the purpose of this network study is the tourism destination MWP in Germany. This focus is aligned to the view that tourism is seen as a “networked industry where loose clusters of organisations within a destination...cooperate and compete” (Scott et al., 2008a, p.3, emphasis added). Moreover, “the particularities of tourism – for example the spatial bonds to specific destinations – may be a platform for the construction of new empirically grounded theories that take into consideration the distinctive features of tourism” (Hjalager, 2010, p.10). With respect to boundary setting, this approach is feasible and informative, because the community affairs with respect to inter-organisational knowledge transfer are considered with reference to their common relevance to the organisations (here, through nature-based tourism). Thus, the information flow can be treated as a closed system, excluding for example the cross-border context (Laumann et al., 1992, p.76). In the following, I present the research design and data collection process.

3.4 Data Generation and Collection Journey

Morse (1994) states that the selection of site (here, the location of the SMEs’ network) is a crucial part of designing qualitative research, and suggests starting the search for an appropriate setting early in order to ensure access. Gaining access is often the most difficult part of the interview process (Flick, 2006). This seems particularly true in the

tourism context, where tourism enterprises are not always open to new ideas (Hjalager, 2002). To facilitate the selection, entry and access process, I conducted first-round interviews with administrators and key individuals in the MWP tourism industry. The following Figure 3-3 illustrates the procedure followed, from entering the field, to gaining access to acquiring the gatekeeper, which I present in detail in the subsequent sections:

Figure 3-3: Data Access and Generation Process (Source: Author)



3.4.1 First-Round Data - The Entry Process

The research project builds upon twelve first-round interviews with key informants, conducted between July and October 2009 (see Table 3-4). These interviews were carried out to get an initial insight into the field and familiarity with the facilitators in order to ground and inform the empirical study (here: MWP). These interviews were also aimed at justifying the research objectives and the research context as being relevant for practitioners in addition to making a theoretical contribution.

When designing the sampling for these key interviewees, people were sought who had gained substantial experience in their area and were in an appropriate position to share their knowledge about networks and networking activities, inter-organisational relationships and innovative businesses. Thus, I purposefully sampled representatives and administrators from the Destination Management Organisation (DMO) and RTOs. The latter in particular manage and coordinate individual businesses in their respective regions and are closest to, as well as knowledgeable about, their regional tourism businesses (Cooper et al., 2006; Hjalager, 2002). I approached one representative of the DMO and five directors of RTOs that promote their regions as nature and activity destinations. These interviewees each had several years of experience in the destination-based tourism industry, except for one director (CH1) who had only started in their post in January 2009 but had industry experience within the destination. In addition, I interviewed three coordinators of destination-based subject-related tourism networks, the head of the tourism division of the state's ministry, and two coordinators of a Germany-wide nature-based tourism project.

Table 3-4: First-Round Interviews Used to Enter the Field (Source: Author)

Code	Position	Type of Firm	Area
CH1	Director	RTO	Mecklenburg Switzerland
TV1	Director	RTO	Vorpommern
AN1	Director	RTO	Lake District
JÖ1	Director	RTO	Schwerin
FK1	Director	RTO	Fischland Darß Zingst
TW1	Head of Department	Destination Management Organisation	Mecklenburg-Western Pomerania
NK1	Director	Landaktiv e.V. (Network)	Mecklenburg-Western Pomerania
CH2	Director	Landurlaub (Network)	Mecklenburg-Western Pomerania
MK1	Head of Unit, Coordinator	National Park Agency Müritz National park partner	Lake District
WM1	Head of Unit	Ministry of Economics, Labour and Tourism	Schwerin
DD1	Deputy Director Coordinator	German Tourism Association (Head of Project Management)	Germany
RJ1	Coordinator	German Tourism Association (Project: Nature tourism guidelines)	Germany

The objective of these semi-structured interviews was to gather insights into the following: (a) the objectives of the respective organisations, (b) their cooperation partners and members, (c) how the latter are selected and coordinated, (d) joint goals, (e) the cooperation attitude of the members, (f) tourism networks that have developed in the respective regions, (g) if applicable, the position in relation to other RTOs, and (h) anything else they perceived as important. A semi-structured interview guide was used (Bryman and Bell, 2007; Patton, 2002) to support this preliminary data generation (see Appendix 1). Notes were taken during every interview and

complemented with an interview log⁵. This data set were analysed as described extensively in Section 3.5 and generated three main themes: objectives of organisation, coordination, cooperation and partners. The empirical evidence gained from these semi-structured interviews with tourism stakeholders in the destination in question was useful in generating confirmation and contextual insights and identifying gatekeepers. Summarising the outcomes, the twelve interviews enabled me to

- confirm that the selected destination was appropriate because it represented the desire for inter-organisational relationships to achieve destination competitiveness;
- confirm that the research focus was relevant and important to the state's tourism industry and policy agenda;
- identify that any form of networking and cooperation among SMEs to develop high-quality nature tourism experiences is a matter of development;
- identify potential gatekeepers active in building networks and networking activities;
- align the research focus in terms of finding that the RTOs are a potential relational broker for inter-organisational relationships; and
- obtain recommendations for a potential gatekeeper as the person famous for networking activities and leading a successful tourism enterprise in the Mecklenburg Lake District, which is embedded in a wide tourism-related network.

In the course of these interviews, I was invited to be a guest speaker at the annual tourism conference organised by the Lake District Tourism Organisation. This situation provided me with the opportunity for a second round of data generation, which I explain in the following section.

⁵ See Section 3.4.3.3 for a fuller description on documentation

3.4.2 Second Round of Data Generation – The Access Process

Das (2003) suggests that academics and practitioners need to engage in each others' worlds in order to understand the essence of managerial practice and research insights respectively. With this customer-oriented approach, I gained insight into the field under study, giving me an appreciation of the reality of the managerial world. The managers, on the other hand, had the opportunity to express their need for knowledge, which can facilitate the generation of research findings with realistic managerial implications. There are numerous ways to gain access; however, the most effective is to slip into the role of the studied field (Fontana and Frey, 1998), in this case networks.

I used my guest speaker opportunity at the annual tourism conference—which had the characteristics of a 'familiarity tour' for regional tourism businesses (Selin and Beason, 1991)—to present my research and facilitate a workshop about my research area. The attendees were practitioners from regional tourism businesses (owner-managers, network representatives, coordinators, employees etc.). The participants were invited by the regional tourism organisation (AN1) to take part at the conference with an offer of various workshops they could sign up for. The high response rate and workshop attendance relative to the attendance of further offered workshops (40 initial registrations versus 5 at the parallel workshop) demonstrated the perceived importance and value of the issue of networks and cooperation. Hence, the 31 participants for my workshop aimed to learn more about network operation and management and were interested in discussing the research topic. The presentation was titled 'how to generate competitive advantage through networking and cooperation' (Scherl, 2009). The objective was to provide details of the research undertaking, practical issues

relating to networking and network studies as well as best practice examples of successful tourism cooperation.

In addition, in the workshop I aimed to examine knowledge, experiences, current behaviour, opinions, perceptions and feelings on the networking and cooperation of the attendees and participants. This included an informal, un-structured, and free-flowing group discussion (Saunders et al., 2007), which allowed the participants to share their experiences and evaluate their networks. I initiated the discussion by asking about weaknesses in their network operations and management. This gave the members the chance to talk about their frustrations and issues with (not yet established) networks and encouraged the audience to criticise or challenge the presentation, which led to a discussion on 'how to do it better'. An attempt to bring in as many contributions as possible was made by asking questions for example, "what do others think about this?" or "has anyone made a similar/different experience?". A flip-chart technique was used to visual enhance the participants' comments, record the ideas of the participants, and generate immediate feedback and further explanation of their experiences with networks. After the workshop I used the flip charts notes and developed a structure of these findings by grouping the ideas into categories. The group discussion generated a breadth of points of views on business networks and an understanding of the participants' interpretation of benefits and conflicts, advantages and disadvantages of network operation and management as summarised in Table 3-5. Moreover, the discussion with the participants provided evidence of current network activities at this destination. I then inserted these findings in the initial presentation and provided these insights to the regional tourism organisation for representation purposes through their social media tools.

Accordingly, this group interview informed the subsequent data collection with a clearer focus (Saunders et al., 2007) and interview questions for the third round of data generation (Section 3.4.3) were reflected upon, and led to more interesting and insightful contributions to the area of investigation.

Table 3-5: Overview of Practitioners’ Perspective on Network Relationships (Source: Author)

Firm-Level Advantages	Disadvantages
<ul style="list-style-type: none"> • Reliability • Generate an holistic experience for the customer with various components of the region • Increase quality for the customer • Creativity • Operational strength • Share ideas and encourage others to become innovative and unify the network content 	<ul style="list-style-type: none"> • One-sidedness (unequal effort) • Competitive behaviour among members • Time intensive • Unreliability of the partner
Cooperative	Conflict
<ul style="list-style-type: none"> • Additional marketing/promotion • Strong destination • Virtual network (e.g. Facebook?) 	<ul style="list-style-type: none"> • Dependency • Partner’s quality standards • ‘Overreached’ (if benefits/expenditure is not distributed evenly among the network actors) • Qualification(s) • Imbalance

At the end of the workshop participants were encouraged to exchange business cards for enhanced networking opportunities. The remaining hours were spent on personal networking and talking to people at the conference. While networking, I discussed my attendance, role and research, which led to conversations about networks and networking attitudes. Ultimately, the forum aided my initial informal conversation with the suggested potential gatekeeper, the director (TK1) of the main tourism

attraction of the region, and ensured consent for the subsequent in-depth interview study. In the following, I outline how I generated and collected the data for the main study.

3.4.3 Third Round of Data Generation and Collection - The Main Field Work

The data generation process of the qualitative interview study took place between January 2010 and November 2010. In the following, I explain the sampling of the interview partners, the design of the interview guide and the documentation of the data generated.

3.4.3.1 Sampling

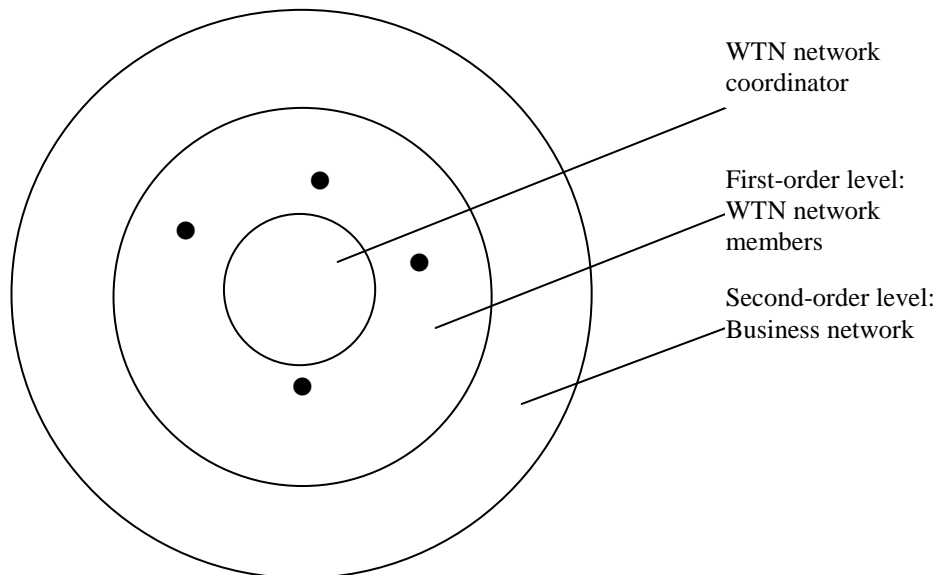
In this section, I clarify how I purposefully sampled actors and their relations. As I explained in Section 3.3.2.1, a focal actor's perceived network horizon was sought for the investigation. As indicated above, it is difficult to determine appropriate participants with inter-organisational relations in advance. Types of egocentric relations are only visible once one gets into the field. Thus, snowball network sampling (Erickson, 1979) provided a promising and practicable solution to the sampling challenge. Snowball network sampling is a gradual process. It starts with the identification of one actor from the sample who acts as the gatekeeper (Flick, 2006). The gatekeeper is part of the sample and occupies an insider role, with the necessary know-how to support the researcher in terms of access to the society. Thus, my research relied on the gatekeeper's and the further nominated individuals' insider knowledge and opinions. The gatekeeper TK1 of this study was suggested in the first round of data generation (Section 3.4.1), recruited in the second round of data generation (Section 3.4.2), and confirmed his/her participation by replying to the standardised invitation email I sent, which provided details of the research.

I interviewed the gatekeeper for the network study (TK1) in January 2010 and asked them to refer me to connected partners so that I could proceed with the network sampling. In network studies, relations can be classified according to the frequency of interaction and intensity of ties among the actors (Wasserman and Faust, 1994, p.31), the density of the networks (Granovetter, 1976), or the perceived importance that the focal actor gives to the relations (Halinen and Törnroos, 2005). Because I take a relational perspective in this study, I asked for partners with whom TK1 had specific types of connections in the respective tourism destination. I specified that this could include relations based on information exchange or combined offers/services that helped to secure the business network's focus, relations with those whom they perceived to be innovative, enhancing the likelihood of gaining insights into external knowledge sources, and anyone else they perceived to be key informants regarding this issue, which pointed me towards businesses with further networks. This helped me to identify representatives of SMEs from business networks that encompassed different types of tourism businesses from various sectors, as well as business network coordinators.

Subsequently, I sent the same invitation email explaining the research and including the reference of the nominee to each of the referred individuals. I then attempted to gain access to nominated actors for an interview. According to Wassermann and Faust (1994), all these nominated actors form the 'first-order zone'. Subsequently, the actors from the first-order zone are requested to nominate further well-connected individuals, who then constitute the 'second-order zone' and so forth (Wasserman and Faust, 1994, p.34). Thus, this became a continuous process where the key representatives referred me to their established relations.

What emerged from the study was a kind of ‘micronet’ similar to that suggested boundary by (Halinen and Törnroos, 1998) that encompass four members in addition to the actor-network perspectives explained in Section 3.3.2.1. The gatekeeper referred me to his current most important network, which was the closed, brokered network of the four largest edutainment centres that span four tourism regions within the destination (Lake District, Vorpommern, Island Rügen and Rostock), recently initiated in 2008. Hence, representatives of these network members (organisations) became the actors of the ‘first-order level’ (micronet), and each of them nominated further network partners, who became the actors of the ‘second-order level’ (macronet), with some but not exhaustively and comprehensively overlapping ties as illustrated in Figure 3-4.

Figure 3-4: The Two Network Zones of the Study (Source: Author)



Thus, the sampling of the unit of analysis became a flexible approach, with the focus on elucidating the SME managers’ engagement in networks, and exploring what knowledge seems to be available in business networks. Remaining flexible is an

element of qualitative research and is also supported by network researchers such as Håkansson and Ford (2002), who argue that

“Business researchers cannot predict the direction of development of a network, nor forecast the final effects of any network action [...] networks are built on variety, but despite this they do have systemic properties. This means that the answers to managers’ questions about their interactions will always depend on the specific situation and context” (p.138).

Hence, the snowball sampling continued through two levels, and the nomination process carried on until the actors of the second-order level had been nominated and interviewed. On the one hand, this provided data triangulation, and each of the connected partners’ data could be analysed according to similarities and differences. On the other hand, issues of ethical considerations concerning privacy protection, confidentiality and anonymity needed to be met. This was addressed at the beginning of each interview and reiterated at the end of each interview. However, the fact that the partner knew the person he/she was recommending was not perceived to be problematic, and the contents of past interviewees were kept confidential. The opposite effect seemed to occur, in fact, as the referred partner often felt ‘honoured’ to be chosen as an ‘important’ or ‘informative’ partner.

During the recruitment phase, some of the nominated partners from the second-order level required a repeat invitation, but did eventually agree to be interviewed. However, four potential interviewees from this level could not be recruited, either because of a lack of time on their part or because they did not respond to repeated inquiries about participation. The interviews conducted up to and including the

second-order level were sufficient to generate theoretical saturation (Goulding, 2005). Nominated partners that would have constituted the third-order zone were not followed up. Thus, the boundary of network ties was defined so as to include these two levels.

In total, 38 interviews with participants from 25 different organisations were conducted, ranging in length from 45 to 100 minutes. From these interviews, 28 interviewees were representatives of organisations, in this study so-called networkers, and narrated their perspective of coordination and the operation of cooperation. Further 10 interviewees narrated their coordinator's perspective of strategic management and the operation of brokered networks. The coordinator (HG1) from the emerging first-order level had the sole task of managing and coordinating the network, whereas the interviewed coordinators from the second-order level were managing networks as part of their jobs. The 25 organisations represented various sectors, ranging from RTOs to the hotel sector, as well as the edutainment sector, cultural and natural attractions, adventure activities, museums and transport, and were spatially distributed across five regions as shown in Table 3-6 and Table 3-7.

Table 3-6: Characteristics of Participants (Source: Author)

	Person	Occupation	Age Group	Sex	Education Level	Work Experience Tourism Industry	in Firm	
first-order level	1	TK1	Director	30 - 40	m	Graduate and experience	3 - 6	2 - 4
	1	FS1	Employee	50 - 60	m	Graduate and experience	> 6	> 4
	1	AG1	Employee	40 - 50	f	Graduate and experience	> 6	> 4
	1	RS1	Employee	40 - 50	f	Graduate and experience	> 6	> 4
	2	US1	Director	30 - 40	m	Graduate and experience	3 - 6	> 4
	2	SS1	Middle Manager	30 - 40	f	Graduate and experience	3 - 6	> 4
	3	JO1	Middle Manager	30 - 40	m	Graduate and experience	3 - 6	1 - 2
	3	JK1	Middle Manager	30 - 40	f	Career changer	1 - 3	1 - 2
	3	JW1	Director	30 - 40	m	Graduate and experience	> 6	1 - 2
	3	NV1	Middle Manager	30 - 40	f	Graduate and experience	> 6	0 - 1
	3	KH1	Employee	40 - 50	f	Graduate and experience	> 6	> 4
		HG1	Coordinator	30 - 40	m	Graduate and experience	1 - 3	0 - 1
second-order level	1	SM1	Director	40 - 50	f	Career changer	> 6	> 4
	1	AB1	Employee	20 - 30	f	Training and experience	> 6	> 4
	1	AB2	Employee	40 - 50	m	Training and experience	> 6	> 4
	1	JR1	Director	30 - 40	f	Graduate and experience	> 6	2 - 4
	1	MA1	Entrepreneur	50 - 60	m	Training and experience	> 6	> 4
	1	JG1	Middle Manager	40 - 50	m	Graduate and experience	> 6	> 4
	1	WR1	Middle Manager	30 - 40	f	Graduate and experience	> 6	2 - 4
	1	JW2	Employee	30 - 40	f	Career changer	> 6	> 4
	1	KT1	Entrepreneur	40 - 50	m	Graduate and experience	> 6	> 4
	1	MG1	Middle Manager	30 - 40	f	Career changer	> 6	> 4
	1	SM2	Entrepreneur	40 - 50	m	Training and experience	> 6	> 4
	1	AZ1	Director	30 - 40	f	Graduate and experience	3 - 6	2 - 4
	2	JG2	Middle Manager	30 - 40	m	Graduate and experience	> 6	> 4
	2	HS1	Middle Manager	40 - 50	f	Graduate and experience	> 6	> 4
	2	EM1	Director	40 - 50	f	Graduate and experience	> 6	2 - 4
	2	ML1	Middle Manager	40 - 50	m	Graduate and experience	3 - 6	> 4
	2	CB1	Middle Manager	20 - 30	f	Graduate and experience	3 - 6	0 - 1
	2	SS2	Director	40 - 50	f	Training and experience	> 6	2 - 4
	2	UA1	Director	40 - 50	f	Graduate and experience	> 6	2 - 4
	2	JK2	Entrepreneur	30 - 40	m	Graduate and experience	1 - 3	0 - 1
	4	CH1	Director	30 - 40	f	Graduate and experience	> 6	0 - 1
	5	HS2	Director	40 - 50	m	Training and experience	> 6	> 4
	5	MK1	Middle Manager	40 - 50	f	Graduate and experience	> 6	> 4
	5	AT1	Middle Manager	40 - 50	m	Graduate and experience	> 6	> 4
		BS1	Civil Servant	40 - 50	m	Graduate and experience		> 4
		UO1	Professor and Coordinator	50 - 60	m	Graduate and experience	> 6	> 4

(1) Mecklenburg Lake District, (2) Rügen, (3) Vorpommern, (4) Mecklenburg Switzerland, (5) Fischland Darß Zingst

Table 3-7: Characteristics of Participating Firms (Source: Author)

	Region	Person	Firm	Sector	Legal status	Size	
first-order level	1	TK1	Müritzeum	Edutainment	Non-for-profit Organisation (NPO)	small	
	1	FS1		Edutainment			
	1	AG1		Edutainment			
	1	RS1		Edutainment			
	2	US1	Königsstuhl	Edutainment	NPO	small	
	2	SS1		Edutainment			
	3	JO1	Ozeaneum	Edutainment	NPO	medium	
	3	JK1		Edutainment			
	3	JW1		Edutainment			
	3	NV1	Zoo Rostock	Edutainment	NPO	medium	
	3	KH1		Edutainment			
		HG1	WTN	Edutainment	Network		
second-order level	1	SM1	Ferienpark Dambeck	Accommodation	NPO	micro	
	1	AB1		Accommodation			
	1	AB2		Accommodation			
	1	JR1	Jugendherberge Mirow	Accommodation	NPO	micro	
	1	MA1	Gutshaus Ludorf	Accommodation	Private enterprise	small	
	1	JG1	Vogelpark Marlow	Natural Attraction	NPO	small	
	1	WR1	Bärenwald Stuer	Natural Attraction	NPO	micro	
	1	JW2		Natural Attraction			
	1	KT1	Natur- und Umweltpark	Natural Attraction	NPO	small	
	1	MG1		Natural Attraction			
	1	SM2	Wanderer	Natural Attraction	Private enterprise	micro	
	1	AZ1	Tourist Bureau Güstrow e.V.	Tourist Board	Public	micro	
	2	JG2	Jasmar Resort	Accommodation	Private enterprise	medium	
	2	HS1		Accommodation			
	2	EM1	Mönchsguter Museum	Museum	NPO	micro	
	2	ML1	ÖPNV Rügen	Transport	Private enterprise	medium	
	2	CB1	Tourist Bureau Rügen	Tourist Board	Private enterprise	small	
	2	SS2	TV Westrügen e.V.	Tourist Board	Association	micro	
	2	UA1	TV Rügen e.V.	DMO	Association	small	
	2	JK2	Movelo	Transport	Private enterprise	micro	
	4	CH1	TV Mecklenburg Switzerland e.V.	DMO	Association	small	
	5	HS2	Ostseeschmuck	Cultural Attraction	Private enterprise	small	
	5	MK1	Miniland Gölde nitz	Cultural Attraction	Private enterprise	micro	
	5	AT1	Tourist Bureau Marlow e.V.	Tourist Board	Public	micro	
			BS1	MV Bike	Public	Public	micro
			UO1		Research Institute	Public	n.a.

In the course of the interview procedure further invitations to network and industry events and tourism conferences came about, which allowed me to generate additional data in the form of networking, informal conversations and observation of events regarding setting, content, audience, reason for attendance and networking behaviour. In the following section, I explain the development and design of the interview guide.

3.4.3.2 The Semi-Structured Qualitative Interview Guide

In designing the open-ended interview questions, I considered questions that Patton (1987) suggests, about experience and behaviour, belief and opinions, feelings, and knowledge. The first version in English contained five open-ended main questions and several drafted sub-questions, identified from a pre-understanding of the literature review, which were then discussed with the supervisory team with respect to content. Then, I translated the questions carefully into German. Prior to the actual study, the entire set of interview questions was piloted twice to ensure clarification, avoid misinterpretation of questions and guarantee understanding of the vocabulary used (Foddy, 1994). The piloting of the interviews was done by phone, with two German acquaintances who are middle managers in the tourism sector, and took around 45 to 50 minutes. In the 'real' setting, however, a warm-up phase was going to be required to build a certain level of trust and thus it became apparent that the initial amount of questions would need to be adjusted due to the time constraints of business persons in small enterprises.

Consequently, I used an interview guide (Bryman and Bell, 2007; Patton, 2002) as a basis for the interaction. This provided guidance through a set of themes, including suggestions for complementary sub-questions for probes to obtain information on emerging interesting issues. This approach ensured that the subject area was

illuminated with stories, accounts and examples of personal experiences within the limited time the SME managers had available. Also, it allowed me a certain freedom in querying, rather than sticking strictly to formulated questions, which would have affected the flow of the interview conversation. The questions varied slightly for SME managers who engaged in networking activities and inter-organisational exchanges compared to coordinators who managed and coordinated networks. The interview guides are given in Appendix 2 and Appendix 3.

The questions evolved due to continuous reflection. I asked the interviewees, for example, to prioritise their most important and frequent contacts and draw a map of their network. Initially, I intended to look into the structure of ties (Granovetter, 1976, p.1289). However, the first few participants I interviewed had difficulties in prioritising or classifying their partners. They stated that the networks either changed during the business lifecycle, for example including public private partnerships, or according to product development. These statements supported the evolutionary and dynamic process of networks (cf. Jack et al., 2008) but were not the focus of the study. Besides this, in subsequent interviews I included aspects that had emerged as interesting in previous interviews. Hence, the interview schedule became an inductive and iterative process (Rubin and Rubin, 1995). Following a basic structure allowed me to position the themes discussed within the research framework. Nonetheless, it permitted me to explore the phenomenon in a flexible but holistic manner (Patton, 2002).

3.4.3.3 Documentation

As indicated in Section 3.2.3 on methods, a qualitative interview comprises conversation and interaction between the researcher and the participant. I recorded the

interviews in order to be able to pay full attention to the interviewees during our conversations (Denzin and Lincoln, 2005), as well as to obtain a full audio-taped record of data for exploration of the interview contents and context (Kvale, 2008). Before each interview, I sought oral permission to digitally record the interviews. However, non-verbal impressions and/or facial expressions cannot be recorded. Therefore, I took written notes on emphasised statements, key words or emerging issues for further exploration, which were followed up later in order not to interrupt the flow of the story but to actively listen to what was said. Indeed, some interviewees showed they were uncomfortable with being recorded, either directly or indirectly by turning away or speaking quietly. In these cases, I noted and narrated the discomfort due to voice recording from my own point of view, and put the recorder aside, out of the interviewee's field of sight. This did not influence the quality of the recording due to the quality of the apparatus but made the participants feel more secure and comfortable. On two occasions, I needed to complement the recording of the interviews with written notes because of technical issues. In these cases, I recorded the main topics immediately after the interviews had taken place.

An interview setting as a whole has various impacts upon the meaning that is created (Denzin and Lincoln, 2005; Miles and Huberman, 1994; Patton, 2002). First, I had an active role as an interviewer in the interviewing approach, which I expressed through body language, confidence and prior understanding. Prior understanding of the context was gathered by looking at the websites of the organisations, as well as studying either the documents provided by the partner or publicly available material. Second, the relationship between interviewer and participant is influenced by the degree of trust, which impacts upon the depth of insights the respondent is willing to disclose. Taking this into account, I introduced myself and my tourism background before the

interview started, which allowed me to speak the same language, gave me confidence and built trust to a certain extent. The third impact comes from the context of the interview, and ultimately the subject discussed, but this was not perceived as ethically critical by the interviewees. In addition, the interview setting and time were chosen by the interviewee and most interviews took place in the office or a seminar room of the respective organisation, and rarely in a public facility (café, lobby, at the exhibition etc.).

Each interview varied according to the interview setting, encounter, and the state of mind of the interviewer and interviewee. Consequently, it needs to be recognised in the analysis and interpretation of interview data that both interviewer and respondents jointly create an understanding of the meaning about the research topic and coproduce the account (Holstein and Gubrium, 1995; Rapley, 2001). Moreover, Silverman (2002) states that “how we record data is important because it is directly linked to the quality of data analysis. In this sense, field notes and contact sheets are, of course, only means to an end – developing the analysis” (p.142). Taking these issues in qualitative research into account, after each interview I recorded the perceived interview setting as a whole, using an interview log or so-called ‘post-scriptum’⁶ (Froschauer and Lueger, 2003, p.74). In the interview log, impressions prior to, during and after the interview were reflected on and written down, which were useful for the analysis and interpretation as well as for reflecting continuously on the interview process.

⁶ The interview log contains information about location, date, time, duration of interview, description of participant, conversation atmosphere, course of conversation, interruptions during the interview, and significant conversation after the recorder was switched off.

I transcribed the interviews according to the slightly modified transcription rules suggested by Hoffmann-Riem (1980), and followed three consistent steps. First, I transcribed all interviews word-by-word, removing names or any information about the firms that could give a clue to their identification using pseudonyms⁷ or general descriptions. Second, I inserted non-verbal features of the interviews (e.g. a pause, laughter, or an interruption) in brackets in the text. Finally, I listened to the audio tapes again and proof read the document for typing errors or mistakes. Although this transcription process was very time consuming, it helped me to familiarise myself with the data and undertake the first steps of coding and memo writing.

Because of the German context, and because it is the native language of both the interviewees and myself, I conducted and transcribed all interviews in German. I started to execute the analytical process in English, by using English expressions for codes and categories, whereas the respective data chunks still remained in German. Only in the writing up of the analysis were the interview quotations that supported the descriptions, interpretation and discussion transcribed into English. A German native with experience in the international tourism industry in English-speaking countries, and proficient in English, translated the interview quotations into English, which I then back-translated and re-evaluated to ensure clarity of meaning. During the final stage of writing up, I followed Poland's (2003) suggestion and omitted some transcription details (e.g. uhm, eh, hm) to make the text more readable. This said, the tidying up came after the analysis of the information and the 'original verbatim' of the interviews, so that I could analyse the original meaning of the data. I describe the analysis process in the following section.

⁷ Pseudonyms were generated using the initials of the person.

3.5 Data Analysis

Analysing qualitative data is an activity of data reduction, data display and conclusion drawing/verification (Miles and Huberman, 1994, p.10). The nature of qualitative analysis is rooted in the research design, the nature of the research gap and objectives, as well as methodological suggestions from the related literature. The analysis in this study was aimed at exploring the information that shone through the stories about the network operations of SMEs, so as to derive an understanding of how individuals assign meaning to their network operation and management. Therefore, I chose to conduct the analysis of the generated and collected qualitative data using a general inductive approach. This is most appropriate for elaborating on existing theory by exploiting new insights that are grounded in the data rather than identified a priori (Bryman and Bell, 2007; Saunders et al., 2009; Strauss and Corbin, 1990; Suddaby, 2006). The constant comparison method (Glaser, 1965) comes from a phenomenological perspective, and is aimed at generating substantive or formal theory through a “well-codified set of propositions or in a running text of theoretical discussion, using conceptual categories and their properties” (Glaser and Strauss, 1967, p.31). Strauss posits that “empirically grounded theory is generated and verified in data” (Hallberg, 2006, p.143) that the researcher interprets by listening to the voice of the informants (Strauss and Corbin, 1994).

This analytical approach introduced by Glaser and Strauss (1967) and reformulated by Strauss and Corbin (1990) was not applied in its pure form in this study, since the method generally articulates an open and subsequent theoretical sampling for ensuring maximum variance and every emerging category being grounded in data without preconception (Hallberg, 2006). The literature review that was undertaken prior to the empirical field work indicated that various theoretical explanations exist for inter-

organisational knowledge transfer and network theoretical influences on the type of knowledge. Thus, the emerging finding grounded in existing research that engages in various conversations (Suddaby, 2006) and has informed the present research and research objectives. While this literature review and my own professional background in the studied industry informed my understanding and awareness of the characteristics of inter-organisational relations, I assumed that the data would reveal additional and contextual aspects related to business networks.

During the analysis, I sought to explore the meanings individuals give to their daily work in the context of networking and knowledge transfer. Although the pre-conceptualisation did not force hypothesis testing (Suddaby, 2006), observing the data was to some extent determined by the research objectives (Thomas, 2006) as a basis for provisional theoretical ideas for continuous data generation and constant comparison (Boeije, 2002). This was achieved through the boundary setting underlying the nature of the 'unit of analysis', as indicated in Section 3.3.2.1, by which the process of sampling was driven by the respondents' chain of contacts and the availability of the participants. Thus, constant comparison started at the beginning of the data generation process, with an informal and initial procedure. This means that I reflected on the content and interesting emergent issues of the current interview, and used them as prompts in subsequent interviews. Continuous memo writing helped me to reflect on how the information could be theorised. To this end, the constant comparison method was used as a practical aid to understanding the complex phenomenon (Suddaby, 2006) and to making sense of the vast amount of data (Saunders et al., 2009).

Inductive analysis strategies with a ‘core’ constant comparison method follow similar interactive streams, beginning with a few data, developing emerging categories through the coding procedure, adding more data, refuting or modifying categories, and moving back-and-forth from theory to data (Patton, 2002; Suddaby, 2006; Thomas, 2006). This said, creative constant comparison is not a rigidly standardised technique (Suddaby, 2006), but requires some imagination on the part of the researcher (Weick, 1989). As such, it is a unique process, which cannot be firmly explained and generalised. Among the few practical guidelines on how to carry out the analysis, two were particularly useful in this analysis process. Spiggle (1994) provides a vocabulary and framework that help the (consumer) researcher to explain the analytical process and guide the researcher through the qualitative data manipulation journey from the raw data to inference and conclusion drawing. Also, Boeije (2002) puts forward a purposeful approach to constant comparison with up to five sequential steps depending on the phenomenon studied. Spiggle (1994) describes interwoven, flexible and iterative operations of categorisation, abstraction, comparison, dimensionalisation, integration, iteration and refutation (p.492) whereas Boeije (2002) suggests two activities, with ‘fragmenting’ lifting the themes out of the context, and ‘connecting’ interpreting the interview parts as a whole in their context. This process was followed in this research through slightly ordered comparison within single interviews, between interviews within the same group (e.g. interviewees with purposeful relationships or from the same tourism sector), between interviews from different groups (e.g. different tourism firms, different indicated networks), and dyad (e.g. pairs of cooperation) (p.395). In the following section I provide an illustration of how I analysed the data according to the constant comparison guidelines.

3.5.1 Illustration of the Constant Comparison Process

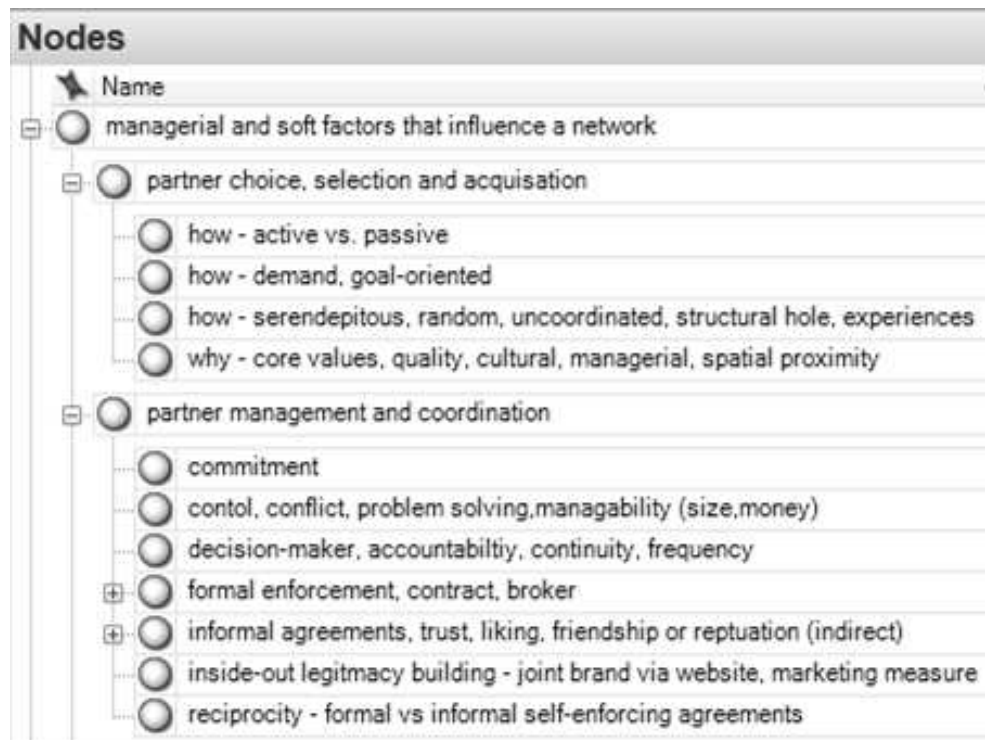
The interview transcripts provided the main input for the analysis and interpretation of the qualitative generated data. The qualitative data analysis program NVivo 9.0 was helpful for managing the quantity of data involved, predominantly for facilitating the tracking of data in the process of coding and categorisation. All available external data informing the interviews were imported into the software (including first-round interviews, field notes, collected documents, memos and notes). In the course of reading the interviews, I considered the respective field notes and observations from provided and/or accessed documents to inform the information I gleaned from the stories. Conducting and transcribing the interviews myself facilitated the process of familiarising myself with the stories. In addition, the re-reading of the hard copy versions several times allowed me to become immersed in the data.

I thematically analysed each interview. I wrote notes on emergent ideas by hand in the margins as well as in a word processor. The latter facilitated the overview of these ideas and thoughts. Subsequently, I labelled themes, which were highlighted with the related verbatim parts. Interview parts within each interview were compared and examined for consistency. For example, interviewee JO1 said “we didn’t begin with a grand concept about which networks we [would] build” in one part, but pointed out elsewhere “it is politically desired that we network”. I consulted the context of these statements to understand the contrasting information and made notes to record these occurrences and emerging ideas and understanding. Simultaneously, I wrote a summary story of the core message of each single interview that generated an understanding, and extracted the overall essence within its context. This within-interview comparison (Boeije, 2002) continued for all the interviews. In NVivo, a node was created for each theme so that I could easily store and retrieve the themes

(Spiggle, 1994). The themes were either labelled in the language of the participants (in vivo codes) – and if possible translated into English (e.g. ‘spider in the spider’s web’) – or descriptive terms were used (e.g. ‘cultivating partners’). While I was progressing through each single case, I placed units that appeared to have similar meaning in the respective node or identified new emerging categories. The growing themes were continuously reflected on and if necessary labels were adjusted (e.g. ‘cultivating partners’ became ‘partner management and coordination’).

In this procedure, I created sub-nodes for concepts that were found to fit into a particular theme, for example friendship, trust, handshake etc. were listed in the category ‘informal partner management’. In the process of developing categories, I abstracted and grouped these sub-nodes into broader title-themes, for example, ‘managerial and soft factors that influence a network’ as illustrated in Figure 3-5, which is a snapshot from the NVivo project. The full coding scheme is illustrated in Appendix 5.

Figure 3-5: Categorisation for Theme: Managerial and Social Factors that Influence Operations (Source: Author)



I continued the analysis with comparisons within the themes but across interviews, setting up an Excel spreadsheet for each theme. These tabulations by lower-level themes (Spiggle, 1994) were filled with descriptive elements (Miles and Huberman, 1994) and concepts or keywords that emerged and represented themes, for example quality criteria, spatial distance, similar problems, unplanned choices etc. formed the category ‘why partners are selected’. I put these elements in the heading and the illustrative data (in German) underneath, which allowed for a clear analysis of the characteristics of each cell and the similarities and differences (see Table 3-8):

Table 3-8: Similarities and Differences within Themes across Sub-Concepts (Source: Author)

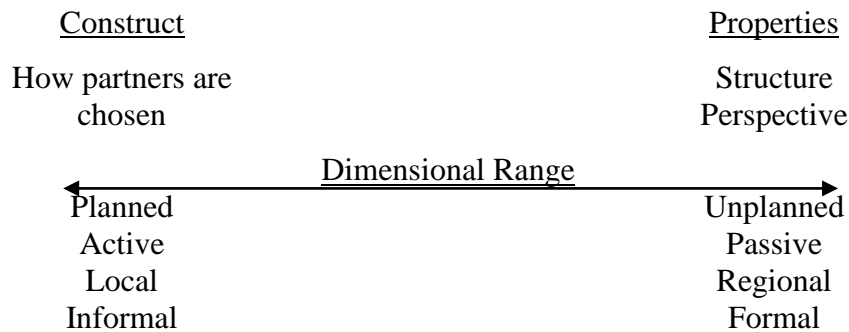
Why Partners are Selected				
Who	Unplanned choice	Spatial distance	Quality criteria	Similar problems
MK1	From news paper, sometimes I read and interesting article and say, cor! that is brilliant, I need to get in touch, because they have super ideas, you can benefit from these things.			
JG2		That doesn't need to be necessarily on the Island, so it can be further away, for example ehm we have a cooperation with [partner], the Ostseeticket, so you look for larger partners, too. So that is not limited to the Island or local environment		
JR1			Of course, he needs certain criteria (laughs). No, I won't say, well, it's like, similar quality, services, what does he offer, price of course, what can he cover.	
MA1				Well, because there are simply common interests and you normally find the partner who has a similar problem

***Here, interview quotes are translated into English for the Purpose of Illustration**

From this charting technique, properties could easily be identified and dimensions and a continuum elaborated, as suggested by Spiggle (1994) and illustrated in Figure 3-6. In the course of the analysis, I went through all the qualitative data that were generated for the study in the same manner in order to ensure the consistency and completeness of the analysis of the interview data. The back-and-forth process between data and categories and the consulting of existing literature, along with some

inspirational moments and reflection, gradually shaped the interpretation of the information.

Figure 3-6: Dimensionalisation of Category ‘How Partners are Chosen’ (Source: Author)



During the data generation and analysis process, I attended two different expert-led qualitative methods workshops⁸. As an active participant, I was able to submit written reports about my ongoing process, and my initial categorisation and interpretation were assessed by the group. Participating doctoral researchers from various disciplines were invited to independently generate themes from one or two example interviews from my study. I provided these to the workshop well in advance in order to allow time for individual preparation. The various emerging themes were discussed at the workshop and, if applicable, further adjusted. In addition to data triangulation (see Section 3.2.3), this process enabled the combination of various investigators for richer and more valid interpretations and limitation of personal bias (Burnard, 1991; Decrop,

⁸ (a) Emerging themes were discussed at the workshop ‘grounded theory methodology’, which was led by Günter Mey and Katja Mruck; the interview guide and process were discussed in the workshop ‘interview with experts’, which was led by Beate Littig at the Berliner Methodentreffen, 16.-17.7.2010, Berlin, Germany.

(b) The qualitative researcher working group entitled ‘Work, Health, Organisation, Profession’ was aimed at analysing current qualitative data material and discussing method, methodology, practical application and occurring problems. This working group was led by Uwe Flick and Michael Dick at the 14. Bundesweiten Methodenworkshop zur qualitativen Bildungs- und Sozialforschung, Zentrum für Sozialweltforschung und Methodenentwicklung (ZSM), 4.-5.2.2011, Magdeburg, Germany.

1999; Flick et al., 2004; Lincoln and Guba, 1985) and gave me, as a novice researcher, some additional confidence in the proceedings.

3.6 Summary

In this chapter I have provided in detail a discussion on the qualitative research design, applied methods, research site and analysis technique used in this study. I used a multi-method qualitative strategy to explore tourism business networks and their knowledge transfer activities, which are influenced by managerial factors and mitigated by contextual influences. In this study, I adopted a subjective and interpretive stance to investigate socially constructed networked organisations. In this chapter, I have also explained the data generation and collection process via snowball sampling, for a given German tourism destination, to which I sought entry by conducting 12 first-round interviews and for which I accessed data through a presentation and workshop. The data analysis included all of the data generated and collected, consisting of a further 38 semi-structured qualitative interviews from the main field study, in addition to field notes, provided and publicly available documents, observations, conversations, and a discussion group. The multiple data sources ensured the reliability and validity of my research, and my category building was assessed for reliability at two expert-led doctoral workshops. The analysis technique I applied was consistent with a constant comparison method, which I used to inductively explore theory with data grounded in practice, and from which two network levels developed. The findings of the qualitative study are discussed in the subsequent chapters, starting with the first-order network (Chapter 4) and subsequently with the second-order network (Chapter 5) that is dedicated to the knowledge available in these network and the respective managerial (Chapter 6) and contextual influences (Chapter 7) are considered.

4 Analysis of the First-Order Network

4.1 Introduction to the Analysis

The previous chapter justified the methodological approach chosen and identified the data generation and analysis process of this study that aims to advance theoretical and empirical understanding of the network formation, operation and management of tourism SME networks, knowledge-related benefits and the mechanisms that enable knowledge transfer. The findings are discussed in four analysis chapters (Chapters 4, 5, 6 and 7) according to the title-themes and encompassing categories identified in the coding procedure explained in Section 3.5.1 and illustrated in the coding scheme (see Appendix 5). Themes relating to intellectual benefits, knowledge availability, and knowledge contexts are discussed in Chapter 5. The subsequent Chapter 6 presents the findings of managerial factors including managerial and soft factors that influence network operation. In Chapter 7 the themes related to the wider context including personality and local influences are discussed.

This chapter is this first of four chapters discussing the findings from the research and focuses on the micronet – called the WTN network – identified during the data generation process (Section 3.4.3.1). The WTN network emerged as the first-order network of this study, formed of four edutainment centres⁹ and one coordinator. This chapter discusses how that WTN network enables social capital and learning. It therefore focuses on the knowledge available in the network, managerial factors

⁹ These edutainment centres are organisations that belong to the attraction sector, partly execute museum tasks, partly pursue environmental and animal conservation and aim to educate and entertain their customers in environmental issues. Edutainment refers to environmental education and entertainment

including the partner search and formation process, and network management including coordination.

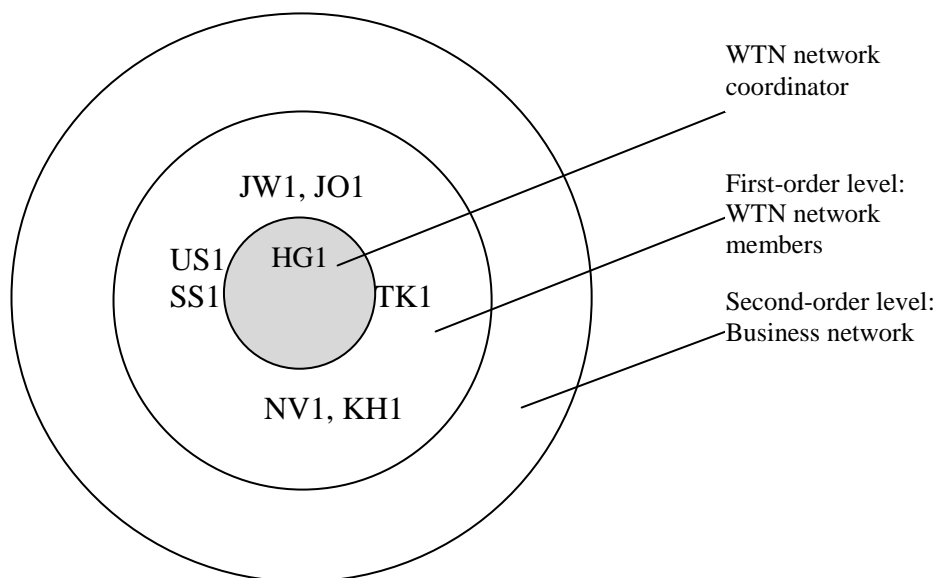
This chapter contributes to the overall research finding by providing a sample as a starting point for a comparison with the network operations and management of the inter-organisational relationships of tourism SMEs. Actors in this first-order network recounted their experiences within the WTN network and described individual business contacts and networks beyond this focal network. These other relationships form the second-order network. The intellectual benefits of the participants that emerged from this second-order level are discussed in Chapter 5. Chapter 6 looks at the managerial factors and discusses how partners are sought out, selected and managed, and how these factors enable knowledge transfer. The contexts that influence these social capital-building efforts and knowledge transfer are discussed in Chapter 7.

From the interviews, the participants' perceptions of networks and their value, as well as evidence of the internal legitimacy of networks, was revealed. The findings suggest that the participating tourism SMEs have internally legitimised the network approach and primarily value networks for the access to resources they grant. Two main streams could be identified: First, resources from networks help enterprises to strengthen their sustainability and the livelihoods of the entrepreneurs through increased competitiveness. Second, joint or combined resources with regional-based networks foster a customer-oriented networked tourism experience that is a basis for the competitiveness of the destination, from which the firm benefits in return. In the following section, the knowledge that appeared available to be transferred among the sample network (WTN) is explored.

4.2 The Introductory Story of the WTN Network

The findings regarding the gatekeeper's (TK1) primary network, which forms the first-order network in this study, are investigated separately from the independent social and business network relations that form the second-order layer (Chapter 5, 6) as illustrated in Figure 4-1. The aim of this is to provide a clearer comparison between this network sample and the additional business networks that have been built by the members.

Figure 4-1: Network Map of the WTN Network and its First-Order Level (Source: Author)



The gatekeeper of this study, TK1, is the director of one of the participating edutainment centres (edutainment centre M) and is responsible for the start-up and growth of this organisation. In this course also the WTN network developed. The story of this case concerns a horizontal competitive network comprising the four leading non-profit organisations in edutainment that are spatially dispersed within the tourism destination of Mecklenburg-Western Pomerania (MWP), referred to as the 'WTN network' in the following analysis. Although TK1 nominated the WTN

network as his primary network in the interview, this does not imply that the gatekeeper of this study was the sole initiator of the WTN network. The managerial factors influencing selection and formation are discussed in Section 4.3

Prior to the formation of the WTN network, the participating organisations introduced disruptive business innovation, transforming the organisational form from state ownership into non-profit organisations or foundations under civil law, and changing their business models to respond to the private enterprise system as well as sustainable and environmental conservation strategies. Moreover, each of the firms has reformed their service value chain, with product and process innovation such as interactive interpretations¹⁰ (TK1) or physical elements such as architectural changes to a building (TK1, JO1, JW1, KH1). The evidence from these stories of various organisational innovations suggests that these organisations have absorptive capabilities in line with those mentioned in Volberda et al. (2010). These innovations were explored externally prior to the development of the WTN network, and the organisations accumulated internal knowledge bases regarding environmental and natural conservation and education: “Our mission is nature protection communication, in brackets environmental education, yes, and in order to be successful in environmental education you have to develop products, and product development is marketing” (US1). These knowledge bases were then applied to commercial ends as evidenced by marketing activities.

¹⁰ “Interpretation is a visitor management technique, and in particular it is “an educational activity which aims to reveal meanings and relationships through the use of original objects, by firsthand experience, and by illustrative media, rather than simply to communicate factual information”, Tilden 1956 in Orams, M. B. 1996. Using interpretation to manage nature-based tourism. *Journal of Sustainable Tourism*, 4(2): 81-94.

In the interviews, top management and marketing representatives who were involved in exploiting external relationships for knowledge provided insights into the ‘outward-looking’ absorptive capabilities of their organisations (Cohen and Levinthal, 1990). As a result, the first-order as well as second-order relations are investigated from the perspective of representatives at the strategic level, who had developed the network (directors), as well as those at the operational level of the networks who actually operated in the networks (mainly marketing representatives). These two groups were signposted as active network representatives and considered to be relevant networkers of the respective firms at the time of data generation for this study. The context of these representatives regarding marketing, nature-based tourism and edutainment suggests that the networkers share a common language, which adds to the development of cognitive social capital and facilitates mutual understanding, efficient information sharing, and common interpretations of events and experiences (cf. Bolino et al., 2002 for a review; Nahapiet and Ghoshal, 1998). This, in turn, may be argued to facilitate knowledge sharing, particularly of tacit knowledge (Sorenson et al., 2006) and the development of joint projects according to shared network objectives. The following section starts with a discussion of the findings on the strategic and operational knowledge that appeared to be available in the WTN network.

4.2.1 Knowledge Available and Intellectual Network Benefits

This section looks at the knowledge available in the network, for network-based learning or joint knowledge creation. The disruptive business innovations of the four organisations were not outcomes of this network-based learning; rather, the innovativeness of the organisations led to the formation of the network. TK1, a banker and graduate in business studies, started to actively observe the edutainment centres of

the destination while gathering competitive intelligence in order to compensate for his/her lack of prior knowledge about the edutainment context in which he/she was operating: “*So, of course*, also, because I was new, I observed the other organisations and edutainment centre O as it was ready to open, [to see] how others operated their businesses [...] As a result, *we knew each other*”. Thus, tacit knowledge was made available through learning by active observation in the initial loose ties with competitors. This active observation granted access to knowledge of the competitor’s way of doing business and enabled the parties to learn about their explicit resources. Moreover, organisations that were aiming to introduce product innovation but were faced with the cost of newness due to their lack of knowledge in this area learnt from these partner ties: “Of course, we benefit from each other, so, for example, [education centre O] opens a division in July this year; I guess JO1 told you about it. And for this project we are working together [our edutainment centre Z] with [education centre O]. Because we have a very good relationship of course, so they learnt about the content from us” (NV1). The partners’ advanced knowledge capabilities and experience were exploited for product extensions. This reflects Lane and Lubatkin’s (1998) investigation into how organisations learn from networks through the interaction between the respective teacher and student firms, with the latter getting familiar with the former’s objectives and product knowledge as well as their experiences. Further, it supports the social capital theory which states that interaction among young firms can unlock required knowledge (Hughes et al., 2014) that may add to business growth and performance. Deficiencies in product-specific knowledge that is a prerequisite for developing a firm’s absorptive capability (Cohen and Levinthal, 1990; Cooper, 2006) are compensated through interactive product-based and experience-based knowledge transfer with peers (Cooper, 2006; Friedman and

Miles, 2002). The learning context of the closed WTN network enables the extension of the existing knowledge of the student firm (Abernathy and Clark, 1985) in that they exploited the partners knowledge base (Koza and Lewin, 1999).

Moreover, interviewees recounted occasions on which they had learnt from partners' experiences: "One searches for like-minded people and tries to learn from their mistakes, so information centre searches for *information centre*" (US1). Similarities in organisational competence and knowledge bases between edutainment centres M and Z facilitated the exploitation of knowledge through their cultural and cognitive proximity. In addition to knowledge exploitation, the WTN network provided opportunities to explore new knowledge and experiences, enabling members to introduce product and process innovations that were new to their firms. Partners explored new knowledge that was rooted in methodological approaches to service dissimilar to their own:

"And then there exist, as well, and this is ultimately the more important network for me, searches by information centres for completely different organisations, so, for example, national park centres searching for zoos. There are no similarities, at first sight, except that both, of course, communicate with guests, but methodically they are entirely different. And there you can find the best synergies, because many things which happen in zoos could be implemented in national park centres just as well" (US1).

Particular actions by these attraction-sector organisations (e.g. organisation-specific promotional action), or processes carried out by them (typical methods ascribed to particular organisations, e.g. zoos' animal feeding or repeated short tours), were

observed and filtered by the network members for potential innovation outcomes. Thus, the interviewees learnt from the business network to introduce incremental product innovations that were new to their own organisation. They analysed and transformed partners' tangible processes according to their own organisation's processes and absorptive capabilities, overcoming, as a result, the direct imitation usually practised in the highly transparent tourism industry (Hjalager, 2002). This exploration of methodologically dissimilar organisations from the same sector was facilitated by existing relational and cognitive social capabilities that had evolved through aspects of similarity (Section 4.3.1) and network vision (Section 4.3.3).

The knowledge available in this edutainment centre network within the attraction sector does not fully support Sorensen (2007), who observed low learning advantages in local attraction networks because "different types of attractions needed different information inputs from economically similar but spatially distant attraction organisations outside the destinations" (p.46). In this study, dissimilar organisations from the same sub-sector (attractions, e.g. zoo and natural museum with edutainment purpose) provided each other with opportunities to explore incremental innovations. Moreover, this finding does not fully support the usual arguments that the exploration of new knowledge for new product/service development is sought out in sparse, weak, non-local but culturally and economically similar networks (Ahuja, 2000; Burt, 2000; March, 1991; Rowley et al., 2000; Sorensen, 2007). As the observation of the WTN network suggests, knowledge needed for firm-based new product development can be exploited in close, dense, spatially spread networks of firms belonging to the same sub-sector, albeit following different ways to execute their objectives (edutainment), the objectives are congruent among members. In addition, this study does not fully support the generally argued-for low diffusion and adoption of knowledge, and the

deficiency of absorptive capacity in tourism SMEs (Cooper, 2006). Instead, it finds that networked organisations with similar values transfer and apply innovations in the way described by Hanna and Walsh (2002). The edutainment centres exploiting natural resources seem to benefit from the infrastructure system and closeness to public bodies (Hjalager, 2002) that may be argued to influence the firm's absorptive capacity and provide knowledge advantages in contrast to other sectors and private businesses.

In the WTN network case, like-minded colleagues were found to exchange knowledge not solely for the primary objectives of the network. Member firms were exploited for various contents. Experience exchange and technical knowledge sharing were also evident at the operational level beyond the marketing-related subjects: “The exchange, so to speak, the exchange of personnel, thereby information exchange, is always given, because our people regularly drive to these institutions and vice versa, and they speak to their colleagues at the respective level. Therefore, it [the communication exchange] is always given” (FS1). RS1 added that the organisation had the ability to provide access to technical and professional knowledge: “So, there is, as well, someone at the level of aquarist who cooperates with them [WTN network organisations at the level of aquarist]; like I said, we cooperate with them at the level of collections, or maybe as well in the area of publications, and TK1, on the other hand, cooperate with them in the context of this ‘lighthouse project’¹¹ [WTN network]” (RS1). Therefore, the network-based learning from this network spans a comprehensive knowledge repertoire that is facilitated by the cognitive proximity of the respective knowledge transfer partners.

¹¹ ‘Lighthouses of tourism’ is a marketing award that aims to motivate quality initiatives within the destinations of the newly-formed former German states awarded by the institute “Ostdeutschen Sparkassenverbandes (OSV)”

This network-based learning that benefits the individual firms – encompassing operational knowledge from partners’ ways of doing business and interpretation techniques, product-specific knowledge and experiences, and service knowledge new to a particular type of organisation – occurs without the facilitating role of the coordinator. The coordinator was particularly accountable for brokering the joint knowledge creation processes for the network level benefits and outcomes.

Through the joint knowledge creation process brokered by the coordinator, partners learn to combine their environmental educational offerings to create synergetic portfolios. In this process, a high proportion of codified knowledge in the form of concepts is continuously transferred to the members:

“I present a rough action plan, which I prepare based on our existing concept. The existing concept certainly goes past some members’ interests, which you then have to adjust a little bit. At the moment it is like this; I create various small projects, develop a concept and then it will be sent to everyone to get feedback” (HG1).

In this vein, partners continuously disclose to the network their activities and product-based knowledge that are subsequently combined for joint network activities. The combined knowledge needs to be aligned to the network’s vision as the essence of effective joint knowledge creation. Thus, the knowledge combination via the broker is tacitly informed by the network’s vision, which is discussed in Section 4.3.3.

4.2.2 Summary of Available Knowledge

Various types of knowledge are made available in the WTN network. Network members are able to leverage knowledge resources from the network to overcome

their knowledge deficiencies so that they can implement new product innovation. This context-specific knowledge and experience transfer tend to be related to particular specialism or strategic competence profiles new to the respective member firm. These network-based learning opportunities are realised by the members themselves, whereas the broker facilitates joint knowledge creation aligned to the shared network objectives. The following section discusses the managerial factors that enable this knowledge transfer, in particular the selection, formation and coordination process.

4.3 Analysis of Managerial Factors enabling Knowledge Transfer

Whereas the previous section explored the knowledge available in the first-order network, this section explores **how the tourism business network is managed**. The interviews provided insights into how the network had evolved, and how and why the partners had found each other. This information drawn from the data provided insights into the similarities and differences among the firms, and their reasons for building social capital. This section further explores **how managerial factors enable the transfer and learning of the available knowledge**. First, an exploration of partner selection generates insights into how the WTN network developed from a serendipitous to a formal network, and it is discussed how potential policy interventions affect network formation and operation (Section 4.3.1). Second, similar values, quality and organisational forms evolved among the case members, explaining why these partners gravitated together. This section discusses how knowledge transfer and social capital building was enabled (Section 4.3.2). Third, the visioning and development of the shared identity are described, indicating that this process integrated the individuals' needs and overlapping interests (Section 4.3.3). Fourth, the subject of manageability of the network emerged from the interviews. This was found to depend, in this case, on the accountability of the network members, and is

facilitated by a limit on network size that affects social capital development, and by the coordinator who acts on behalf of the network (Section 4.3.4). The coordinator's role is discussed subsequently, and it is more of a strategic and operational role than a signposting one (Section 4.3.5). Finally, the frequency of interaction in this network provides further insights into how spatial distance within a destination can be overcome (Section 4.3.6).

4.3.1 Network Partner Selection and Acquisition Process

The partner acquisition and evolution process in this network is “*initiated through the top management*” (US1) and informed by competitor intelligence (Section 4.2.1). The awareness and acknowledgement of the benefits of cooperation were the original gateway for forming the network: “Thereby, you knew each other and some day we just said, yes, we should work together, *because it makes sense*” (TK1); “the idea came up that one partner by itself would of course not be as powerful as all of us together” (NV1). The directors and strategic personnel (e.g., head of marketing) carried out informal networking activities over a period of two years prior to formal network formation (TK1, JW1, HG1, and NV1). This study suggests that the initial weak ties among the competitors facilitated information sharing about various opportunities, which in turn enabled cooperation. Following this, informal networking activities among the active networkers—who valued the potential cooperation opportunities that could be gained through common perspectives and needs—enabled the development of personal relationships between the top management (directors) of organisations. The network formation in this case supports the assumption that entrepreneurial networks are embedded in personal relationships (Kilduff and Tsai 2003), albeit these personal relationships in this study were developed rather than

existed for exploitation. Subsequently, the preliminary and informal cooperative networking activities developed into a formal structure:

“In the beginning, we displayed their flyers and they displayed ours. This was sort of an extension of what we did anyway; we just said ‘we will simply use this larger region’. Yeah, so that developed itself more and more, and this has already been in place for two years now” (TK1).

This kind of pre-network activity is not sufficiently discussed or conceptualised in the literature according to Kilduff and Tsai (2003). Huggins (2000) argues that the most successful form of formal business network is facilitated by an initially informal structure. Similarly, Möller and Svahn (2003) find unintentional networking to be a precondition for network development activities. These serendipitous network processes and interactions enable network members to find common ground, from which goal-directed processes and a shared identity can be developed (Kilduff and Tsai, 2003; Provan and Kenis, 2008; Salancik, 1995), which lessens the network internal cooperation-competition tension proposed by Das and Teng (2000). Whereas Salancik (1995) considers these serendipitous and formal interactions independently, Kilduff and Tsai (2003) argue that these processes exist in parallel in networks. This study provides evidence of a process of development from serendipitous to formal network processes. In our case, this informal period enabled the development of personal relationships and common perspectives that led to relational and cognitive social capital bonds (Bolino et al., 2002; Nahapiet and Ghoshal, 1998) and facilitated the progression of formal networking.

In particular, TK1, NV1 and HG1 indicated that the WTN network was formed from the bottom up and that members approached each other to pursue individual strategic marketing goals: “*This means, we [all four edutainment centres] founded the marketing network WTN*” (NV1). Moreover, these network members demonstrated a need for intellectual benefits through the sharing of market knowledge and similar competencies with respect to environmental education and edutainment, as identified in Section 4.2.1. That suggests an ‘inside-out legitimacy building’ among members who value network membership and provide resources for network activities (Human and Provan, 2000), and it also provides evidence of a certain ability to recognise the value of competitive business networks. However, some outside-in legitimacy building was indicated, as will be discussed next.

4.3.1.1 Policy Intervention

In contrast to the previous finding, JO1 and US1 considered the network formation to be politically desirable (“*well, it was targeted in the state’s politics*” (US1)):

“*[Edutainment centre O] was pushed extremely hard, too hard, which is good though, it was the big project in the leisure market for this area. But the other large establishments asked themselves, ‘actually, why only push one of the edutainment centres?’ So they asked and then the Ministry of Economic Affairs said, ‘work together and cooperate then the cake will be bigger and you will be stronger, instead of [us having to] support each organisation separately’. [...] the state didn’t want to support each single organisation to the same extent they did with the launch of [edutainment centre O]. Instead they argued that we [the destination] needed a new quality and this new quality would be*

our [WTN] cooperation and promoting this cooperation as one voice inter-regionally, and promoting this country as a ‘country of experiences’.” (US1)

“The edutainment centre O, I mean, I cannot just pursue my own interests, there are expectations associated with [...] it’s also a simple political desirability that we do networking, and we can achieve a lot for our networks and gain more attention for the whole network we’re in [if we do so]. So, there is definitely something we’re giving back to the country, in getting involved with things. It’s not always a thought about gaining our own benefits from something in the short term, but also about playing a role in the country, thus playing a politically desired role.” (JO1)

This version of the policy-initiated and funded network (cf. Huggins, 2000) implies ‘outside-in legitimacy building’ (Human and Provan, 2000) rather than the ‘inside-out legitimacy building’ suggested above. The insight from these statements suggests that the unidirectional financial support for competitors granted by the state’s government was an additional and concomitant driver, causing the partners to gravitate together. According to US1, their relationship with the Department of Trade and Industry provided access to policy-relevant knowledge: *“They [government] provide incentives, offer funding opportunities, and when funding opportunities are offered then of course many initiatives spring up”* (US1). JO1 stated, *“it is good for the organisation to have a direct connection to the big voices of tourism”*, and TK1 added, *“one day the chief executive officer from the DMO was at our meeting and mentioned it [network support] during the conversation”*. The members successfully raised funding for network management (the coordinator) and the development of a network structure over the period of three years, from the ministry promoting

economic development through ‘business and regional networks’ (Ministerium für Wirtschaft, 2008). This direct approach and communication with governmental bodies suggests that knowledge was accessed in order to introduce this innovative WTN network through the infrastructure of public bodies, as a knowledge transfer channel corresponding to Hjalager (2002). This provides evidence of policy-related knowledge usually rarely accessed by tourism SMEs (Scherl and Cooper, 2013). From this discussion, it may be assumed that the power and size of each individual organisation provided reasons for the development of this innovative network, which is explored further in the following section.

4.3.2 Reasons for Partner Selection

From the interviews, there emerged similarities and differences between the networked organisations that determine some of their cognitive social capital behaviour (Nahapiet and Ghoshal, 1998) and inter-organisational antecedents of absorptive capacity (Volberda et al., 2010). The cognitive and instrumental similarities provide insights into why the partners formed this network. Also, the core values and quality of the organisations emerged. These similarities will now be addressed.

4.3.2.1 Cognitive Similarity

The four WTN organisations are similar in their core values, sharing an intrinsic brand focusing on environmental conservation and promoting nature-based tourism. These elements have become norms of behaviour that govern the network, as was proposed by Inkpen and Tsang (2005), albeit the subject they transfer varied. The four organisations are competitors with respect to nature-based tourism and their edutainment purposes; yet, they cooperate in strengthening a collective brand for

themselves as edutainment centres. The norms of each firm readily provide resources for developing a shared representation and interpretation of edutainment in this context and the emergence of a platform for network-based learning:

“I must find ways to position our house, for which the theme of environmental education and nature is central, although we [our organisation] have not elaborated this theme to that extent. Initially [during the start-up of the firm], we just pushed its promotion forward, as a big house that needed to be seen. But we also have themes and content and a concept, and that matches perfectly [with the other edutainment centres]. Well, for such a [learning] organisation other organisations are important, too, and in that sense we [WTN network members] belong *perfectly together*” (JO1).

Thus, the perceived learning benefits and shared values have led to the development of cognitive social capital behaviour. In addition to the similarity in core values, each of the member organisations provides high-quality tourism edutainment offers, as JW1 indicated: “We aspire towards, for example, innovation or improvement of quality, ultimately to be awarded with diverse certifications, which in the end are actually a symbol that we have implemented our standards with respect to *content*”. Confirming this observation, several pieces of evidence in the form of quality certifications were provided, such as a ‘family-friendliness award’ (TK1, JW1, US1, NV1), ‘selected landmark in the land of ideas 2008’ (TK1), or ‘European museum of the year 2010’ (JW1, JO1), as well as accessible tourism or other ecological certificates. These indicate that the partners pursue high-quality strategies and hence speak the same language, which facilitates the communication within the network.

Moreover, each of the organisations is perceived to be a ‘major tourist attraction’ (US1) and one of the ‘best nature experience centres’ (HG1). JW1 stated, for example, “there is no doubt that [edutainment centre O] has a unique selling proposition within *MWP*”. TK1 confirmed, “we just see ourselves as the leading edutainment organisations in this country, which we truly are, and we have, combined, something over two million visitors a year, which is pretty good. Yeah, and, besides us, there is little competition. *Everything else is just small*”. These findings with regard to the organisations’ status and relevance within the destination draw attention to equity as an antecedent of network formation (Brass et al., 2004) and support the relevance of the status of members (Podolny, 1993) in encouraging them to gravitate together in business networks. Moreover, the membership in this network adds to addition social status for the network members, another form of social capital (Nahapiet and Ghoshal, 1998).

4.3.2.2 Instrumental Similarity

In addition to the cognitive similarity derived from shared values and quality, all four WTN member organisations have similar organisational forms and legal structures, as non-profit organisations. The four WTN partners do not differ widely in size and budget and are perceived as the largest edutainment centres in *MWP*. However, their organisational form puts each organisation in a challenging position in terms of running their operations cost-effectively so as to avoid putting too much burden on their restricted communal shareholder budgets:

“On the other hand, and that is a special situation, we are in contrast to the usual classic museum, and to our parent organisation, which is a limited liability company, namely a non-profit limited liability company, but yet of

course a strong economically oriented company, which means at the end of the *day that we don't* receive any subsidies for our ongoing business and so on. So we are not externally financed or externally supported [...] We are a self-supporting company. [...] Of course, we are not allowed to make any losses; we have the full panoply of sales, marketing, purchasing, controlling, all those things, like a classical commercial enterprise at this point. Actually, that is quite unusual for a museum, because in the classical way they all have their households regulated by public law, where earnings, expenses and so on are *clearly predefined*" (JW1).

"[*Edutainment centre M*] belongs to one of the few cultural institutions of MWP, which *generates costs in itself*" (TK1).

The economic motive encourages these organisations to value external knowledge resources and networks as the following excerpt shows: "Well, our organisation [is] most likely [more innovative] than other organisations such as administrative offices. Well, we try to continually *strike a new path*" (SS1). This provided a further reason for building the goal-directed non-profit network for innovation and learning opportunities (cf. Kilduff and Tsai, 2003; Provan and Kenis, 2008). These findings suggest that these networked organisations' differences from public museums, and the similarity between them, are driven by economic motives, because those with restricted communal budgets need to generate money entrepreneurially as they cannot rely on end-of-year compensation from the government. At the same time, the organisations share a common organisational form and similar managerial innovations (as stated in Section 5.1.1) that allows them to build cognitive social capital through similar knowledge and experience, and congruent strategic goals and content.

In summary, the reasons for and process of partner selection and formation highlight an important foundation for developing social capital, in particular its cognitive dimension, and signals a flaw in the extant social capital research that has overemphasised the emergence of structure (Coleman, 1988; Hughes et al., 2014; Koka and Prescott, 2002). Particularly, the cognitive social capital behaviour in the form of shared understanding, reputation and common knowledge has derived from common values and organisational form and similar quality in this case. Thus, the formation of this network provides insight into the relational and cognitive dimension and further develops our understanding of the multifaceted social capital. Moreover, the similarities of the firms have formed a pathway to the creation of a shared vision of the network, which the following section presents.

4.3.3 The Visioning of the Network

Taking into consideration the policy intervention discussed above, the formation of the WTN network encompassed three important regional tourism policy aspects by combining nature-based tourism, quality and cooperation (see Section 3.3.2): “The marketing network WTN is a network that, for example, you can be proud that you are part of, because it has a lot of politically desirable *elements*” (JO1). This network promotes the edutainment consciousness within the destination and has potential to generate further competitive advantages for the destination, as one of the representatives of an edutainment centre explained:

“MWP is also a land of castles, of beaches; *thus it's* a competition, which is good. And, it is **also** the land of edutainment centres” (US1).

By recognising the trend for edutainment within the destination and identifying the status quo of the tourism environment, US1 in particular seems to have pushed the formation of a network among their competitors so as to benefit, primarily, from a greater market share. The vision of the network, however, was formulated by the managing directors themselves, which is usually argued to be the broker's role and requires visioning and orchestration capabilities (Dhanaraj and Parkhe, 2006; Lemmetyinen and Go, 2009; Provan and Human, 1999). Individual interests and needs concerning the network were considered and incorporated into the vision of the network. TK1 stated that the purpose was "to take community action where we talk about promoting ourselves outside the state" and to gain greater market power: "we don't only want to be big, but also to be proficient". NV1 believed that "together we are stronger and more attractive for coach travel companies to develop arrangements [with] and so forth". US1 added that, "we do not want to generate more tourism, but we want to channel the tourism throughout the area; *that's our task*". The vision for outside legitimacy was stated as follows: "to jointly attract and enthuse tourists and inhabitants of MWP regarding the attractions of the area" and to do so with "valuable environmental educational offers associated with an attractive leisure experience" (US1). Albeit there is a perceived risk of financial loss through collaboration, "possibly you lose some of your business if you have a cooperation or a partnership" (JW1), the partners believe in relational returns: "if the region provides a good tourism experience we will benefit in *the end anyway*" (JO1). To this end, the joint vision and objectives has reduced concerns and increased opportunities for the network members.

The formulated vision and shared goals are perceived as identical to the individual organisations' goals, which would be difficult to achieve without cooperative

interaction. The network has formed around the individual self-interests of each member firm, which overlap however. In this instance, self-interest has not been destructive but constructive, creating synergistic effects and a shared identity. Thus, the network objectives have been developed through cognitive consistency (Scott, 1959) among the members, taking into account the joint vision and individual needs, which are as follows:

- to liaise and work in partnership with other organisations providing synergetic portfolios;
- to share an intrinsic brand by offering recreational fun and environmental education at a high standard (holding quality certifications), including holistic ecological concepts, family-friendliness, nature experiences, accessible tourism and technologically advanced presentation;
- to educate tourists and inhabitants about the environment and nature of MWP;
- to nationally and internationally promote these four distinctive natural experiences through a shared identity, supported by a website and a figurehead (coordinator), to generate external legitimacy;
- to create high-quality tourism experience offers for distribution partners (DJH, coach and group holiday travel);
- to cooperate with government, industry and tourism organisations with similar goals to achieve higher tourist numbers.

In course of introducing the network name 'WTN' several outside legitimacy-building exercises were developed. A logo as a network identity was created. Moreover, the website lists and links the participating network members and promotes common activities, and functions as the web presence of the WTN network. In addition to the online presence, the appointed coordinator represents the figurehead of the network.

The logo and the coordinator should bring external visibility and thus external legitimacy to the network, as well as customers (distributors and end-consumers/tourists), potential supporters, funders and partners.

In summary, these sections have demonstrated important aspects of developing social capital, in particular the relational and cognitive dimensions. The harmonising organisational values, content, and shared expectations of all the network members in this case were a basis for informal networking among the top management, which grew over time into formal purposeful networking. This process built trust and strengthened the bonds. This was the pathway for the development of relational and cognitive social capital, in particular the emergence of an intrinsic representation and interpretation of common norms by the members themselves. This, in turn, supported external legitimacy building. The following section addresses how the network is managed, through a limit on the network size, the transfer of accountability for network operations, and the employment of a coordinator.

4.3.4 Manageability of the Network

The interviews provided several insights into how the manageability of this network has been increased. This has been necessary because of the scarce time resources of the networkers. First, a size limit has been placed on the network, which has influenced the linear growth of social capital building. Second, accountability has been transferred from the directors to the heads of marketing, who cooperate at the operational level. Finally, a coordinator has been employed and is responsible for acting on behalf of the network and disburdening the networkers.

4.3.4.1 Limits on Network Size

Regarding network structure and size, the network members agreed to set a limit on membership of the network to reduce potential competition with trade associations (JO1) and ease network decision-making processes (TK1) among the equally powerful edutainment organisations (NV1). Although all network members agreed on the shared brand identity and objectives that built the basis for growing cognitive social capital, the question of how to implement the shared objectives was influenced by the individuals' past experiences and their organisational communication cultures. Huggins (2000) asserts that, the fewer are the voices, the fewer are the diverse interests and opportunities regarding how to execute diverse network activities. Thus, this size limitation lessens the efficiency-inclusiveness tension that can occur, as Provan and Kenis (2008) suggest: "the more that organizational participants are involved in the network decision process, the more time consuming and resource intensive that process will tend to be" (p.242).

In this study, the official requirements for securing governmental funding for network structure and management, however, were at least five partners (Ministerium für Wirtschaft, 2008). The potential for strategic growth in the network size, with additional edutainment centres in and outside MWP, was indicated by JW1, JO1 and TK1. TK1 explained: "*In the end we actually said that it would not be restricted to MV or that area, but actually it is. Well, I don't know, for me, maybe it would be useful to include Northern Germany or Northern Europe. I don't know, we could create, I don't know, a Baltic Sea association or something some day. Well ... maybe in ten years or so. The aim is to develop it so that it [the network] runs proficiently, so that someday the [network] brand will be established*". Enlargement of the network would subsequently affect network management and could cause more time and

resource intensive decision-making processes. The rather passive coordinator's role in this process will be described in detail in Section 4.3.4.3.

The growth of the network, however, would support the argument of linear social capital growth (Nahapiet and Ghoshal, 1998) and increase the scope for external legitimacy-building efforts. Nonetheless, the commitment of new members would require an identification period, allowing them to learn about the network's shared identity, although in a different manner to how the coordinator has done this so far (discussed in Section 4.3.5), and to further develop cognitive social capital. This study therefore suggests that the coordinator's orchestration capabilities, building up and strengthening the members' commitment and motivation towards the shared network identity (Lemmettyinen and Go, 2009), could become particularly important in the network growth phase in order to strengthen social capital and create value. This further suggests a more strategic role of a network coordinator in goal-directed network processes.

In addition to the similarity aspect of network management discussed in Section 4.3.2, the largest and perceived to be most prestigious tourism 'hotspots', which share similar levels of quality, status and power, were chosen for this network in order to generate competitive advantage. Boundary limitation criteria for this sample network include perceived organisational factors, such as image, innovativeness, location, visitor numbers and turnover (JO1). Exclusion criteria applied to other edutainment centres are unattractive location (with low visitor frequency) or insufficient innovativeness regarding uniqueness within the destination. A further precondition for becoming a network member is the financial capacity to act, and the investment of approximately 12,000 Euro/annum, so that network activities can be implemented and

network goals achieved. Generally, it is theorised that networks are built to gain access to resources. However, this network formation that aims for joint and goal-directed outcomes suggests that a 'spirit of goodwill' (Powell, 1990) is not sufficient to call for a network. This also explains the power differences among tourism actors and the consequent network opportunities or lack of them (Dredge, 2006). Thus, perceived uniqueness and financial capacity were reasons to exclude, for example, the edutainment centre led by KT1, despite the perceived high didactical quality and edutainment offers of that organisation.

Consequently, it seems that the WTN network exemplifies a rather static network of stability, with regulated entry and exit of members through funding commitments, and control of context regarding size (economic measures), reputation and content (edutainment), although there exists a pool of potential partners with respect to content (edutainment, museums etc.). This provides support for Salancik's (1995) argument that the absence of inter-divisional interactions with further potential members is due to the encompassing rules and roles in an institutional context (p.345), and extends the argument to an inter-firm network context.

Moreover, research into network structure and social capital has typically argued that the volume of social capital increases with the size of the network (Bourdieu, 1986), and the greater is the number of contacts the higher is the chance of accessing required resources (Burt, 2000). This new proposition of limiting social capital growth according to network size restrictions demonstrates a gap in the social capital theory as it does not map onto the existing literature, which has generally assumed linear growth (cf. Hughes and Perrons, 2011). It therefore untangles the linearity argument made by Nahapiet and Ghoshal (1998). Nonetheless, limited membership can provide

significant social capital in the form of social status and reputation (Nahapiet and Ghoshal, 1998), which potentially enhances external legitimacy in particular. According to Provan and Kenis (2008), stability of network size may contribute to legitimacy development through a better knowledge of each other's strengths and weaknesses, which in turn may also increase trust and cognitive social capital, though these structures could become inflexible in responding to actors needs.

4.3.4.2 Accountability

Although the network was initiated by the top management of the edutainment centres, in the course of the network development the networking activity became the responsibility of the heads of marketing. The participation level of the top management was higher at the beginning, particularly when developing the network brand identity, network strategy, and external cooperation. In the course of network establishment, the content of the network was delegated to 'qualified' staff, herein the marketing experts, who were given the legitimacy to develop and implement marketing activities as US1 highlighted:

“So the first and most important step is of course that these people who need to implement [the networking activities] are in the networks. I am not the actor in the network, but my environmental education department is in the environmental education networks, my marketing lady is in the network with the hotels, and I am also in networks but in the inter-regional large nature reserve areas where the directors meet. So that's important, because you need to work in these networks with regard to content, and if you are not capable regarding content, or you sit in these networks but do not fit into the content, then it's of no use. There always have to be qualified people in the networks.

This is also the case in our WTN network, which was indeed initiated by the *top management but now operates at the working level*".

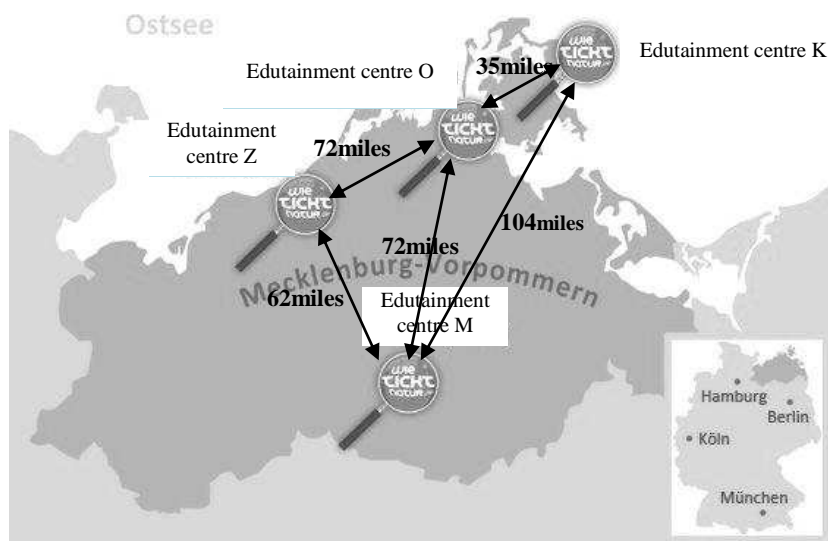
The decision-making processes vary, however, and this has an impact on the strategic actions of the network. Whereas the heads of marketing of the medium-sized member organisations (JO1, NV1) are empowered to make decisions, the top management of the small member organisations (TK1, US1) remain the decision makers regarding project outcomes and, if they perceive it to be necessary, they order adjustments to be made. This provides evidence that the level of accountability for external networks varies as the organisational size varies from small to medium.

Interestingly, decisions about project outcomes are made by the accountable representatives of the respective organisations, which hampers the comparison of this network's coordinator with the brokered governance theory (Provan and Kenis, 2008) or third-party enforcement through a legitimate authority who controls the network (Dyer and Singh, 1998). Provan and Kenis (2008) argue that goal-directed organisational networks require some form of governance "to ensure that participants engage in collective and mutually supportive action, that conflict is addressed, and that network resources are acquired and utilized efficiently and effectively" (p.231). The WTN network is coordinated by an external employed person, however, who does not 'lead' the network. This coordinated network introduces a new perspective of the coordinator in addition to the 'tertius iungens' strategy of connecting people (Obstfeld 2005) or the governance theory of networks in which the coordinator supervises and controls the activities of the members. This raises the issue of partner management by the coordinator who is responsible for the organisation and implementation of network objectives, and this will be discussed next.

4.3.4.3 Network Coordinator Manages Network Content

Argote and Ingram (2000) suggest that strong ties require more effort and time to maintain, although Provan and Kenis (2008) perceive a network with less than eight members to be manageable without coordinator. Instead of a participating lead organisation orchestrating the network (Dhanaraj and Parkhe, 2006), there emerged two main conditions from the interviews that had influenced the decision to employ a coordinator to manage the network: first, the restricted time resources of the participating SMEs, and second, the spatial distance among the members that required them to have a moderator and coordinator. First, the coordinator was needed to support the network coordination and enable efficient network operations and knowledge transfer: “[The coordinator] takes *care of everything now* [...] We believe that this [network] will only be brought forward with an employee, someone who has accountability and looks after things and rotates among the members *a little bit*” (TK1). In this case, the network coordinator was employed after the members had established relational and cognitive social capital ties. The coordinator in this network is treated as an employee and acts on behalf of the network. This differs, therefore, from the findings of Provan and Human (1999), who focus on two important roles of the network facilitator, namely brokering at the network development stage and facilitating the interaction among members. The latter is necessary in this case because of the spatial distances involved. Second, the WTN network is characterised by structural non-locality and is geographically dispersed within the destination, as indicated in Figure 4-2.

Figure 4-2: Location of the Network Members on the Destination Map (Source: Author)



The minimum spatial distance between the enterprises is 56 km / 35 miles (edutainment centre K to edutainment centre O) and the maximum is 168 km / 104 miles (edutainment centre K to edutainment centre M). From the literature, we know that spatial distance is an impediment to inter-organisational knowledge transfer and building trust (Inkpen and Tsang, 2005). According to Provan and Human (1999), a coordinator encourages and facilitates interaction among homogeneous and competitive members for information sharing and inter-firm learning. This role also applies in this network case in terms of overcoming the distance between the geographically dispersed network members:

“In my opinion, the reason why the position of network coordinator is really necessary, even though it’s my position right now, is that everybody has their own business, which has priority for them. And [another reason is] due to the regional distance, which is also to do with time. We are not able to meet regularly to really agree exactly on all things with each other. This might

sound really mundane now, but it's just like that, and *that's why* this position was created" (HG1).

"Looking at this WTN network, they are all in MWP, but if you tried to visit all of them, it might take you around two days of travelling, and it is exactly that which holds the challenge for service providers *in this country*" (JW1).

According to the network structure theories, firms need to decide whom to reach out to, and consider how to reach potential network members in order to form dense ties and thus develop social capital (Nahapiet and Ghoshal, 1998). The two mitigating conditions (time resources and spatial distance) identified in this case have been overcome by the coordinator, which ensures manageability, the development of social capital and efficient knowledge transfer. The network does not exemplify ties of spatial proximity but does reveal many insights into how to overcome spatial distance through such features as cognitive proximity among partners as explored in Section 4.3.2, operations with a shared vision, and partner management through the coordinator, which in turn affect networking activities and social capital development. This justifies the strategic role of the network coordinator, who facilitates knowledge exchange leading to shared network performance. The following section is dedicated to the analysis of the coordinator, providing a more detailed understanding of the network management.

4.3.5 The Framework for the Coordinator

The coordinator was hired from outside the network according to specific job characteristics and a profile of requirements that were formulated by the network members (TK1). These requirements included technical and professional tasks (see

Appendix 4). The selection of the coordinator was made by all of the network partners together. Criteria such as being a local citizen, job experience in the cultural sector both within and outside of the destination, and experience in fundraising, were the main criteria used to select an appropriate employee for coordination (JO1), although HG1 (the person employed) had no experience in network coordination (US1, HG1). In addition to the job description and contract that aimed to control the coordinator's behaviour, the duties of the coordinator were stipulated.

Prior to the start of the official network, the appointed network coordinator investigated all edutainment organisations independently over several weeks in order to identify their organisational cultures and learn about their organisational strategies. This on-the-job training was aimed at developing the coordinator's capability to coordinate the members' interests and identify with the network vision, which had been formulated among the members. The hiring and identification process that the coordinator underwent enabled the members to develop trust in the person. This situation suggests that far more intensive trust-building efforts are required in order to develop confidence through soft (trust) and hard (control) sources in an autonomous coordinator than Das and Teng (1998) proposed in their study of dyadic ties. Accordingly, trust and control mechanisms act as parallel sources for developing confidence in cooperation (Das and Teng, 1998).

In addition to the visioning process discussed in Section 4.3.3, the implementation and creation of a shared identity was led by the coordinator's understanding of the members' cultures. This evidence puts a different perspective on the nature of a network coordinator as it indicates a more active and strategic role that goes far beyond the mere 'signposting' of members to each other. In this instance, the

coordinator has broader responsibilities, albeit implicitly, than being a matchmaker (Provan and Human, 1999) or relational broker (Obstfeld, 2005), or “perform[ing] a leadership role by pulling together the dispersed resources and capabilities of network members” (Dhanaraj and Parkhe, 2006, p.659). In this context, the development of the shared identity was dependent on the coordinator’s learning about each member firm’s identity. This identification process provides an explanation of how a coordinator learns to take accountability so as to strengthen a common identity among network members and enhance the value creation process.

In the course of the WTN network’s cooperation with the DMO, the coordinator was granted an office within the DMO, which simultaneously granted the network access to information and decreased any barriers to agreements: “I’m sitting in my office at the destination management organisation where you can quickly rush across the floor, and not at [edutainment centre Z] or at any of the others. So you can easily get encounter each other [within the DMO] or put out your feelers, the short way across the floor” (HG1). TK1 added, “that was also networking, nothing else. Because we said, actually it is nonsense that [the coordinator] sits in one of our organisations, because then [the coordinator] would maybe do more for one organisation than for the other three. And [the coordinator] should sit there [DMO], where they have access to information, money, contacts, and press. The aim was that we wanted to benefit from the DMO, where we are all members, directly or indirectly, through the *RTO*”.

The network members’ aim in placing the network coordinator in an external location was to enable neutrality, thus establishing an environment similar to externally governed networks by a NAO (Human and Provan, 2000; Koza and Lewin, 1999).

Therefore, the coordinator would not be rooted or embedded in one of the member organisations, “that, so to speak, somebody [coordinator] who is not yet rooted in one of the four institutions is pulling all the *strings* [...] This *coordinator shouldn't* be docked at any of the four institutions” (HG1). The location was aimed at avoiding influences of proximity and thus unequal information advantages or perceived closer links. More importantly, this is because, “of course, first of all one would like to promote *one's* own edutainment centre [...] *all around one's* [member organisations] own church spire [...so] they still continue with their own strengths (HG1). It would potentially influence the coordinators subjectivity, if he/she was located in one particular edutainment centre. Thus, the coordinator is impartial in this sense and, by being located away from the members themselves, is less at risk of being affected by the self-interests of the members and can maintain their common interests. This adds to the literature on developing relational social capital and the role of physically distant network facilitators of industry-level networks, which has so far suggested that a network facilitator actively shapes and engineers behavioural attitudes, in particular inter-organisational trust (McEvily and Zaheer, 2004). The antecedent of developing trust among others, intentionally or unintentionally, is thus to make sure that the involved members and their needs are treated equally, in particular in a goal-oriented network.

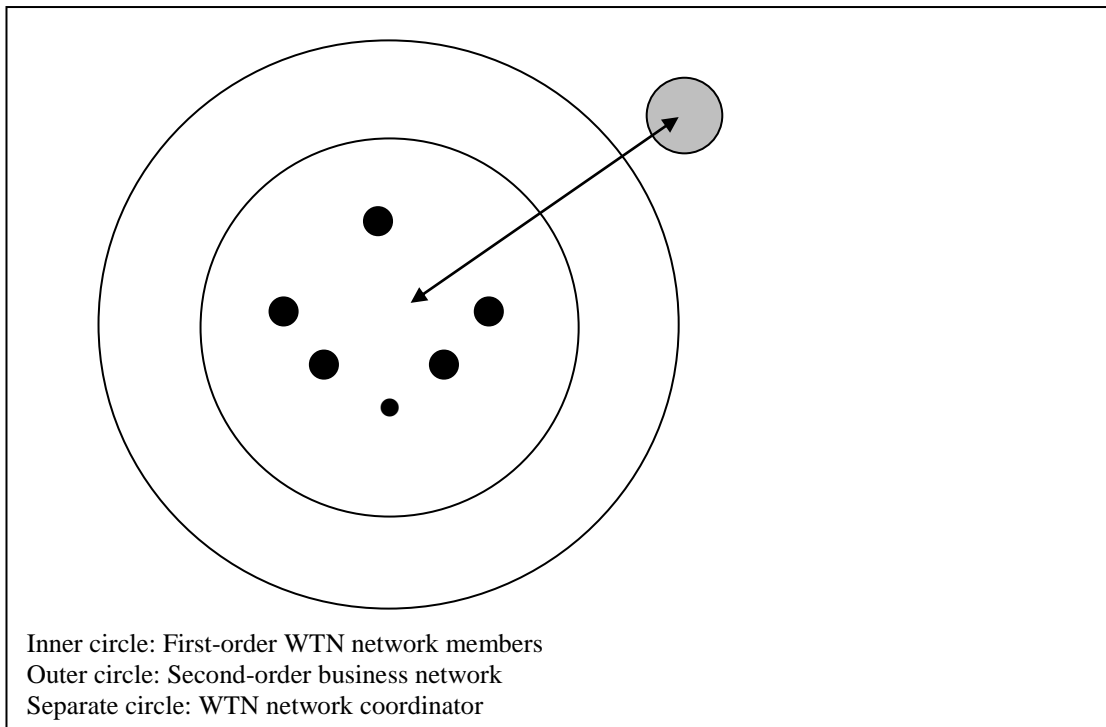
4.3.5.1 The Coordinator's Role

The vision of the network, developed through the network members, allows the building of cognitive social capital (Nahapiet and Ghoshal, 1998) and legitimises the network as an ‘entity’ with a ‘recognisable identity’ (Human and Provan, 2000), allowing it to successfully attract funders and cooperative partners as stated in the network objectives (Section 4.3.3). The WTN network coordinator holds the role of

figurehead, representing the network along with its unique brand identity and label: “Well, the main reason why we hired a network coordinator was so that we would have someone who could externally represent the network; so he is rather a symbolic figure. [We have] the logo WTN plus a coordinator who manages *everything*” (US1). The strategic role of figurehead was perceived as a critical legitimacy-building mechanism outside the network boundaries, providing evidence for the liaisons role of the WTN network coordinator.

With regard to network operations, the network coordinator is perceived as a “*member of staff*” (JO1, TK1) or “*assistant*” (SS1) who cooperates with the network members so as to achieve network objectives. TK1 further highlighted the “*collaborative role*” in relation to tourism-related policy-making, achieved through the spatial proximity to the DMO mentioned above. On the other hand, the coordinator is also expected to be a “project manager” who initiates projects in cooperation with the marketing experts, as NV1 pointed out: “The network coordinator puts forward the marketing proposals. Of course, we tell him that we could think of this and that, but [...] *we desire that he puts forward his own ideas, too*”. US1 considers the network coordinator also to be a “*service provider*” who serves the network rather than taking a creative role: “With the network coordinator in the WTN case, he is sort of a service provider. Actually, he stands a little bit outside of everything” (US1). The network coordination structure that emerged from the interviews, derived from the descriptions of the coordinator’s network position and also from the assigned coordinator’s role, is illustrated in Figure 4-3.

Figure 4-3: Network Coordination Structure (Source: Author)



The coordinator, as figurehead, carries out a liaison role and manages the cooperation between the partners and the external knowledge transfer of the network (not the organisations). Internally, however, the coordinator is responsible for brokering the knowledge creation rather than creating the knowledge, as will be discussed next.

4.3.5.2 Brokering Knowledge Creation and Cognitive Social Capital

The WTN network coordinator is responsible for brokering and implementing the outcomes of the knowledge creation activities, “which means that colleagues from the *marketing department need to do the legwork and send it to the coordinator*” (JO1), and for enabling the knowledge to be shared at the operational level. Brokering the creation and sharing of knowledge requires consideration of the equality among the members, which was the reason for gravitating together, as NV1 suggested: “*all four partners have equal rights*”. From the coordinator’s perspective—with the lack of decision-making rights stated above—the coordination of four voices is challenging

when members' decisions or opinions must be weighted equally. Consequently, the network coordinator has the function of coordinating networking activities until a majority is gained. This means creating joint knowledge until the outcome satisfies the majority of the members: "HG1 suggests something to us and then all partners vote and the majority rule applies. It can definitely happen [that we have disagreements], and we have already had one case like this, where one partner *didn't* like an advertisement and all the others actually did like it, and then the majority rule applies" (NV1). However, the majority rule will not satisfy all network members, in particular if the coordinator's perceived role is one of service provider, as US1 highlighted:

"If I approach the network manager and tell him, you know, I don't like the advertisement because it gives the wrong message and he answers that he likes it, then this means that he has misunderstood his job. Rather, he has to say, 'okay, I will send another circular mail and ask the other actors'. Well, [the coordinator] is a service provider, yes, and then it will work. But if [the coordinator] is, in some way, if the network creativity is solely the creativity of this person, in *that case I don't need a network*".

Consequently, the marketing activities had to be refocused according to the core message of the network as US1 explained:

„At the moment we have the case that our marketing people forget to remember our core message, so, what our take home message for this network actually is, and they of course forget about this, because they are stuck in details”

This suggests that the joint knowledge creation in the network is influenced by the cognitive social capital of the networkers at the operational level. As stated previously, the network is embedded in the personal relationships among the top management, who originally strengthened their business network ties and had a vision for the network. Subsequently, the accountability for boundary spanning, networking activities and the implementation of network content was transferred to the respective marketing representatives of the organisations. The cognitive and relational social capital bonds among the partners at the operational level developed from shared language derived from a shared educational and professional culture, a common marketing-driven understanding, in addition to perceived like-mindedness: “These are *people who are on the same wavelength*” (SS1). While shared language and experience facilitated understanding and thus cooperation in the network, there seems to develop a perceived cognitive distance to the strategic network level (US1) and subsequent misinterpretation of the network’s vision.

The cognitive distance across the operational and strategic level of the network—between the marketing level and strategic edutainment vision—seems to have caused distinct interpretations of the network’s content, as this account demonstrates: “*well, the people [accountable for the network operation] don’t have experience in nature protection, but are either from the communication sector or accounting or marketing, and this can be quite risky*” (US1). The cognitive social capital developed at the operational level appears to be insufficient for interpreting the network’s philosophy beyond the network goals and professional objectives. As stated above, there was a unity between the common goals and self-interests of the network members at the outset, as these were overlapping. However, a different unity-diversity tension, as proposed by Saz-Carranza and Ospina (2011), has occurred between the strategic and

operational network levels. In the WTN network, diversity has emerged in the joint knowledge creation activities of the network, caused by the differing accountability of the strategic and operational network levels. This has triggered a unity-diversity tension between the planning and implementation stages. Consequently, it may be suggested that network activities carried out at different levels cause unity-diversity tension, in addition to the tensions that occur at different stages of the middle-aged network, as theorised by Saz-Carranza and Ospina (2011).

This finding further provides evidence that the coordinator in this network is not carrying out a decision maker's role. Nonetheless, "you need to have someone you trust, who has a kind of veto function and who is not really involved in the process, *and usually that's me*" (US1). Participant US1, accountable for the network's strategy and vision, seems to have emerged as the informal leader of this network: "*Well, somebody has to regulate [things...]* In other words, I always look from the meta level and check that everything is running in the right direction, but certainly I take potluck and let them work relatively independently" (US1). In this vein, US1 has developed a capability for visioning and has strengthened the members' commitment at the operational level, as such achieving the "strengthening of social capital and brand identity across the tourism business network" (Lemmetyinen and Go, 2009, p.39).

This emerging informal leader's strength is his/her environmental background that enables them to have a perceived stronger identification with the network's philosophy. Having graduated as an engineer in forestry, US1 had developed edutainment concepts and training for several years and had published a handbook

about edutainment for practitioners¹². On the other hand, TK1 and JW1 from the strategic level, as well as JO1, SS1, NV1 and HG1 from the operational level, have a managerial background. As evidenced in Section 4.3.1.1, US1 is eager to exploit the opportunity for edutainment awareness within the destination MWP. From this observation, it can be assumed that US1 predominantly values edutainment awareness, whereas TK1, JW1 and the operational network level primarily seemed to be aiming for competitive advantage. Although these interests are overlapping, the priorities do differ slightly, and this is affecting the absorptive capability of the network.

A lack of awareness of the cognitive distance between the operational and strategic levels is impeding the brokering of the knowledge creation activities and the majority rule in this network. The coordinator therefore has to be sensitive, not only to the needs of the network members at the operational level, but also at the strategic level, or else risk dissatisfaction among the members, or worse, dissension. The latter would result in orchestration failure and network instability (Dhanaraj and Parkhe, 2006). Further, there is a risk of a break down in the social capital among the members, which would result in less knowledge and resource sharing (Hughes et al., 2007; Nahapiet and Ghoshal, 1998). This further supports the necessity of the coordinator's ability to carry out an informational role to identify members' needs, and his/her ability to develop envisioning capabilities (Lemmetyinen and Go, 2009; Mintzberg, 1973). In addition, this suggests that the development of orchestration capability depends on the networker or coordinator having personality traits that enable him/her to best support the network. Thus, he/she requires the ability "to mix and overlap the 'hard' business and 'softer' social interests of participants" and "to harness all

¹² Steiner, U., & Geissler, K. (2003). *Umweltbildung 11mal anders: ein Handbuch für die Praxis*. München, Ökom-Verl. (engl: *Edutainment 11times different: A handbook for practice*. Munich, Ökom-publ.)

interests and attitudes in a format and environment that can generate valid interaction and exchange” (Huggins, 2000, p.132).

This investigation supports the idea that networks are complex and require coordination. Important questions emerge about the assigned coordinator’s roles, selection and capabilities (cf. Lemmetyinen and Go, 2009; Ritter et al., 2004 for a review), required to enable social capital building, knowledge transfer and network-based learning. Technical and professional knowledge seem beneficial for the execution of certain coordinating and networking activities, in particular project management. However, soft skills and the soft component of synchronising and coordinating relationships seem to have greater value for the coordinator, who acts on behalf of the network in this case, rather than leading or brokering the organisations towards cooperation. This is in accord with Beesley’s (2005) investigation. She argues that emotions influence knowledge transfer processes and makes the appeal that “any investigation that seeks to understand how knowledge is acquired and utilised must consider social and affective influences; any attempt to manage knowledge and maximise the level of learning and subsequent utilisation of it must take emotions and underlying values into account” (p.273). The findings suggest, as a result, that the coordinator’s personality plays a crucial role in supporting the network. In addition to the importance of the coordinator’s role in managing network operations, a variety of relationship-specific interactions emerged here, such as facilitating the manageability of the spatially distant network, as will be explored next.

4.3.6 Relationship-Specific Interaction

With the development from a serendipitous to a formal network, the interaction in this case evolved from irregular to intensive to regular interaction. In the process of

envisioning, members held monthly meetings for socialising and the development of ideas for joint activities. When the coordinator has just come on board, a weekly report was distributed by the coordinator to the network members, justifying the actions taken and explaining their alignment with the overall concept. US1 suggested that this relatively high frequency of codified knowledge “*will probably be different once it runs smoothly*” that means, once the network and the coordinator has developed some routines. Thus, the coordinator’s explicit knowledge flow will probably be reduced once the network has passed the start-up stage and grows into the emerging growth stage.

In addition, regular face-to-face meetings are held in sequence: “There are meetings every eight weeks where the network coordinator tells us what he is *doing*” (NV1). These meetings are held in the course of project management, to discuss and provide feedback and plan new projects. These WTN network sequences were perceived as time consuming by the interviewees, because of the legwork, the spatial distance making journey times significant, and reworking of each respective member representative:

“*Well, all our meetings* take half a day or so, and you need to keep track of things or a handle on everything, and then, for example, a website is developed, and if this *doesn’t have the* latest content on it, then there is no need to create this website at all. Then if you have any technical problems, or you have understood something differently to somebody else, you have to phone again, and ask how to do it, for example should the event be placed on *the front page or not, so it’s* just that.... well, if you want to work on a live

basis with, for example, a website or other media, then you have to work on it every day or at least on weekly basis” (JO1).

Nonetheless, socialising and having a meal together is perceived as important for strategic network management (SS1) and enables the building of relational and cognitive social capital. Apart from the formal meetings and socialising, the spatial distance is bypassed by information technology. Continuous informal contact, prompt adjustments to decrease misunderstanding, and explicit knowledge transfer takes place via telephone, email or social media tools (SS1, HG1, JO1). This requires a technologically aware mindset from all participating networkers. SS1 highlights the efficiency of the ICT channel for daily working routines, facilitating coordination at the operational level. Thus, ICT is used to share knowledge and, as such, increase accuracy, comprehensiveness, and timeliness of knowledge (Kale et al., 2000). Thus, while explicit knowledge sharing was evident at the strategic ‘official’ level, those engaged at the operational level shared more tacit knowledge, because of the more rapidly developed relational social capital behaviour. Moreover, it may be argued that a combination of codified knowledge and face-to-face socialising on a regular basis so as to tacitly inform the explicit knowledge (Breschi and Lissoni, 2001) is required in order to increase the efficiency of knowledge transfer within a spatially distant network.

4.4 Conclusions about the First-Order Network

This chapter has introduced the analysis for this thesis, and started with the discussion of the primary network of the gatekeeper of this study. The analysis tells the story of the horizontal, competitive WTN network that emerged as a first-order network. The network encompasses four small and medium-sized innovative organisations that

possess some level of absorptive capabilities, and is characterised by spatial distance within the destination, shared values and a common level of quality. Stories from the WTN network members and the coordinator have been used in this chapter to understand the knowledge that appears to be available in the network, the similarities and differences between the competitive-cooperative organisations, and the features of network formation that have underpinned the emergence of cognitive and relational social capital behaviour in this case, which has enabled knowledge transfer. Four key points have emerged.

First, within this network of organisations from the attraction sector, exploitative knowledge in particular has been made available, enabling incremental innovation and network-based learning. Service innovations have been exploited from ties characterised by some organisational dissimilarity, making them similar to weak ties. Network-based learning has been enabled by ties characterised by similar content or competences. These intellectual benefits for each member have been leveraged without the support of the coordinator, who instead is responsible for brokering the creation for joint knowledge as network-level outcome.

Second, the development from informal to formal network operations adds to our understanding of the insufficiently discussed pre-network operations (Kilduff and Tsai, 2003). The findings provide evidence of development from serendipitous to formal network interactions that are embedded in the personal relationships of the top management of the respective organisations. This process of developing relational social capital has enabled the members to identify shared organisational goals and initially envisage cooperation, aside from their competitive relations. Because the WTN network is characterised by spatial distance within the destination, ‘soft’

managerial factors contributed to the partners' gravitating together. Cognitive similarity of shared values regarding environmental or nature conservation and education, and quality evidenced through certification and size, as well as instrumental similarity of organisational legal structures, facilitated the development of cognitive social capital through shared language and understanding. The envisioning and development of the network identity by the networkers themselves were formed around overlapping individual self-interests and facilitated by the cognitive consistency (Scott, 1959) of the members.

Third, the manageability of the network has been increased by three factors: limiting of network size, transfer of accountability for network operations, and the employment of a network coordinator. Most importantly, the network size has been restricted to four members. Although there was some mention of strategic enlargement, strong, dense, and stable network ties developed. The absence of interaction with further potential members is captured in norms set by the network members. These are framed around reputation, financial capability to act in the network, attractiveness/innovativeness, and the organisation's content. This untangles the linearity argument of constantly growing social capital (Nahapiet and Ghoshal, 1998). The latter stagnates if no further members join the existing network formation.

The limit on size also preserves time resources regarding decision-making processes, something that has also been tackled by a transfer of accountability to the working level. Now, qualified people—heads of marketing in this context—are accountable for the network content. This has led to a unity-diversity tension in the development of two-level cognitive social capital, the operational and strategic level, which hampers networking activities. Thus, while shared understanding among the working level has

manifested in cognitive social capital, a consideration of the downside of overlapping knowledge is also required. Moreover, the understanding of and identification with the vision across levels has suffered. Consequently, an informal leader has emerged to strengthen the commitment of the members towards the shared identity. This draws attention to the personality and experience of key individuals in the network, and the members' value priorities within the shared vision.

Fourth, the coordinator does not carry out a decision-making or leading role but works with the operational level on joint knowledge creation. The coordinator was employed with government funding to act on behalf of the network members, play a figurehead and liaison role, and implement projects according to network objectives. The strengthening of the network's identity has also been dependent on the coordinator's learning about each organisational culture. The coordinator has been located outside of the member organisations so as to take a neutral position within the network, and keep subjectivity and informational advantages low. Moreover, the coordinator is responsible for overcoming distance through regular knowledge-sharing and socialising activities.

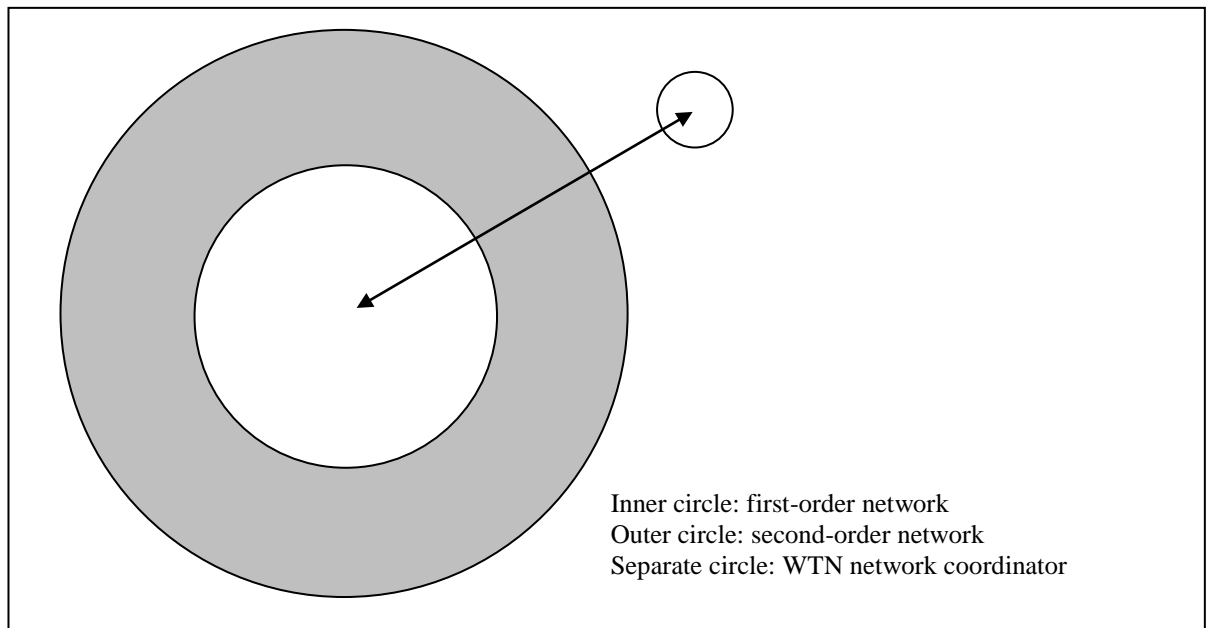
This chapter has told the story of the first-order network, including network coordination. The following chapters will discuss the second-order network derived from individual built networks identified in addition to the WTN network ties by each of the members. The next chapter looks at the knowledge that appears to be available in these relations. Managerial and contextual issues that influence network operations and knowledge transfer will be discussed in the subsequent chapters.

5 Analysis of the Social and Business Networks

5.1 Introduction

The previous chapter illustrated features of a formal goal-oriented business network managed by a coordinator using the closed network as the unit of analysis. This and the following chapters are dedicated to the second-order level of the destination-based relationships among SMEs, as illustrated in Figure 5-1, which is investigated from individuals' dyadic relationship perspectives, such that the focus is on focal actor, the so-called egocentric networks (Kilduff and Tsai, 2003). These relations are investigated primarily from the perspectives of the marketing representatives, as explained in Section 4.2, who have independently built additional business and social networks for their organisations. Thus, in this study, mainly marketing representatives or top management (directors, entrepreneurs or owner-managers) and a few academic museum staff are associated with knowledge centres in order to capture the external knowledge that is relevant and required to fulfil a portion of business goals corresponding to Cooper (2006). The focus in this chapter is on the knowledge that seems to be available in these networks. This section puts forward the social and business network intellectual benefits that emerged from the data about the knowledge that appears to be available, and discusses the learning and exchange benefits to be had from building social and business relationships.

Figure 5-1: Second-Order Network: Social and Business Network (Source: Author)



Section 5.2 is dedicated to the knowledge that is available through cooperation and business networks. These networks are used to access external uncommon knowledge and thus hold great potential for investigating the knowledge movement among tourism businesses (Shaw and Williams, 2009). Benefits are gained through the exchange of technical and market knowledge with a variety of organisations, as well as through the trade systems of related associations (Section 5.3).

5.1.1 Intellectual Network Benefits

In addition to the first-order WTN network (Chapter 4), the tourism enterprises studied in this investigation have also built business networks of various kinds. This emerged during data generation and from the participants' narratives. These relations provide access to synergetic competencies, markets, and opportunities to share capabilities as well as financial and intangible support, which is in line with the network benefits for business activity and community according to the review by

Morrison et al. (2004). More importantly, these relations are also sources of knowledge and the sharing of knowledge among them. As such, they shed light on particular kinds of knowledge that appear available for transfer and add to the business knowledge capacity of the actors. Thus the focus of this section is on the learning and exchange benefits of networks (Morrison et al., 2004).

The search for external information seems to have happened intentionally, directly, or formally in many instances. For example, “the [ideas] emerge partly internally here but someday the creativity will be exhausted. We *haven't reached that stage yet* but we are of course well connected” (US1); and “[there is] promotional exchange [...] or they support us with know-how” (SS1). External knowledge search is also linked with learning from networking and cooperating with other firms, from which further network benefits can be leveraged (Brass et al., 2004): “The meeting will be held soon, that is to say, from this idea of cooperation with involved firms new ideas *emerged, which can be used later on*” (MK1). It can also happen informally, unintentionally, or indirectly as a side-effect of strategic cooperation. These informal interpersonal relationships have not received sufficient attention in network theory in general, and especially not in the tourism context of this study (Granovetter, 1983; Ingram and Roberts, 2000). In this study, knowledge is seen as a resource that can provide the organisation in question with a competitive advantage and enables further network-based learning.

Various information benefits emerge from the data. Few interviewees from the second-order level value the centrally governed respective RTO primarily for information flow with respect to destination-based information and tourism trends. In some cases, newsletters and industry journals are used to obtain filtered information

(HS1) or general knowledge in the area of business (SM2), for example, *“from the newspaper, sometimes I read an interesting article and say, ‘wow that’s great, I need to get in touch’, because they have super ideas from which you can benefit”* (MK1), which exemplify some passive methods of learning (Lane and Lubatkin, 1998), but these were not mentioned by other participants. Nonetheless, the social and business network seems of greater importance in accessing and receiving relevant information benefits: *“But that’s the point. Well, I couldn’t live without the network. I am a networker and meanwhile receive a lot of input”* (HS1). This suggests that one not only learns from networks how to build further networks but also how to harvest more valuable information over time. Thus, the knowledge transfer activities conducted through peers and business networks respectively seem to create value above and beyond the organisations’ evaluation of the knowledge according to its relevance (Cooper, 2006; Friedman and Miles, 2002).

This line of thought is taken further, and the knowledge available in the networks that emerge from the data relate to (a) traded social networks among firms, which involve persons who are networking for business activities, and (b) untraded social networks, referring to a platform for untraded interaction e.g. organised by the trade associations (Cooper, 2008). The following section discusses relevant information-based activities or the absence of knowledge transfer among business networks (Section 5.2) as well as the knowledge available in trade networks and destination-specific interactions (Section 5.3).

5.2 Analysis of Knowledge Available in Business Networks

The findings on the knowledge available in the network processes of the participating SMEs can be distinguished into traded and informal knowledge transfer. These

processes relate to local tourism networks, encompassing competitive and complementary relations as well as ideological relations with like-minded organisations (and their respective people) that provide support and help of a financial and intangible nature. Some of the organisations pursue the same environmentally-informed ideological goals, which is particularly evident because of the nature-based tourism destination in this context. These ‘traded interactions’ with the members of the supply chain and trade organisations (RTOs in this context) are argued to facilitate knowledge sharing at the destination (Cooper and Scott, 2005).

In this study, partners of the tourism value chain benefit from bundling competitive and complementary competences and developing joint promotion and marketing strategies. In this regard, the contents of the second-order level networks that emerge from the data include strategic marketing networks or promotion-focused networks, corresponding to Palmer and Bejou (1995). These networks of “dynamic tourism firms” benefit from “clear abilities in terms of competence renewal and tourism promotion/marketing” (Denicolai et al., 2010, p.265). These networks are aimed primarily at implementing marketing decisions, promotional activities, or distribution (Gilmore et al., 2006). According to Denicolai et al.’s (2010) observation, this kind of networked-based learning is led by trust and knowledge sharing, which may be assumed to enable relational and cognitive social capital and inter-organisational learning. Accordingly, this section discusses the knowledge that appears available for access in SMEs’ networks.

Network-informed knowledge transfer is perceived as essential not only at the start-up stage to increase and facilitate the launch of the new tourism product (MA1) (e.g., "in order to increase the degree of awareness [...] *you need to work together*" (JR1)) but

throughout the business lifecycle. While the lifecycle is not the perspective here, this statements put the attention on individually approached tourism value creation (Bodega et al., 2004) as opposed to centrally organised tourism value that is created through DMOs—their information benefits will be discussed in Section 5.3.3. In particular, the economically restricted micro and small-sized enterprises in peripheral areas can gain business advantages through networked tourism promotion: “either you have a lot of money so that you can promote yourself alone or you have many partners with whom you can jointly promote your business” (MK1); “*well, the organisation has a limited marketing budget, and therefore we said we would only invest money in promotions within Mecklenburg-Western Pomerania, so we only target people [tourists] who are here*” (JG2). In these cases, the networkers proactively built networks primarily because of the lack of resources and a customer-oriented focus: “*I find cooperation, exchange with other organisations and partners, very important because many things develop, which are not necessarily applicable for the individual organisation but may be to promote a particular region, for example*” (MG1).

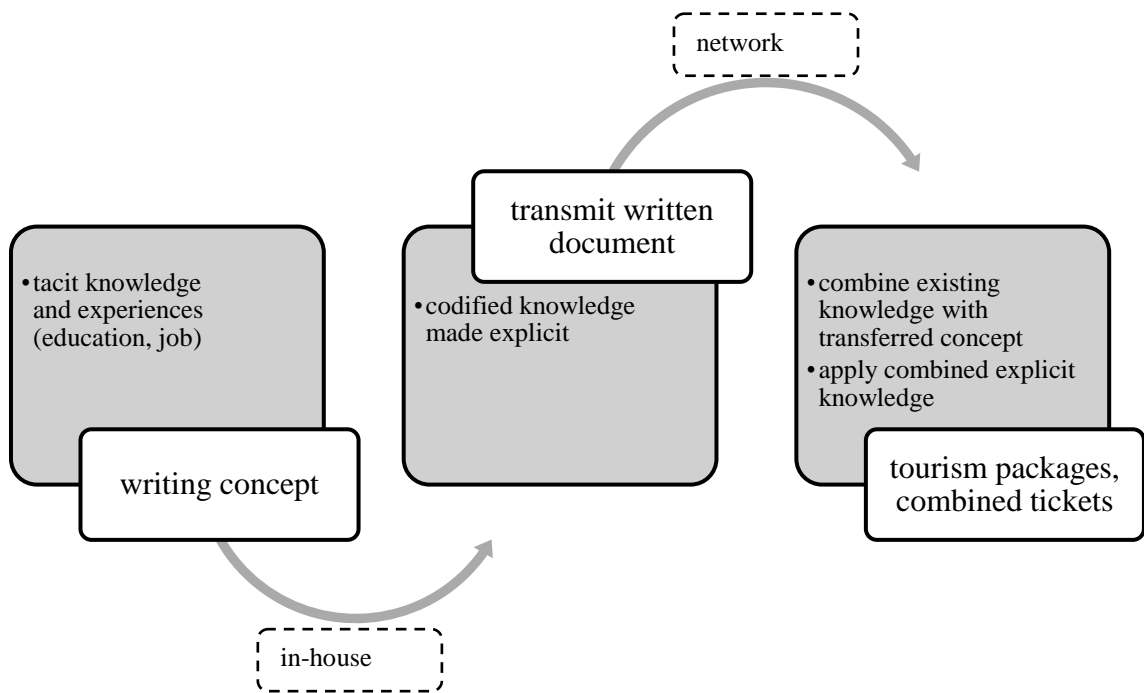
However, besides business activities, which are governed by particular goals, these relations have proved valuable to some extent for ideational benefits that highlight the open attitude by “*looking beyond the ends of one’s noses*” (JK1) that was reflected by JW1, KT1, and JK1. These attitudes towards networks, though primarily economic and self-interest driven, also imply a culture of openness, looking outside the box, that in turn increases the ability to transfer information and knowledge, which is the subject of Chapter 7. This suggests that there was a consensus among the decision makers of these network members that their own experience and the sole exploitation of organisational routines were not leading to sufficient organisational learning.

In order to detect the knowledge available in these mainly marketing-related business activities, the distinction between explicit and tacit knowledge forms will now be used to explore the knowledge flow around business networks in tourism. In the following section, the exploration and exploitation of new firm-level knowledge, in particular tacit knowledge is discussed.

5.2.1 Transfer of Externalised, Codified Knowledge

Some interviewees revealed that they used their marketing experience and knowledge (“*that you have learnt someday*” (JG1)) by writing down their ideas for networking in the form of concepts. This codified tacit knowledge was distributed to the potential network members: “we wrote a concept for it, then we approached the person for a conversation, explained the concept and then someone said, ‘*okay let’s try*’” (WR1); “well, to be precise, we initiated a project that was called ‘*Erlebnisticket Ostseeland*’ [...] aim [of this concept] *was to combine service supplies*” (JG1). In fact, these stories provide evidence for the articulation of tacit knowledge (Hislop et al., 1997) or the externalisation of tacit into explicit knowledge (Nonaka, 1991), which requires the individual’s ability to formulate experiences into understandable words, and the consequent transmission of this knowledge (that has been made explicit) among the network (Nonaka, 1991). The existing explicit knowledge is then combined with the new explicit knowledge received and leads to the application of combined tourism packages or tickets (Figure 5-2). This process can be observed in particular at the beginning of the inter-organisational relation, once the initiator has distributed the concept of her/his idea to potential network partners. Thus, the senders supplied their organisational knowledge and made it accessible for network partners.

Figure 5-2: Tacit to Explicit and Explicit to Explicit Knowledge Conversion (Source: Author)



This codified tacit, context-specific knowledge that comes from the sender clearly needs to possess a high level of relative importance and/or relevancy to the receiver’s firm, which is rooted in the organisations’ prior knowledge and potentially formulated in their objectives. Otherwise, they would not buy into the cooperative interaction: “We want to offer something to the consumer so that *we are both beneficiaries*” (JG1); “the [attraction, TK1] is also a very important supply for our [hotel] guests” (SM1). This customer-driven and volume-driven relevancy aspect is evident in the context of both competitive homogeneous relations and complementary heterogeneous relations.

Nonetheless, the transfer of knowledge is achieved once external and internal knowledge are combined and the distributed concept applied, which can be inferred from the following implementation stories: “We have a combined ticket together with [local attraction]” (WR1); “we do various things of this sort, so, such a combi-thing

for example, such as [local attraction] *that's very close* to here, that we offer a combined ticket *for*" (TK1); "we have operated with this [combi-ticket] for two years" (JG1); "recently we had a combi-ticket *with them [...]* by which our customers can experience history in our museum so to speak and travel by the steam-driven local railway" (EM1). These successful applications of a partner's knowledge provide evidence that the codified knowledge is teachable but also valued and applied by the involved network partners.

In summary, these competitive and complementary relationships make context-specific knowledge available that relates to a particular subject and therefore contributes to the partner's prior knowledge and the receiver's knowledge base. These incremental joint innovative actions in turn broaden the scope of relevancy of the organisation. These shared context-related knowledge resources add to the development of shared narratives, such as "we have a combined ticket with", and thereby assume a cognitive attribute of social capital. The partners share the representation of their joint product and the meaning of what constitutes a tourism experience in their situational context. Notwithstanding the types of firms—belonging to the same or to a different sector—partners seem to share some level of similarity with respect to their knowledge base and common language. These are derived from their partly congruent goals, their belonging to the same industry and destination, local knowledge, their targeting of a similar tourism theme, and the tourists themselves. This common language in turn facilitates the building of cognitive social capital that enables the context-specific knowledge transfer. It also seems to enable the combination of the individual's needs (derived from the organisation's values and objectives) with those of the partner, which in turn encourages acceptance according to the relevancy of (one or more of) the partner firms.

5.2.2 Active Tacit Knowledge Transfer

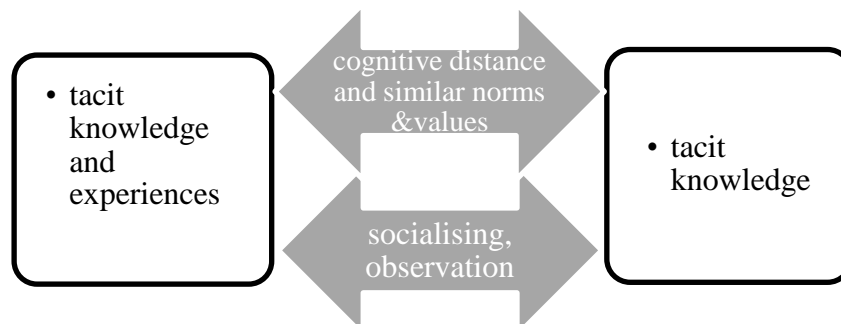
Cooperative interactions among a firm's external networkers generate learning benefits during network meetings that happen on a regular coordinated basis. This can be observed among culturally similar organisations from the same sector (e.g. a competitive network of diverse attractions) as well as culturally dissimilar organisations that are economically close in the production chain (complementary networks): *"I mean, because we meet regularly where we learn about the other businesses, and in this instance they [hotel, SM1] have learnt from us here"* (TK1); *"in service that must be like a hotel reception atmosphere, yes, we [attraction] have learnt that through the cooperation with hotels [HS1]"* (US1). In these cases, the hotel learns from the partner by implementing one of the respective attractions' products, and the attraction learns from the hotel's services and applies these standards. These instances suggest some form of network-based learning, where the heterogeneous firms learn from the relationship by identifying, filtering and applying that knowledge which is most valuable to the firm.

On these occasions, tacit knowledge transfer is facilitated through both socialising and observation (see Figure 5-3). This implies continuous learning advantages through socialising, observation and knowledge diffusion while visiting the partner's organisation corresponding to Hjalager (2000). The fact that partners come together is useful as it helps to overcome their diverse cognitive bases with respect to managing diverse types of businesses. Dissimilar knowledge bases were argued to mitigate knowledge absorption (Lane and Lubatkin, 1998). Also, the 'get together' provides access to observable relevant knowledge. This observation adds to Boschma's (2005) work regarding cognitive proximity, in which the author suggests that some common

knowledge but diverse knowledge sources are required in order for two entities to be able to communicate and acquire sources of novelty.

The actors intrinsically share the same identity regarding the network in question, sharing either institutional values (e.g. promotion of environmental conservation at a nature reserve or eco-tourism) or identical promotion purposes. In addition, the common ground deriving from context-related knowledge regarding tourism adds to the shared language capabilities. These relationships tend towards the assumption that implicit learning for innovation requires organisations to cross borders of cultural similarity. In these instances, these implicit learning relationships provide a common ground for developing an innovation capacity equivalent to that obtained through weak ties as proposed by Granovetter (1973).

Figure 5-3: Tacit to Tacit Knowledge Sharing (Source: Author)



This observation, however, does not concur with the observation made by Sorensen (2007), who found that attractions learn from similar firms that are most likely spatially distant, thus favouring the exploration of weak non-local competitive ties,

and primarily engage in learning by observation (Weidenfeld et al., 2010). However, the contrasting findings may be explained by the influence of contextual factors (Chapter 7) on networks, or a lack of either cooperative behaviour or organisations' absorptive capability. The latter requires the ability to value, transform and apply the new knowledge to the firm. Yet, without absorptive capability, a firm's individual representatives would not see the value of external relationships, and consequently would not engage in exploiting these relationships through purposeful socialising and observation. It is argued by Cooper (2006) that, in general, the absorptive capability of SMEs in tourism is low. However, because of the innovative outcomes mentioned in this study, it may be assumed that the respective firms possess some of these absorptive capabilities and/or are led by economically driven top management. In addition to ideational proximity derived from similarity in values and norms, it may be argued that the relational attributes of social capital are facilitating the 'coming together' and enable the mainly tacit knowledge socialisation. In turn, socialising facilitates the building of relational social capital, which enables tacit knowledge sharing and the overcoming of the heterogeneity of knowledge bases.

5.2.3 Best Practice and Experience Transfer

Knowledge is shared with 'like-minded people', 'similar people', or 'similar organisations' in order to learn, and for organisational problem solving, typically to address product issues ("[you] try to learn from mistakes, so information centre searches *information centre*" (US1)) or process issues ("you hear what problems they have, you hear what solutions they offer for that problem, how others do it, how you can do things more easily and the like, *and so that's what I always find very beneficial and also very, very important*" (MK1)). The interviewees from culturally similar organisations had mutually learnt from the mistakes of their counterparts. These like-

minded communities share the same values, derived, for example, through networking with somebody embedded in an organisation with a similar specialism. This may be facilitated by the cognitive element of tacit knowledge, by which people understand their environment through their beliefs, schemes, and paradigms (Baumard, 1999), which lets us assume that like-minded people are cognitively close.

The interviewees also seem to have benefitted from exchanging experiences with cognitively close people, allowing them to explore new knowledge not previously held. This has enabled them to acquire information and generate ideas that have supported the implementation of organisational innovations. For example, “*in order to refurbish such a house, which is a million-euro objective [...] then you find quickly that there are similar people in the country, who face similar challenges to ours, and the first network was built because you exchange knowledge. For example, ‘what experiences do you have’, ‘can you give me any advice’*” (MA1). The interviewees had learned from partners’ know-how, which the partners themselves had learned through related actions. This speaks to the technical elements of tacit knowledge (Baumard, 1999). These experiences were then made explicit to a certain extent in order to increase teachability through verbal communication and facilitate its transfer in these weak ties with like-minded individual. This happened through the creation of a platform set up to share experiences and knowledge. Because many of these experiences were shared, it was possible to at least make the tacit knowledge somewhat explicit to enable the start of its transfer. This network is thought to exploit competitive advantages, either through joint marketing activities or joint branding of the service products. These ‘teacher-student’-led relationships have benefitted from a certain know-what base, which adds to the observation made by Lane and Lubatkin

(1998), whereas the ‘student’ in this study is actively and purposeful searching for this uncommon knowledge in experienced sources.

This developing network stemming from problem-solving ties has consequently led to a horizontal, competitive network through the growing start-ups of culturally and economically similar organisations, which have similarly introduced organisational innovations to exploit the historical assets typical of the destination. Consequently, the network-based learning—by which the organisation acquires partner’s knowledge to accumulate their own knowledge base—aligns both partners knowledge bases, which makes them competitive: “*It’s also very difficult because you jeopardise each other of course*” (MA1). Nonetheless, these market entries have increased the body of knowledge and the human capital of the networked organisation, fostering increased opportunities for experience exchange and advice. In this instance, this initially weak network among like-minded and cognitively close people sharing a common understanding of an explorative nature has provided an entryway for the development of a strong and dense network. MA1 is convinced that “*a network emerges from itself but you need to try to get it on the right track*”. Consequently, this destination-based network has served as a means for knowledge exploitation for established members and knowledge exploration for potential members. Thus, social capital activates the access to network-based learning opportunities and stimulates the transfer of know-how and complementary resources when the firm’s social capital behaviour builds common understanding and trust among the networked actors.

5.2.4 Network-Based Externalisation of Tacit Knowledge

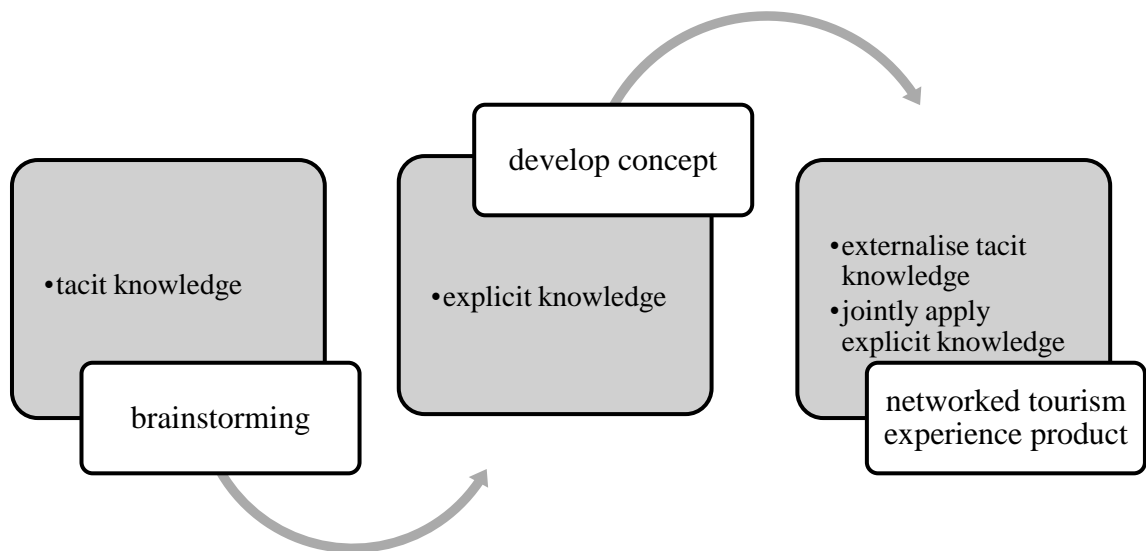
Some of the business concepts used in these networks have been developed with a different knowledge transfer approach of combining various experiences and

knowledge stocks from the individuals' business practice. Repeated brainstorming meetings with mutual interaction have been used as a means for collective learning. For example, interviewees stated that “*with* the new ideas that we are developing right now, I am of course pleased that I am finally taking part in the discussion round, and that I am also *getting involved in these, let's say, intellectual rounds*” (SM2), and “to invite all who work with this theme and the biosphere reserve and say, *let's sit together, what ideas do you have*” (EM1). These forms of potential externalisation from tacit to explicit knowledge have enabled the generation of new ideas and the joint development of a tourism experience product (JR1, JO1, MK1), in particular among members who are economically close in the production chain or have similar core competences (missions).

In this study, these cases of collective learning mechanisms achieved through brainstorming meetings are characterised by local, complementary and vertical networks among members with organisationally close (strong) ties and are facilitated through relational social capital developed through trust, and source credibility underpinned by complementary resources. The experiences and diverse but complementary knowledge capabilities of each partner have been combined. The destination-based local knowledge serves as overlapping basic know-what that enables shared representation through a common understanding. The network-based learning is highly product context-related and the outcome is a product of creativity more than redundancy. These ideas and new forms of tourism experience products have been developed by the involved partners themselves without the need to exploit an external consultant or developer as proposed by Cooper (2006). Thus, brainstorming sessions have been useful for externalising individuals' tacit

knowledge—the knowledge at the micro-level—to make it available at the network level. This is illustrated in Figure 5-4.

Figure 5-4: Externalisation from Tacit to Explicit Knowledge (Source: Author)



These constellations seem to be based on norms and identification with the subject with a high commitment level. These factors have eliminated freerider behaviour and leveraged learning opportunities without the risk of ideas being imitated by an actor for their own interests. The established relational social capital behaviour of the firm increases the likelihood that the resource is accessed from and developed with the partner (outside the firm) rather than exploited or created within the firm after learning has taken place. The prerequisite for such engagement is to have at least some matching propositions, demonstrating the necessity of building relational capital, in the form of either ties of friendship (SM2), cognitive proximity through shared interests (MK1), similar vision and strategies (JR2), the credibility of the partner (SM2, KT1), or consistency through invested time and effort. Time and effort

investment provides evidence of the importance of partner management for developing relational social capital to keep inter-firm knowledge transfer alive, which will be discussed in Section 6.3.3.

5.2.5 Knowledge that is Not Shared

Knowledge transfer among local accommodation providers (hospitality sector) located in these nature-based, sparse-structured tourism regions seems to have been rare (HS1) or non-existent (JG2). These relations are not seen as important knowledge sources by the respective actors from this sector, and the information held within these organisationally distant (weak) relations among organisation from the same sector are not considered beneficial for innovation, even though the network is based on shared institutional norms. For example, “*of course* you meet occasionally, you exchange, or with restaurants and cafés and the like. *That’s given. But that’s not like meeting* regularly; you only have friendly relationships with them, *or contact*” (JR1), and “*there are members ... they have holiday homes somewhere at the other side [of the national park] ... with whom we of course have nothing to do at all, because we have a hotel, we have a totally different hotel and don’t have a holiday home*” (MA1). In these examples, ties appear to be quite weak and indirect, emerging only from occasional social interaction. According to Portes (1998), social relations are constructed with some effort and investment to make them usable for other benefits. So, in this example, where a smaller hotel might seek to network with a larger hotel, the larger hotel does not benefit from the connection with the smaller hotel. Therefore, it may be argued that the ‘piggyback’ option lacks mutual knowledge and resource benefits for the larger establishment and thus the mutuality malfunctions. In this case, the institutional norm seems to be insufficient to motivate stronger networking among these actors.

Similarly, Weidenfeld et al. (2010) found that learning by observation through weak ties was a response to resentment towards network-based knowledge transfer among managers, deriving from a lack of trust and confidence in mutual learning opportunities. However, whereas that implies a lack of ability to value network-based learning, the situation in this study suggests a different explanation. The respondents from the accommodation sector demonstrated that they have this ability, through their engagement in sourcing external knowledge from various local and non-local complementary networks: for example, “*we cover a wide spectrum and for that you also need a lot of partners*” (HS1) also reflected by MA1, JR1, JG1, and SM1 from other hotel organisations. This leads to the assumption that the lack of availability of knowledge in these regional weak, same sector relationships depends to some extent on the slightly different cultures and levels of professionalism or quality of the firms in the local hospitality sector, which reduces the assumption of competition but also cooperation.

From the observation in the previous section it was assumed that relative cognitive distance and institutional proximity among partners facilitates learning. However, the different levels of quality and professionalism of firms in the same sector seem to inhibit knowledge sharing in sparsely structured peripheral areas compared to agglomerated accommodation providers and accommodation alliances in mass tourism areas (Sorensen, 2007) or urban areas (Ingram and Roberts, 2000). Although similar agglomerates were mentioned by interviewees (NV1, WR1, SS2), no links seem to exist between these alliances and the participating respondents. In this context, accommodation firms in sparsely structured regions are less likely to benefit from inter-organisational knowledge transfer.

From the perspective of the attraction sector, a great deal of effort is required to overcome the absence of knowledge sharing with the regional accommodation sector. The aim was to allow the latter to learn about the specialisation and services of the organisations from the attraction sector. Representatives are required to inform and explain their organisational activities through a one-way knowledge flow, “so you need to make sure that they are familiar with our business, that the employees know something about us, so that they can say three sentences about [our organisation]” (TK1). The interviewees argued that knowledge about their business specialism should be seen, experienced and explained in situ at the respective organisation (JO1, WR1, KT1, SM1). In this case, explicit knowledge is tacitly informed:

“We invite the hotels to receive training of quarter of an hour to half an hour in our organisation and then they *get a tour through the house [...]* we mostly do it here because this product, well, if people experience this through a guided tour they like it *and learn about it*” (JO1).

WR1 recount a similar story of an organised event: “I have organised such a ‘*Multiplikatoren*’ [advocates for viral marketing] event that is to say such an exclusive event only for the ‘*Multiplikatoren*’ [advocates] of the region” with a high response rate. This knowledge outflow has led to greater success in building subsequent distribution relationships. Thus, tacit knowledge at the micro-level was made explicit so that it could be readily transferred to the suppliers, who are otherwise reluctant to engage in networking beyond the perceived relevancy to their organisation. It can be argued that training and socialising events seem to bypass the receiver’s lack of ability to value external relationships that can be used to create new

combinations of products, and also play a role in establishing relationships aimed at building up social capital.

These observations lead to the assumption that hotels are more likely to value and engage in horizontal complementary networks and vertical input networks than the loose local distribution relations explored in this section. It may be argued that they develop their networks in particular because of relational and trustful attributes of relationships with those firms that they are economically closely tied to and which are thus perceived as more 'secure' or controllable. Tacit knowledge is transferred in trustful relationships. These secure ties seem to develop a greater level of confidence in the partner, which are thus easier to control than loose distribution relations. This may explain why hotels exploit knowledge opportunities in chain relations (Morrison, 1994), and link with complementary firms to access capabilities or input relations for their regulated and sustained demand-oriented communication. To summarise, the findings suggest that horizontal competitive relations with organisations from the same sector differ among sectors. In this context, hotels, in contrast to attractions, seem to leverage information benefits from economically close complementary horizontal or vertical input relations, and culturally close destination-based or non-local organisations found in their respective quasi-network relations, such as chains, franchise licensors/networks or associations, in order to exploit opportunities.

5.2.6 The Uncoordinated Side-Effect or 'Buzz' Generation

Whereas the previous sections provide evidence of intended and coordinated innovation sources and knowledge transfer, the respondents also indicated that business networks are not purposely built to gain and transfer knowledge and information: "*of course you observe what others do, naturally, but not because [of*

that]. Well, that was not the reason why we built the *networks*” (JO1). Unstructured and unintentional ideational input and the diffusion of knowledge through regional cooperative interaction are not unusual and are gained as side-effects. For example, “well, of course you learn from other organisations, other operations ... this enrichment is definitively a *given*” (JO1); “*he said [during a phone call], ‘I have a different idea, we need small precious stones to put on the beds of our guests as a giveaway instead of a praline’.* These ideas develop from these contacts [developed in the course of sales activities]” (HS1). Socialising is another side-effect of business: for example, “*there is always time for small talk*” (SM2); “[*in*] the pub having a beer [...] you sit somewhere at a fair trade event in a pub at the end and meet each other [...] in a comfortable environment and there you do the best business, I can tell you” (HS1).

These occasions of making knowledge available recall Bathelt et al.’s (2004) notion of ‘uncoordinated buzz’ created by face-to-face contact between people meeting in the same time and space, with specific information and updates exchanged in informal settings. These occasions also provide evidence of irrelevant knowledge availability, in contrast to the search for relevancy that generates new knowledge. This is similar what happens in weak ties. In contrast to in the previous section, where socialising was not perceived useful for leveraging knowledge from a partner, these socialising activities are explored for new knowledge through the disclosure of knowledge needs. This knowledge-sharing activity facilitates tacitly informed knowledge combinations outside the organisation’s boundary. Moreover, these buzz-creating events have the potential to create stronger relationships through people getting to know each other and developing relational social capital. They facilitate the development of cognitive social capital in that people learn from each other and their organisations and related

products, and engage in activities where they scan these things for similarities. This produces the identification of common knowledge bases, needed to build relationships with shared representation. These uncoordinated and informal settings seem to lessen the pressure of ‘must innovate’ and therefore may ease creativity, for example, the know-how to combine partners’ knowledge with one’s own.

5.2.7 Network-based Learning by Observation

Active learning through observation seems to be a side-effect of visiting a partner’s firm or the planned scanning of organisations’ websites. This type of observation seems to reveal new ideas or products from regional, culturally similar organisations with a common know-what basis and destination-based knowledge. These activities are used to gain unstructured information from competitors’ products and activities and exploit new ideas or products. For example, some may learn how others design their web presence and apply this tacit knowledge with their own content: “*I eventually observed the websites of the houses of the region and I found things which I liked and didn’t like, which I would change to so and so*” (JG2). This observable know-how can be imitated and applied to the organisation’s knowledge base (e.g. website content). Also, ideas from culturally dissimilar organisations are exploited and transformed to extend existing products: “we do observe these actions, to see what we can apply in our zoo, but we always make sure it has something to do with our zoo, and avoid copying *by all means*” (KH1). This requires the ability to absorb and transform knowledge. Moreover, some interviewees indicated that they learnt from culturally dissimilar, organisationally distant organisations outside the industry, such as from the multinational furnishings corporation IKEA (JK1, JW1), from “*car makers*” (US1), and from spatially distant firms located outside the destination (US1,

SM2) or the country (e.g. neighbouring countries such as Denmark, Lithuania (JK1, JO1, MA1)).

Yet, disruptive or radical innovation is rare in tourism, and this was supported by MG1 who said: “I would not say that we adopt, but [we look at] what others are doing, what ideas they have, how we could implement that in our organisation. That means we’re always observing. It’s not like everything crosses one’s own mind; it’s not like always reinventing the wheel”. Thus, network-based learning among culturally dissimilar organisations requires a higher level of absorptive capacity on the part of the firm than it does among culturally similar organisations. This adds to the observation by Lane and Lubatkin (1998) and Cohen and Levinthal (1998) that the degree of the similar needs and concerns of the observing (student) and observed (teacher) firm as well as the familiarity with the know-why of the teacher’s firm facilitates the application of the new acquired knowledge.

Moreover, networks of culturally dissimilar organisations facilitate the exploitation of networks for incremental innovation sources (Hjalager, 2002), whereas networks of culturally similar organisations facilitate the learning of network-based know-how. These events may provide evidence of the incremental innovation habit of the tourism industry and the adaptation of products, and it may be concluded that daily operations aimed at achieving visitor growth through marketing activities are rated as more important than disruptive or radical innovations, for which financial resources may be lacking or which may be easily imitated if invested in (Poon, 1993).

On the other hand, information technology functions as a “*marketplace of information*” (TK1) and is used to gather more information about internally informed

ideas: “*On the one hand*, I certainly take new ideas from searching the internet, of course” (NV1). This tacit knowledge is successfully transferred once made explicit, most typically through in-house discussions that lead to the extension of the product portfolio (MK1) through the combined use of existing and newly acquired knowledge. The extensive usage of the internet to research innovative tourism products demonstrates that new ideas and products are available but come from weak (non-)local ties. This network-based learning through observation is unlikely to unlock relational or cognitive social capital and facilitate mutual learning or understanding. This is in line with Lane and Lubatkin (1998) who state that only the objective and observable knowledge can be acquired at these arm length learning opportunities, which however does not add to unique value creation than interactive learning would do.

The above investigation into whether tourism operators and managers value the knowledge that is available through network-based learning-by-observation may provide evidence to back up the following three arguments: The tourism industry is by its very nature highly imitable, in particular with those product innovations that happen in the front-line service and with low technology levels (Hall and Williams, 2008; Hjalager, 2002), albeit the characteristics of service provision makes each service highly distinct (Zeithaml et al., 1985). Second, tourism operators and managers are characterised as being reluctant to share tacit knowledge, which is their basis for competitive advantage (Cooper, 2006). This unwillingness and non-sharing behaviour became evident in the course of this study. For example, “*I think many may have some sensitivity to being seen [as acting jointly] with somebody else, or maybe to sharing information*” (JO1). This also limits the pool of available partners for knowledge sharing. This evidence was also reflected by other participants. Third,

there seems to be a legitimate fear of many firms coming to know the ‘same’ things, such that the network will eventually suffer knowledge redundancy and organisational homogeneity, as explained by a respondent as follows: “*of course*, not everybody has the same knowledge. That would be horrible; you would not have any advantages any *more*” (MA1). This fear can constrain network behaviour and knowledge sharing. This also provides some evidence in defence of the tourism SMEs that are often accused of being knowledge-averse and lacking the ability to absorb knowledge. Moreover, this provides evidence for Grand and Baden-Fuller (2004), who argue that firms prefer to access knowledge for exploitation rather acquire it for learning.

5.2.8 Knowledge Flow through Informal Networks

In addition to business relations, informal networks are sought as knowledge sources or knowledge transfer agents, and these are discussed next. A knowledge transfer agent is an “intentional human, organizational or technological actor that focuses on the facilitation of knowledge transfer between two or more other actors” according to Strohmaier et al. (2007, p.5). The informal social business network of the respondents in this context refers to family, circle of acquaintances and friends, former work colleagues, contacts met at conferences, and selected colleagues from within the organisation or other organisations—referred to as friends here—because the business environment is not always separate from the private environment: “*Well my circle of friends is simultaneously the circle with whom I work*” (HS1). Although the focus is on business networks from a firm-level focus, the business- and organisation-relevant knowledge sources from informal and personal networks are valuable sources since organisations are made up of individuals. These individual actions of developing social capital and knowledge transfer are also considered.

Tacit knowledge is exploited through friends' mobility, making them 'knowledge transfer agents' in addition to employees, as suggested by Shaw and Williams (2009) and observed by Weidenfeld et al. (2010). The agent's tacit knowledge gained through observations of competing organisations is transferred through the seeking of advice, or comes unsought from the transferor, as JK1 recounted: "when they visit any museum or the like they drop me an email or *call and tell me, 'Well I have seen this, maybe that's something you can use?'*". Such situations were also recounted by other interviewees. These informal knowledge transfer agents both inform new ideas and question existing business habits. In a more anticipated way, respondents explained how they consult and use their social networks when facing gaps in the knowledge required to execute their responsibilities, for example to establish a division in the context of a start-up (JK1) or make improvements to working processes (NV1) such as how to develop a working shift schedule (AB1, JK1), in which case informal networks working in hospitals were consulted. Rather than seeking this knowledge—new to the person dealing with it—in inter-divisional networks within the organisation, external trustful friendship relations are sought, to provide advice regarding incremental process innovation.

According to the respondents, the strong bonds in personal social networks facilitate continuous knowledge and advice provision, and idea generation. These are particularly relevant if a professional network such as a visitors service group (JK1) has not yet been established or if an informal trustful relationship is valued over formal professional relationships (NV1). In these cases, the knowledge benefits from the prevailing business network are not being leveraged because trustful relationships have not yet been established due to short job tenures of less than two years. A career changer (MK1) or an 'incomer' (JK1) interviewed for this study revealed that they

had even fewer opportunities to benefit from business contacts, and related to their informal established networks instead. Interestingly, SM1, another career changer to the hotel sector benefitted from access to the hotel association the organisation belongs to. In contrast, HS1 or CB1 with destination-based experience revealed that they used previously established business contacts to access knowledge and advice.

Moreover, relationships from one's past career path and professional experience, as well as informal business relationships, are especially valued for their open nature, the motivation they provide to share one's knowledge, and the perceived professional knowledge that can be gained from them. For example, SM1 stated, "*there are several very proficient and skilful people with whom I have friendship relationships and exchange views*". These rather interpersonal social networks can supply valuable knowledge and human capital to the individual, with the opportunity to be integrated at the organisational level. The gain and information flow in this sense seems to be one-way rather than mutual; however, it could be argued that norms at a personal level seem to compensate for the malfunctioning of mutual learning in these particular contexts.

5.2.9 Conclusions from the Exploitation of Business Networks

Clearly, traded interactions among business networks make a variety of knowledge available for exploitation, providing learning advantages or innovative outcomes. Innovation in this study primarily includes minor and major product and process adoption, and product combinations of new tourism experiences. The available knowledge was investigated along the tacit–explicit continuum. The findings suggest that tacit knowledge is created in-house and subsequently codified in the form of concepts so that it can be supplied to the horizontal competitive network. This

codified knowledge has high relevance for the receiver firms. Both sender and receiver have some common context-specific knowledge, which facilitates the building of cognitive social capital, such as shared representation (e.g. “we have a combi-ticket with”).

This study has also revealed firm-context-related or product-context-related explicit knowledge that is made available for sharing and learning among horizontal complementary business networks. Network-based learning about how to implement products or services is enabled through socialising, active observation or strong ties among complementary firms. In this case, the firm demonstrates a stronger level of absorptive capacity to apply, for example, a product, service or method new to the firm, enabled through the relational bonds among these economically close organisations. Coming together and active observation overcomes cognitive distance through institutional norms/proximity derived from shared identity and a common knowledge base regarding tourism. This, combined with cultural dissimilarity, fosters the transfer of new knowledge to the firm. Moreover, relational social capital deriving from the shared norms facilitates socialising. In turn, socialising aids the development of relational capital, which facilitates tacit knowledge transfer.

Also evident is the importance of cognitive social capital for individuals’ problem solving and both best practice and experience transfer, with people gravitating towards each other based on feelings of like-mindedness. Similar values enable the building of a common ground for a relationship, irrespective of spatial distance. The balancing of the knowledge base between ‘teacher’ and ‘student’ organisation is driven by the active learning behaviour of a motivated receiver. The receiver (or student in this case) may have similar knowledge content to the teacher, but lack the teacher’s tacit

understanding. The student organisation seeks this know-how and is more likely to learn it when the two organisations are culturally similar, or when becoming culturally similar through learning is the aim. Yet, there is a fear that organisations accumulate similar knowledge that would lessen the competitive advantages.

In contrast to the supply of explicit knowledge to the network, tacit knowledge is potentially converted into explicit knowledge at brainstorming meetings between local horizontal complementary ties or strong vertical complementary ties characterised by friendship, mutual interests and mission, the credibility of the partner, and consistency of effort. The experiences and diverse but complementary knowledge capabilities of each partner are combined to create an innovative joint tourism experience. The destination-based local knowledge serves as an overlapping know-what that enables shared representation through a common understanding and language. The network-based learning is highly product-context-related and the outcome is more a product of creativity than redundancy. The established social capital behaviour of the firm increases the likelihood that the resource is explored and accessed from the partner (outside the firm) rather than exploited or created within the firm after learning has taken place.

Some evidence of passive learning methods through learning by observation without active interaction can be identified. This observable knowledge remains embedded in the respective person (JK1) or is applied at the organisational level in the form of managerial innovation (US1) or product innovation (JG1). Also, uncoordinated buzz is generated as a business side-effect and provides access to seemingly irrelevant knowledge and new ideas through knowledge spill-over, as suggested in the theory of weak ties. Various socialising activities are explored for new knowledge through the

disclosure of knowledge needs. This knowledge-sharing activity facilitates the combination of tacitly informed knowledge outside of an organisation's boundaries. Moreover, these buzz-creating events have the potential to create stronger relationships, as participants get to know each other and develop relational bonds. Scanning for similarities facilitates the understanding of the counter organisation in that people learn from each other and each other's organisations and related products and activities.

The findings also reveal the absence of knowledge. On the one hand, there seems to be a legitimate fear among firms that partners will accumulate the same knowledge base as them, leading to knowledge redundancy and organisational homogeneity in the network. On the other hand, unwillingness to share knowledge because of sensitivities regarding potential partners, or a failure to value a partner's knowledge because of the type of organisation it is, limits the pool available for building social capital. This leads to the proposition that external knowledge is valued differently in different sectors, for example in the accommodation sector compared to the attraction sector. This is also evident among diverse types of hotel organisations that are affiliated non-locally. Thus, it is evident that, while the attraction sector values knowledge exchange with the accommodation sector, this view is not shared by the accommodation sector, meaning that an enormous effort is required from the attraction sector to achieve knowledge flow. Thus, socialising events and training enable the establishment and strengthening of relationships. These relationships build up social capital between organisations that would otherwise be reluctant to engage in networking without any perceived relevance. These proactive activities seem to bypass the receiver's reluctance to value external relationships, creating new combinations of products beyond established, strong ties.

In addition to individually traded interaction, externally coordinated traded and untraded interaction among business networks emerged from the investigation, and this is discussed in the next section.

5.3 Analysis of Destination-Specific and Industry Networks

In addition to traded interaction among business networks, the interviewees in this study referred to the use of trade and infrastructure systems to access knowledge. The focus of this section is therefore on knowledge that is made available through the trade systems that emerged from the data, including (non-local) chains, tourism and sector associations. The chain opportunities seem to explain the lack of local knowledge exchange (Section 5.2.5). Sector associations disseminate explicit knowledge with which member organisations are infused. In addition, ‘untraded interactions’ conducted through organised civic events were evident in the study. This is discussed below.

5.3.1 Expert Knowledge Transfer Agents

Some of the hotels interviewed are members of particular nationwide accommodation associations of culturally similar firms, such as the youth hostel association for youth group tours (JG2) or family holiday centre associations for families with limited resources (SM1). These are centrally organised in every state, following either pedagogical or socio-ecological ideologies. These network members benefit from these dense, closed, non-local membership ties for information and knowledge transfer regarding quality certifications and marketing strategies, through which technological knowledge is transformed, decoded and made available to be absorbed by the individual organisations. This has also been suggested by Cooper et al. (2006) to be a useful way to facilitate technology adoption by the tourism industry. The

decentralised structure of the association facilitates the generation of local market knowledge and provides the members with learning advantages—an observation that tallies with the work of Ingram and Baum (2001). Moreover, the hub firm feeds the members ideas for innovation, accompanied by explicit knowledge, for example information on organic food suppliers (SM1) or quality label suppliers (JG1), as well as tacit knowledge, for example on how to implement an organic-based kitchen (SM1) or provide quality training (JG1). The knowledge gained from these affiliations is valued more highly than the information obtained from the RTOs (UA1). Thus, these insights provide evidence that the accommodation sector values its (non-local) hotel chains for learning. The geographic distance makes them less competitive. Also destination-based hotel alliances with culturally close firms are valued in case they vary in their specialisation and brand. These elements are characterised by relational and cognitive social capital based on similar standards and quality, in contrast to local horizontal quasi-competitive networks from the same sector. The latter seem to be less valued because of the perceived lack of learning benefits to be derived from different knowledge bases and needs. It may be argued that this available pool of legitimate hotel networks is used to explore knowledge, and as such provides evidence relevant to the discussion of unavailable knowledge, seen earlier in Section 5.2.5.

Another network source of knowledge was revealed to be the organisations' boards of directors, who serve as tacit knowledge providers: "The non-profit company with limited liability has a board of directors and some non-executive directors have provided a lot of ideas which we are still benefitting *from*" (JG1). In this case, the director referred to by JG1 managed a local organisation from the construction industry that was culturally and economically dissimilar. Similarly, the shareholders of organisations such as environmental organisations (US1, TK1, JW1, WR1) provide

knowledge about sustainable practices for nature-based organisations, which usually serve two purposes, namely environmental conservation and tourism. These events provide evidence as to the value of organisational proximity (Boschma, 2005) in knowledge transfer, where the members of the board or the shareholders belong to different organisations (Mizruchi, 1996). Although the control mechanism of the shareholders was seen to be prevalent in terms of “*guilty consciences*” (JW1), the interviewees highlighted the communication mechanism by which context-specific knowledge and in particular practical ideas are shared. This supports Shaw and Williams’ (2009) consideration of interlocking directorates for knowledge transfer in tourism and provides evidence in the context of SMEs.

These kinds of knowledge that is transferred are based on the receivers’ organisational philosophy and thus are exemplary for learning and innovative inputs through the organisational proximity of moderate ties. These firms are neither autonomous nor hierarchically arranged. The knowledgeable individuals in these types of networked organisations support and transfer relevant tacit and specific knowledge, facilitated through ideological proximity of partner firms that are culturally close with respect to at least one organisational purpose. These aspects of closeness in addition to relational social capital facilitate the receiving organisations’ capture of this tacit knowledge. This captured tacit knowledge may increase the knowledge stock of the respective SME if it lacks prior knowledge and the ability to exploit external sources (Cohen and Levinthal, 1990; Cooper, 2006; Hughes et al., 2014).

5.3.2 Sector-Specific Knowledge

Regional content-related forums and associations, “which are externally organised and by invitation” (NV1), are spaces where members can share their knowledge and

experience. Different associations were mentioned by the interviewees, such as museum or zoo associations, large-scale protection areas, marketing groups, and communities of interests (JO1, KT1, US1, MG1, RS1, SM1, JK1, JG1, and NV1). These groups of professionals or boundary-spanners of organisations with similar products represent these kinds of relationships held by people with mutual interests or firm specialisations. They are most likely to involve those from the same profession but at various levels, providing opportunities for the exchange of experiences with respect to professional tasks such as marketing: “*that’s maybe the most likely information exchange with colleagues from the same field and so, like, ‘how are you in your museum?’*”, “*so, do you also have such a limited budget?’*”, “*doesn’t anybody listen to what you say, either?’*” Well, “*that’s more like a trade association or the like*” (JO1). Alternatively, they could relate to business-relevant data: “*experience exchange and meetings, information about visitor numbers and the like*” (MG1), or the same field of knowledge/specialism: “*nationwide, there are diverse working groups among large-scale national parks; we are involved there*” (US1).

These interactive forums facilitate regular exchange (“we usually meet once in a *quarter*” (JO1)) and take place face-to-face in an appropriate and thematically relevant environment (“the latest [working group] we held, for example, in the [hostel, JR1], which *had implemented diverse alternative energy systems [...] and [we] exchange views and observe what’s possible, what their experiences have been, and so you have an exchange and see different hotels*” (SM1)). These events are also perceived as a starting point for stable knowledge transfer among the visited organisations: “sometimes lasting relationships develop among these organisations. *That’s very important*” (RS1). Current issues relevant to all interested parties pursuing the same specialism are discussed. The discussion forums of the associations are

closed, dense and non-local networks, the relationships are well-established and trustful (*“that is a very good network, because it has existed for a long time, has grown and trust has been built up”* (US1)), and they are aligned to the organisations’ identities.

These networks substitute for local professional associations that span a variety of industries, such as “journalism” (JO1) or “marketing clubs or the like” (JO1, NV1). The structure of the trade associations indicated above, however, is decentralised at the state level, with often an umbrella association at the national level. Thus, these associations cross local boundaries: “well we travel regularly, at least within *Mecklenburg*”. Members can gain knowledge benefits from connections at the inter-state level: *“the distance is far enough that you don’t face a situation of competition. So the network national park that feeds us with new ideas ... is maybe [another national park], but that is far away [429 miles]”* (US1). This traded interaction in the trade associations for industry sectors allows for a wide array of tacit-to-tacit knowledge transfer (experiences) as well as explicit-to-tacit knowledge transfer. For example, facts and data are used to plan activities such as marketing activities (KT1, HS2, JG1). These transfer activities are facilitated through the relational and cognitive attributes of the relationships. In particular, these learning advantages gained through knowledge transfer are facilitated by socialising as well as brainstorming sessions, through topic-related working groups.

It may be argued that the sector-specific information to be gained from trade and professional associations is of an exploitative nature “because the theme of energy saving *has priority in all organisations and we exchange views about it*” (SM1), with members getting access and exploiting the knowledge stock of connected partners. In

addition to individual information benefits, these associations facilitate the transfer of combined explicit knowledge, for example, for a decentralised museum's exhibition of participating partner museums (RS1), or they are responsible and support the joint action of member organisations, such as in the case of the zoos' discount card (JG1, KH1, KT1, MG1).

Not all professions have associations or working committees in place among the partner organisations. For those professions that are relatively new and innovative in this sector, these working committees are yet to be developed:

“For the visitors’ service, it is very difficult to develop a network across museums. But that is my goal. I am approaching this issue professionally, contacting the relevant people from the visitors’ services of the various museums to see if such an informal meeting is desired, because I believe that we can learn a lot from each other. That’s my desire, because I believe that other colleagues who work with the service face the same issues, that there is a desire for exchange” (JG1).

Hence, for those who perceive that there is limited access to trade or professional associations, other sources of information exchange are consulted to overcome the lack of experience and to gain know-how from trusted relationships, mainly from the informal networks that were discussed in Section 5.2.8.

5.3.3 Destination-Specific Knowledge

In addition or as substitute to the affiliations to sector-specific trade associations, there is some evidence of the perceived importance of collaborating with the RTOs/DMOs, as previously identified by Bornhorst et al. (2010). The relationship content is referred

to as stakeholder buy-in through membership acquisition (HS2), provision of know-how regarding strategic international marketing activities, marketing measures, and trade fairs during the low-season (JG1, JO1, JW1, TK1, NV1, KT1, SM2, MG1). In addition, RTOs support the search for suppliers for product assembling (SM2), strive for cooperation by initiating collaborative projects (KT1, AZ1, CB1), function as service providers for quality training/certificates, and perform lobbying activities (TK1, CB1, CH1).

However, asking the interviewees about their information relationships to their respective RTOs revealed rather weak relationships. The RTOs provide continuous information through passive (trade press, newsletter) learning methods: *“I am subscribed to their newsletter and, as I said in the beginning, from there I can get, I really read them or at least skim what’s coming from them. So the contact exists, though it’s sometimes just an information flow in my direction”* (SM2). Other interviewees seemed to be unsatisfied with the kind and scope of information provided by the RTOs and said that they requested relevant data and market information intentionally and purposefully: *“Well, I asked and said I would like to have the overnight statistics for diverse areas [...] these numbers are good and important, and also confirm our decisions about measures”* (HS2); *“I am doing a round among the various tourist boards, like market research so to speak. For us, it’s important to be up-to-date about visitor numbers because statistics are relatively meaningful. [...] I only believe statistics I have manipulated myself [...] and if you have interviewed three or four directors of tourist boards, then you can see a trend”* (JG1). These events of market knowledge being actively sought through the trade system were not evidenced by many interviewees. However, the RTOs events on a sequential basis, such as annual meetings, provide a forecast and a review of the past year, which may provide

sufficient relevant knowledge for the member businesses. Most of the respondents were members except for example, SM1 who were affiliated with her social responsible association. In addition to information provision, however, the RTOs are facilitators of collective learning mechanisms, which will be discussed in Section 7.3.3.

5.3.4 External Coordinated ‘Buzz’ Generation

Two types of events or civic activities can be identified in which people come together to socialise and network. These are, first, events organised by the inviting organisation and, second, public events that represent a variety of industries and people. The private events bring together cooperative competitive partners and take place on particular occasions, such as the opening of exhibitions (JG2) or start-ups (TK1). The public events, such as festivities (CB1, MK1), events (ML1), or theatre premiers (TK1), gather together connected and unconnected ‘important’ people from the destination. These regional events are perceived as useful for networking that allows “*half work, half person-related informal exchange*” (ML1). This informal setting seems to be valuable for sharing ‘chit-chat’ but also information updates and general information about “*what’s going on*” (CB1) in the destination.

This implies an informal yet coordinated knowledge environment with the co-locating and co-presence of people, as suggested by Bathelt et al. (2004), and opportunities for ‘untraded interaction’ organised by other institutions than the DMO/RTO as suggested by Cooper (2008). Because of the variety of people involved, complementing each other and coming together over a common ground, this seems to provide a high-quality buzz, where knowledge from individuals, connected to various networks, spills over onto knowledge-sharing partners. However, this may still be restricted by

networkers who focus on local networks: *“the disadvantage is that I hardly travel, so I am an islander and I haven’t seen the world, I don’t need another world”* (HS1). Nonetheless, it creates and provides opportunities to share destination-specific information in addition to the networking and coming together, which facilitates the establishment of new relationships.

5.3.5 Conclusion from the Exploitation of the Trade System

In addition to individual traded interaction, collectively traded and untraded interactions provide a platform for various kinds of knowledge to be shared. In particular, expert knowledge, specialist knowledge and decoded technology, aligned to organisational philosophy, are shared through industry associations, practicable knowledge and experiences are shared through interlocking directorships, and ideational inputs from top management are shared through formal homogeneous networks. Besides this, untraded interaction has been revealed as beneficial for informal knowledge sharing among destination-based actors that belong to a networked destination. However, not all tourism stakeholders are interested in the same coordinated knowledge-sharing platforms, and the accommodation and attraction sectors differ in their expectations and approaches to knowledge sharing.

5.4 Conclusions about Knowledge Availability

This chapter has discussed the relationships from the second-order level, departing from the first-order level of the WTN network discussed in Chapter 4. This chapter in particular focused on business networks and cooperation as conduits for knowledge transfer and the nature of the knowledge available therein, which is summarised in Table 5-1. The first and boldest conclusion of this chapter is that tourism business networks and cooperation provide firms with valuable knowledge for innovative and

learning outcomes at the individual and collective level. This chapter has aimed to determine the knowledge available in these networks by using the tacit-explicit continuum in order to understand to a greater extent the knowledge movement among these networks. The main knowledge available is tacit or codified in nature, either through the expressing and sharing of experience, or through the solving of problems. Whereas tacit knowledge is shared through socialising and visiting each other, codified knowledge is shared through written documents, facilitated by a high degree of relevance or shared values. There is a tendency for cognitive and ideological proximity through sharing some common ground, either explicitly (shared network identity) or implicitly (shared purpose). This helps to overcome certain other distances, whether spatial, cultural or economic. This highlights the importance of cognitive social capital in addition to the generally discussed relational social capital to the sharing of tacit knowledge. The trade system is also perceived to be valuable, in particular the exchanging of experience at the professional and subject-related level rather than the organisational level. Whereas one-way knowledge transfer is valued for explicit knowledge that facilitates organisational decisions, untraded socialisation was highlighted by the respondents as useful for informal and tacit knowledge exchange among spatially close but organisationally weak ties.

Table 5-1: Knowledge Available in Tourism Business Networks (Source: Author)

Intellectual Benefits	Evidence	Conditions
In-house knowledge articulation and external transfer	Internal articulation of people's experience and tacit knowledge, used for externalising explicit knowledge so as to transmit it to partners (e.g. the concept of a new tourism experience product)	Supply-driven knowledge transfer. Knowledge made available (by sender) for access (by receiver)
Active learning by observation	Learning from partner through active observation and interaction (meetings, socialisation)	Coming together helps to overcome some of the cognitive distance. A common basis between the partners and similar norms are pathways to exchange.
Problem solving and best practice transfer	Best practice transfer among organisation with similar interests and development agendas	Know-how of teacher is accessed through student's willingness to learn
Network-based externalisation of tacit knowledge	Brainstorming as collective learning mechanism for tacit-to-explicit knowledge conversion among partners	Context-related knowledge regarding subject being discussed. Local knowledge serves as basic knowledge. Ties of friendship, similar vision and strategies, shared interest, and source credibility facilitate this process
Knowledge that is not shared	Local accommodation sector and attraction sector	Accommodation sector exploits its chains and associations
Informal knowledge sharing	Friends as sought or unsought knowledge transfer agents	Advice, uncommon knowledge through personal ties because of a lack of established professional ties
Expert knowledge transfer	Through (hotel) chains or interlocking directorships or shareholders	Context-specific knowledge and practical ideas made readily available for capture as tacit knowledge.
Sector-specific knowledge transfer	At the professional level, thus among groups from the same profession, rather than at the firm level	Professional experience exchange
Destination-specific knowledge	Information diffusion by the RTOs as statistics, reviews and forecasts	Through newsletter or directly sought

The previous sections have discussed the knowledge available in the strategic networks and through the trade system as well as social networks. The following Chapter 6 is dedicated to the managerial factors that influence or enable the knowledge to be transferred, received or learnt.

6 Analysis of the Managerial Factors that Enable Knowledge Transfer

6.1 Introduction to Managerial Factors

In the previous chapter, we identified how and what knowledge tends to be available among the social and business network studied herein, at the second-order level, in a coordinated and uncoordinated, traded and untraded way. A tourism business engages in several horizontal and vertical networks. The previous chapter exposed a range of converging business partners and peers, and revealed how and what operational and strategic, tacit and explicit knowledge is available and transferred in this study context. What the cases demonstrate is a tendency to exploit networks and external knowledge sources if the internal innovation capacity has already been used up, to fill the void formed by any lack of internal competencies, to respond to fast-moving developments, or to generally exchange experiences. This chapter discusses the management of tourism business networks and how managerial factors enable that knowledge transfer and learning. As indicated in Chapter 2, any business relationship and network requires some management mechanism. It is observed herein that the success factors of the business networks that are individually built or managed are in turn influenced by key managerial factors: Partner choice and acquisition, referring to the selection of firms, and partner management, referring to how to manage and coordinate a network, have been identified and will now be discussed.

6.2 Analysis of Partner Choice and Acquisition

Most of the networks that were referred to by the participants in this study were settled in the establishment stage of Jack et al. (2008). These networks encompass

local networks of marketing and co-opetition, created for the purpose of sales growth and the leveraging of diverse technology bases so as to enhance the organisations' competence in the form of tourism experience products. Thus, the ability to identify partners with appropriate competencies that one's own organisation requires in order to create a successful value chain for the market place is crucial. Besides creating a value chain, there is the need for nature-based tourism organisations to choose network partners with similar core values, for example owing to the common sustainability agenda within tourism. Thus, how and why partners are chosen may provide a more in-depth understanding of which partners are chosen, in turn enabling knowledge transfer and social capital building.

6.2.1 How Partners are Selected – Purposeful versus Serendipitous

Several key factors of partner selection emerged from the data for this study. Based on the interviews, the search processes used lay on a continuum from one extreme of passively 'being found', to 'active search', with a neutral centre where the partners found each other during socialising and conversation. Many interviewees could not clearly state whether they had actively searched for a partner or had been passive and found by a partner: *"partly we ask, partly we are approached by some organisation, so you can't generalise it"* (KH1). This was reflected by several interviewees (HS2, HS1, MK1, SM1, ML1, MG1, KT1, JR1, and JG2). Thus, although social capital may be established from the perspective of one firm at this stage, which suggest that the search for new networks stagnates (Jack et al., 2008), various influences and conditions – either triggered internally (search for new partners) or externally (being approached by others) – explain the dynamic character of networks that changes over time, notwithstanding the social capital that has been built. In addition, the reason why partners were found was not always clear: *"they enquired, they made a choice, but I*

cannot tell you in detail which organisations they made enquiries about” (MG1). This process of ‘being found’ was mostly unclear or could not be narrated with certainty by the interviewees. The approach of ‘active partner search’, however, could be classified with respect to how and why actual partners were selected, and will be discussed next. The ‘how’ continuum, which is discussed first, runs from goal-oriented search, where the partner is chosen purposefully to complement organisational competencies, through to uncoordinated random partner acquisition, where partners are scanned for or found by coincidence. Thus, the continuum reflects both the search process and the selection process.

6.2.1.1 Purposeful Search

Some of the respondents represented in the interview sample spoke of selecting their partners for particular goals or practical needs. Sometimes this depended on particular projects: “*whom you actually work with* always depends upon the project” (CB1); “we approach partners, so now for example we are having a huge event” (KT1). At other times, it came from the need to extend the technology base: “*that depends* what I need, where it goes, what niche it will be for, what target group, do I really *need it?*” (HS1); “*I approach someone, and I say, ‘We need that and that, do you have something like that? Yes or no?’*” (SM1). Finally, sometimes, the desire to engage with partners with similar interests and problems drove the selection: “I search according to my needs for such a network or network partner[...]for which common *interests are given and then you usually find partners who have similar problems*” (MA1); “you need to go there with *a certain idea*” (MG1). Limiting partner selection according to one’s needs or relevance creates a very narrow exploitative network environment that is unlikely to reflect a great variety of new knowledge, creativity, or innovative input. This implies that an idea is born internally and as such the

organisation is relying on the internally informed innovation capacity, “*but the [internal] creativity will be exhausted someday [...] we haven’t achieved that stage yet, but we are also very well networked*” (US1). Thus, the purposeful search for partners displays the ability to value the external environment for its knowledge sources. However, it limits the ability to explore new knowledge that might lead to disruptive and radical innovation, which are already argued to be rare in tourism (Hjalager, 2002). Thus, this extreme of the continuum of partner search may also provide one explanation of the type and level of innovation being implemented.

6.2.1.2 Serendipitous Partner Finding

At the other end of the continuum is ‘serendipitous partner finding’, where there is no particular motive behind the action. Participants stated that they scanned the environment, were referred to each other through another person, or stumbled on an interesting idea or contact. The majority of the serendipitous cases identified in this study fell in to one of two categories: Some were based on contacts that had been made previously, put on hold, and then explored further at a later stage:

“Then the contact was temporarily lost and then she approached us with a new *project to ask if we want to take part*” (HS2)

“Most of them I find at Xing [a professional social media tool], they are poked, or for example at Stayfriends or Twitter and so on. So these networks are mostly found again on one of these social media networks. And therefore *it’s not that difficult to find them, and especially when I need somebody*” (HS1).

Some had built weak ties and exploited these further:

“[They] are contacts which I know from ... overall work and have arisen over the years so to speak. Initially it was just that I promoted to them that I have bicycles for their guests, *could I offer something*” (SM2)

“For that, we exploited contacts that we made at conferences or through *personal contacts with academics from other organisations*” (RS1).

This notion of knowing about people who have certain knowledge rests in one’s experience and remains tacit and embedded, representing a personal competitive advantage that cannot be readily exploited by anyone within the network if they do not have social capital. Although the contacts may be stored in any social media tool, they are personalised and marked by ownership that is not passed on to inter-organisational networks, except when referred to or passed on. This bears some resemblance to the idea of a structural hole as put forward in the network theory of Burt (2001).

These suggested weak ties provide a competitive advantage compared to new entrants to the industry, who benefit predominantly from their social networks but not necessarily from industry-relevant networks as was discussed in Section 5.2.8. Moreover, this suggests that the path-dependent knowledge and experience of an individual is an antecedent to their personal absorptive capability. It can then be argued that the firm’s absorptive capability, to an extent, also rests in this path-dependent knowledge. New tourism SMEs lack these capabilities. Thus, the longer a person works in the industry or destination, the more domain-specific knowledge is built up (Hallin and Marnburg, 2008), and this tacit knowledge and these trustful relationships (or at least a sizeable portion of them) are taken with the person when

she/he moves: *“he [partner] always came with me to these hotels where I worked”* (HS1).

Some contacts had been built in the past by the previous manager or a colleague, with the network being passed on and continued: *“either a partnership has existed for quite some time already[...]*” (JR1); *“partly, they [relationships] existed already, e.g. classics such as [attraction, US1, SS1] and [attraction, EM1], and partly they are things I know from experience, so I am fully aware that these are famous attractions and [...] so I haven’t completely developed a new idea, but have continued to develop an existing one over the years”* (ML1). This suggests that the knowledge is stored and remains embedded in the organisation. Social capital has developed from experience, trust and satisfaction. Firms lacking relational social capital behaviour change partners more easily: *“if the established contact cannot ensure [the new need], I go to another”* (JR1).

Other contacts had been passed on and signposted by others such as guests/visitors: *“it is through guests, for example in hotel organisations, or like I said through guests who direct us towards others”* (MA1); *“when guests come and tell us that they were away somewhere, then I ask them where they went and what they experienced, and when they talk with enthusiasm, when that has enriched their holiday, then I have the feeling that this makes sense, this matches”* (SM1); in the business context as a side effect of networking: *“you are in committees [...] where many people gather together. They say, ‘cor! You should [contact this person] that’s a great contact, they are very agile and that sort of thing, why not try to make contact?’; that comes from various directions”* (MK1); through staff as knowledge transfer agents who learn about potential matching propositions through observation: *“without doubt, it’s the one*

contact; so the background was, again, the employee of that organisation; she was here with her family, privately, *and she liked it*” (TK1); or through daily business: *“they unfold in the daily routine, just like these talks during our daily routine; it sounds stupid but that’s what it’s like”* (CB1). Similar evidence was provided by TK1, SM2 and JK2.

6.2.1.3 Scanning the Pool of Available Partners

Another opportunity is the emerging partner pool when one seeks to become a partner in an activity-based network (in this case a formal, closed, coordinated, and heterogeneous network), which exhibits a shared identity conveying the natural conservation-based activity but in which the cross-links among members are themselves uncoordinated. For example,

“[Communication] is not good enough, but that’s clear, because there are some very different partners who are not concerned with each other” (MA1)

“I have not played with it [the network] yet, because it’s all still, like, a month ago, so I have tried to get an overview of who is in [it], how to get in touch” (WR1)

“[The] aim is, for example, that you make joint projects. There are many ideas and, let’s say, opportunities and so on but in real terms these are in progress, so [the] important [thing] is actually the contact” (TK1)

“Yes, there is this association which the National Park Administration has initiated, and that we are in, and through this I have got to know TK1” (SM1)

“The latest news are distributed by the national park, as the coordinator so to speak, and if there are new members joining, of course I would have a look” (JR1).

This speaks to an outside-in building of legitimacy in a coordinated network, which is closed but sparse, in which the members are loosely connected. The shared identity, which is the criterion for becoming a partner, facilitates the internal network search for partners by building cross-links and cooperation among the partners (e.g., by purposefully bridging connections), through which the structure will become denser over time. Nonetheless, it appears that the network will not become a full dense network with all varieties of cross-links due to the heterogeneity and non-compatibility of members. This is expressed in the following, for example: “*there are people involved or partners, they have a holiday residence somewhere at the other side, and we have nothing to do with them*” (MA1); “*first we explore some who are suitable, with whom we could work, but not all of them; from thirty maybe five*” (WR1). Thus, although the local network members share a common identity, the cultural and economic distances among the members inhibit some partners from gravitating together. As discussed in Chapter 5, the learning benefits of this kind of network with ideological proximity are malfunctioning due to the lack of a ‘piggyback’ option to provide mutual knowledge and resources.

Furthermore, some members stated that they scanned the environment for partners, using, for example, information from newspapers, “sometimes I read an interesting article and say, cor! *That’s great!* I need to get in touch with them because they have a great idea, I can benefit from it” (MK1), the internet (“*because you will find your way through the internet to a partner if you need somebody*” (MA1)), or social media

tools (HS1). This approach ignores boundaries and proximity and may thus explain how individuals engage in finding weak ties that are beneficial for exploring new knowledge not previously held. This may also explain the interviews' extensive exploration of virtual communication channels to gain access to new ideas. However, it does not mean that these explorations lead to the building of weak ties, as these ties are one-directional, and no social capital of reciprocity or exchange can be developed from them.

Thus, the method of choosing a partner has important implications for the benefits prioritised and gained from the network so developed. In the following section, the underlying purposes, which provide explanations about why partners are chosen, are analysed.

6.2.2 Why Partners are Selected - Cognitive versus Instrumental Reasons

The 'why' continuum describes the underlying purpose behind choosing a particular partner, and ranges from 'instrumental' to 'cognitive' similarity. This continuum reflects the reasons why partners engage in relationships, which indicate how the majority of benefits accumulate. In practice, most of the interviewees have many motives and motivations for engaging in networks, predominantly based on wanting to benefit their own organisation or the person with whom they are networking (and thus the organisation itself thereafter). These motivations for partner choice underlie decisions regarding different priorities and preferences. For example, ML1 expressed that, *"I may be wrong, but that's my personal perception of what's good quality"*. Thus, tendencies in subjective or emotionally driven motivation can be tightly related to tendencies in networking activities. In this way, motivations shape the network, which corresponds to Beesley's (2005) argument that any relationship is based on

underlying values and emotions. This influences the activities undertaken and the implicit understanding of what the network should represent.

6.2.2.1 Cognitive Similarity between Partners

The majority of the interviewees indicated their motives according to the cognitive end of the continuum, reflecting organisational similarity based on core values. Core values were a recurring theme among the interviewees, and reflected organisational values, as the following excerpts show:

“it is very difficult to coordinate and develop these networks, well, because in order to find a contact person in the first place, then they should be on the same wavelength, so that you could potentially join forces on certain projects” (ML1).

“It must fit to the environmental thinking and to the national park thinking, for us to definitely consider it” (SS1).

“I think that, for our organisation, eco, nature and so forth matches well” (WR1).

“For us it is important to know, if a new partner joins the network [national park partner], [...]that he fulfils certain criteria” (MA1).

“Because I know the attitude, or how would you say, [we have] the same way of thinking [like the network members], of course I would access this network and have a look” (JR1).

Thus, the partner selection process is influenced by similarities in entrepreneurial and organisational value systems. These similar values and purposes are necessary to gravitating towards one another, for example among horizontal complementary firms, in order to develop shared representation with the partner firm, or to exploit network-based learning benefits as discussed in Section 5.2.7.

Organisational values are often stated explicitly through the stating of values regarding environmental concerns in the organisation's mission, or are displayed through referrals to or links with environmental organisations, which can be accessed from the organisation's web presence or implied from their marketing strategies. This is particularly true for organisations that follow certain sustainable or ethical tourism practices, which may or may not be officially certified or awarded, but could be promoted through informal mechanisms. In contrast, personal values are more difficult to reveal as they are tacit and not observable, and can only be experienced. For example, two of the interviews made the following comments: "*well, through the encounter, I find them 'simpatico'*¹³, and the other way round too and then, yes, so it works, through *the personal level*" (US1); "*[it depends on] who makes a good impression, simply being 'simpatico' or not, and from that it sometimes develops more, from small talk*" (SM2). Thus, finding a matching partner with similar values may be possible through the structural hole process, where a person is connected to two unconnected people and perceives a matching value among the two disconnected entities as indicated above, thereby activating the connection by way of referral. Moreover, the neutral search process through socialising, in which a person and their values can be actively experienced, facilitates the gaining of tacit knowledge about a person.

¹³ The term 'sympatico' here means congenial or like-minded.

In addition to the core value criteria, partners choose each other because of their quality or perceived quality. The quality aspect predominantly reflects their own quality level; however, in cases where the two organisations are not directly comparable, or are located in different industry sector (e.g., a hotel partnering with a cycling business), the quality is then judged according to the typical or expected quality level of the respective industry sector. The interviewees commented that they had built relationships because the partner's performance demonstrated a certain quality level:

“Serious, I say it straightforwardly, we look at whether *it is serious*” (KT1)

“*Of course he needs certain criteria, no I don't want to say that. It's about, well, similarly to quality of performance: what does he offer? Price of course, what can he cover? What range does he have in his offering? [...] There is a range, so you create a list of criteria and then you say, well, does he have an educated and certified trainer, do they fulfil the requirements, and so on. Those are the standards, which must be complied with*” (JR1)

“You observe each other; [you look at] who has the good boats, who has the *good cars*” (SM2)

“*[Attraction, TK1] has simply premium quality and that's exactly what's appealing for families, so our markets overlap*” (SM1).

The interviewees demonstrated a certain level of quality, either awarded through certification, or implicitly according to their individual development agendas. Thus, this tacit level of knowledge held by the networked organisations is linked by a joint

assembling of the products of partners and suppliers to ensure a high-quality tourism experience product. Therefore, partners are searched for and selected according to their potential to demonstrate a coherent level of performance. This seems important because of the tangible outcome of customer satisfaction, which is the ultimate benchmark for quality.

On the other hand, quality is reflected in the innovative products or services of the selected partner: *“I assume that she [the supplier], who does that craft, was generally accepted with her work she produces. I like it too. That may sound stupid, but I think it’s positive that it’s not a classic [escutcheon], a brass plaque with a name [of the sponsors] on it, but that it is made nice. Well, and if you have somebody good, and then somebody from the local area who implements it, that’s in the nature of things [that you choose her as partner]”* (JW1); *“a droll waitress [...] there is a [snack bar], which on appearance is really, well, not bad but nothing special, but the people who work there, they create a great atmosphere, that’s just crazy and it is always crowded there. That’s an insider tip”* (ML1). Quality is also reflected in the influence that a partner has through its size: *“For us it was important that we considered the critical five [attractions]. That was important for us, and as soon as they had said ‘yes’ we would have got started, and then the smaller ones wouldn’t say ‘no’”* (JG1); *“right, so with the regional hotels, we have chosen those that are most successful in terms of high visitor contact, so the large hotels, yes, that’s important”* (US1).

Whereas these stories demonstrate some dissimilarities in partners with respect to their economic levels in the value chain and in terms of size, this approach allows for a piggyback option in which organisations can benefit from others’ success. The innovativeness and intangibility of the tourism experience makes it difficult to imitate,

and this is one reason why the partners were chosen in these cases. Whereas the size and quality of hotels seems to be inhibiting networks from making knowledge available, as discussed in Chapter 5, the purposeful choice of successful complementary partners and competitive attraction partners pursuing quality seems to be a fruitful way to explore the possibility of joint actions in these networks.

6.2.2.2 Instrumental Similarity between Partners

A minority of interviewees highlighted that relationships were developed on the basis of instrumental aspects characterised by managerial similarity:

“There are various requirements [product processing] which are not met by everybody” (HS2)

“The two who don’t take part either don’t have these customer loyalty programmes for sale or, let’s say, they have almost no visitors, I don’t know” (JG1)

“Particular show cases [for museum exhibitions] and they often don’t have it and then it is not feasible to pass things on to them” (FS1).

That know-how base embedded in organisational processes needed to be congruent was also supported by JK1 and AZ1; otherwise products cannot be applied or exploited by the respective organisations. This speaks to aspects of relative absorptive capability of the involved firms (Lane and Lubatkin, 1998), which enables the exploitation of the network and signals its importance as mediating role (Hughes et al., 2014).

Moreover, the importance of spatial proximity or locality was mentioned to a lesser extent (MA1, JW1, SM2, and AB1). However, this was the study's focus and the interviewees were asked about their experiences within the study's destination-based boundary of social and business networks. This does not imply that the interviewees do not have spatially distant network partners (and therein weak ties). In practice, they have these, some evidence of which was provided in Chapter 5 when the knowledge available through learning by observation was discussed in Section 5.2.7, and the trade system was discussed in Section 5.3. This topic also came up in the discussion of the purposeful partner selection in Section 6.2.1.1. There is a tendency for partners to be selected within a reasonable distance because participants tend to approach tourism value creation individually. In addition, their economic purpose is to distribute tourists and/or create a tourism experience product, which needs to be marked by a customer-oriented mobility of demand and supply. Therefore, partners for a tourism experience product are chosen at a customer-friendly distance, reachable through day trips, considering the structure of the destination "*which is divided into relatively small sections; although it's very wide, large*, there is only a limited amount of stakeholders in the region" (MA1).

6.2.3 Summary of Partner Choice

This section has explored managerial influences, in particular how and why partners are selected, shedding light on the kind of knowledge that appears to be available in the social and business networks investigated in this study. Partners were found to search actively or be passively found for network development, either on a purposeful or respectively serendipitous basis. Active partner searching seems to vary across network constellations as the individual boundary spanners (and as such the organisations) develop explicit or implicit criteria about which partners fit, and how

and why. What is relevant to a firm is reflected in their partner search and the type of partner that fits them. Thus, if a firm searches for a partner according to how that partner fits its needs, then its underlying purpose relates to these needs, and this leads to search criteria based on core values, quality or managerial similarity.

If a firm searches in a serendipitous way, potential partners are evaluated according to its criteria (e.g., quality, as discussed previously) and new opportunities may evolve that have not been thought of before. This may also point to the risk-taking behaviour of a boundary spanner. It may be argued that those who search purposefully face less risk than those who search serendipitously. However, the risk seems to be reduced if the new contact is made via a third person—referring to the structural hole opportunity according to Burt (2001)—who is trusted and valued for their experience. Although the underlying purpose must still be valued, neutral searching and coordinated linking increase the feasibility of new ideas, knowledge, and potentially application, which is in line with similar observations of the broker who unites parties by Obstfeld (2005).

Whereas this section has discussed the underlying purpose and how partners are chosen, the following section is dedicated to the second managerial factor: how networks (partners) are managed and coordinated.

6.3 Analysis of Business Network Management

Once a partner is selected and a relationship established, these cooperative interactions need to be managed in order to maintain the relationship and enable knowledge transfer. This section looks at how cooperation and networks are managed to enable the building of social capital behaviour and knowledge transfer. Several styles of

management, ranging from informal or formal self-enforcing agreements through to third-party enforcement and brokered management, could be identified from the data gathered in this study, which corresponds to Dyer and Singh's (1998) dyadic view of network management and Provan and Kenis' (2008) whole network view of network governance. Moreover, the subject of frequency emerged from the data, indicating a continuum of continuous contact versus sequences; such contacts have to be managed according to time availability, which is influenced by a firm's size and staffing or accountability. Some conflict seemed to have arisen among the participants because of differences between the inside-out legitimacy-building mechanisms and problem-solving mechanisms. This is discussed in the subsequent sections.

6.3.1 The External Control Mechanisms

This first section focuses on the external control mechanisms that emerged from the data, which ranged from participant-led coordinator to external coordinator. It is subsequently discussed how such mechanisms have enabled the building of social capital and knowledge transfer among the members of the networks studied here.

6.3.1.1 A Spider in a Spider's Web

Third-party enforcement indicates some controlling mechanism, either through a contract or a legitimate network broker. Networks accruing from shared goals were described by the participants as organised and coordinated by a "*spider in a spider's web*" (MA1), representing a participant as the hub firm, which is characterised as the controller of the strategic network in the literature (Ritter et al., 2004). In this study, the interviewees referred to two different participant-led networks, by which a participant took on the role as hub firm. A heterogeneous competitive network of diverse types of attractions with the goal of joint promotion was highly valued

because of the sequential ‘uncomplicated’ coordination through a participant-led hub firm acting as ‘lead’ organisation: “*One person has the upper hand and manages and organises everything. He took on the lead role a few years ago. As I said at the beginning, [another member] was responsible for it. Now he [the current lead organisation] actually manages this here and there. There are plans, distribution plans*” (MG1). The commitment is based on self-interests, which are overlapping, and similar goals: “because we all have the same concern, we meet, the meetings are harmonious, and because we all have really the same goal, and one person can rely on the other, *it is not a complex thing*” (MK1).

Interestingly, the responsibility for coordination was passed around in this network. The hub firm who initiated this network passed the coordinating role on to another member, who voluntarily coordinated the network. As is argued by Provan and Kenis (2008), an organisation that has sufficient resources and legitimacy typically becomes a lead organisation. In this study, the rotating coordination is not marked by having the greatest power or the most legitimacy to inherit such a role, as one would assume. Yet, it can be supposed that the firm in question achieves greater appeal and legitimacy by taking on the lead role and becoming the contact person for the network. Moreover, the leading position remains flexible, partly because of the instability of networks, as members leave and join so that the network size is kept constant. Knowledge redundancy remains moderate due to the flexible membership of the first network. Because of the relative instability, social capital needs to be renewed constantly in conjunction with new members. Serendipitous partner choice requires more effort to build trust among all partners but is facilitated through the new partner’s shared identity with the network goal. This, in turn, enables the ties to have a cognitive attribute with respect to shared understanding and representation.

The hub firm's governance was also evident in a homogeneous competitive network. It was initiated by a member, "*JG2 had the idea*" (KH1), who mutated into the lead organisation, although the responsibility for the network content itself was the responsibility of the umbrella association of these networked homogeneous firms. This partner management initiative facilitated the interconnectivity and individual interactions among the otherwise loosely connected firms via the umbrella association. The initiative was driven by the economically driven interests of the private enterprise in question. The commitment, however, was different than in the aforementioned hub firm-led network: "The partners are quite inactive, so they only react when [our boss] is active and writes an email to them and asks them about their interest in continuing the network activity. So there is very *rarely a reaction like: 'Hey does that still exist? Do we continue?'* except [*names a particular attraction*], KH1 is the contact person there, and she is quite active. She asks at the beginning of the year if we aim to continue *this networked action*" (JG1). This network is inter-regional but destination-based and comprises similar attractions of different sizes. The organisations are mainly public entities with a lack of economic motive.

These participant-led networks are based not on membership agreements but self-enforcing agreements. These bottom-up built networks are based on supporters, either through the umbrella association or a person with a convincing network concept, managing to build internal network legitimacy. These supporters have enabled knowledge sharing among the externally-connected network partners, who would not necessarily have networked, otherwise. External legitimacy-building exercises, such as a joint marketing measure or joint web presence, aim to make the network's outcomes visible and tangible. This may potentially enhance commitment among the

members because it appears difficult to sustainably force members' commitment when they lack an economic motive.

6.3.1.2 External Legitimate Broker

There was also evidence of a network managed by an 'external legitimate authority', in Dyer and Singh (1998) terms, or a 'Network Administrative Organisation (NAO)' in Provan and Kenis' (2008) terms. This NAO (MK2) literally started this network initiative because of the desire of local enterprises to use the institutionalised local natural resource as a promotional measure. A shared identity then developed from individual interaction with the natural resource managing entity, which enabled the building of cognitive social capital among the partners. Thus, the network emerged bottom-up from local firms' needs, which provides evidence of internal legitimacy building through the membership of the network. The network is coordinated by a member of staff of the external institute accountable for touristic infrastructure, and in conjunction with a web presence and marketing measures this staff member represents the external face of the network:

“Well, that’s the problem, there is nobody who coordinates that actually and it’s managed casually, so they do it quite well, they actually don’t need to do it, but they do it regardless, but it would be more appealing if there were personnel specially assigned to it. But that’s not financially feasible at the moment, but that could develop someday if we had more members maybe so that it was going to develop” (TK1).

The network had thirty members at the time of data collection and was highly brokered. This means that the members were not automatically connected but the

network content was operated by the NAO. Entry was regulated according to the underlying purpose (environmental conservation) and a set of rules, as discussed in Section 6.2.2: “There are agreements, there are contracts, there are joint projects, measures and so forth” (JR1); “*there is an admission, there are relatively strong, well-thought and well-monitored criteria that need to be fulfilled in order to become a partner of the network; there is an admissions committee that determines this*” (MA1). As long as the members fulfil the criteria and maintain the expected level of quality, their ‘licence’ is renewed. These criteria facilitate the search for partners with which to exchange, as discussed in Section 6.2.1.3. However, the coordinating efforts do not by themselves connect the members to one another. This has to be done by the members themselves. Institutional norms and proximity facilitate the knowledge transfer among the members; however, due to the heterogeneity, social capital is not built entirely among the members; rather it is built with the coordinator. As such, the knowledge needed to enable network-based learning flows from broker to member and vice versa rather than among the members themselves. Network-based learning has been activated among the individual members but not sufficiently to create density because some members perceive the learning benefits to be low due to the lack of a piggyback option, as discussed in Chapter 5.

6.3.1.3 The Formal Approach

Third-party enforcement via contracts is particularly relevant for those business networks with bottom-up network management, wherein the firms engage in self-organising processes through the microfoundations of frequent interactions, in contrast to brokered networks (Wilkinson and Young, 2002). This study provides evidence of this. Among the cooperation relationships, there was evidence of third-party enforcement via agreements, “*these agreements not only give reassurance, but also*

simply remind you of the promises you have given your partner, and what he has promised” (JG2), legal contracts, “situations, in which service is performed, that is all *stipulated, that’s necessary on legal grounds*, or also an auditor is going to [...] also if *no money circulates it’s nonetheless a performance which needs to be recorded [...]* long-enduring cooperation which runs throughout the year is all stipulated” (ML1), and rules, “*you need to frame rules*” (FS1) about how to treat shared resources. The majority of these ‘contracts’, however, are not legal documents, which would form a more static strategic management tool. The notion that ran through the interviews was of superficial written pieces of paper with some explicit details of the contents of the relationship, as explained by JR1. This provides evidence of the flexible and open nature of these networks.

Moreover, as the above statements reveal, the reasons for third-party enforcement vary. Some of the interviewees highlighted the necessity of a record, in particular at the outset and in the progressing stage of a relationship (JR1, US1). This is in line with Gulati (1995), who argues that over time increased interaction and consequent familiarity facilitate trust and embeddedness, leading to more informal governance mechanisms, which may substitute for or complement these agreements. The initial clause was not present in all cases. Some contracts were built later, deriving from negative experiences of relying on self-enforcing mechanisms, and thus aimed at preventing free-rider behaviour (MK1), protecting firms from partners that had taken advantage of their goodwill (JG1), resolving misunderstandings (JG2, JG1), or simply acting as reminders: “*I think that time has become so fast moving that you forget things*” (JR1); “*where at least some points are written down, which you can relate to*” (MK1). The contents of the relationships were codified and made explicit, something that provides a basis for interaction and the accumulation of knowledge. Thus, the

initially built social capital, characterised by trust, was complemented with the formalised norms, contents and expected outcomes of the relationships to avoid sanctions having to be sought. Further, these agreements regulated interaction to at least once a year so as to renew the relationships or dissolve them, the latter of which would potentially break the social capital bonds and the available knowledge therein.

Whereas Gulati (1995) argues that contracts aim to make a partner's behaviour predictable, this study provides evidence that it may be almost impossible to try to control another's behaviour or to force commitment within a network that is flexible and open, in contrast to the situation with strategic management models (Borch and Arthur, 1995). Referring to an organisationally close network, US1 indicated: "*You make a contract where it is written within that they must undertake training three times, yes, but suddenly you haven't completed all the training. What happens then? Then you accumulate warranty claims and so forth*". Similarly, HS2 stated: "You cannot say, 'you need to take two kilos per month *otherwise I won't supply you*'." There are also restrictions in the context of loose networks: "If we had a contract stating that they should distribute *it and they didn't do it, what would we do then? Then we would need to send the police to do something. That wouldn't work, so you need to have a certain level of trust*" (TK1). It may be argued that such warranty claims contradict the nature of network ties. The documents aim less to control the partners' behaviour, and more to control the contents of their relationship in order to avoid misunderstandings. This supports the view of Ritter et al. (2004) that "relationship and network management is about managing interactions with others, not about managing others" (p.178). This adds to the cognitive social capital development of a relationship, with agreements helping to develop a common understanding of the relationship's content and eventually a shared interpretation of

what the relationship means to each of the partners. In addition, these hard mechanisms generate a distinct network atmosphere that is less social but more strategic management-driven, as US1 indicated: “These static contracts always have such a, well, they have made the atmosphere less amicable, so you have to become so business-like”. Self-enforcing agreements are more of a social mechanism used to safeguard the network, and will be discussed next.

6.3.2 Informal Management Mechanisms Enabling Knowledge Transfer

As an alternative or complement to brokered and stipulated methods of partner management, informal and formal mechanisms of self-enforcement could be identified among the studied networks. This section discusses how self-enforcing management agreements – encompassing formal and informal types – enable social capital and thus knowledge transfer.

6.3.2.1 Incentives as Managerial Mechanisms

Incentives rather than ‘economic hostages’ (Dyer and Singh, 1998) above and beyond investment can be seen in the data, controlling the commitment of network partners. This is visible in horizontal distribution relations (TK1, JG1), where a commission is offered for an effective network outcome and functions as a control mechanism of commitment: “if I realised that some hotels were not sending their guests any more, we could measure that *through vouchers. If there was a drop, then I would say, ‘SSI, what’s going on there?’ I could arrange an appointment, and yes, maybe that’s the wrong strategy? But so far we have not had this problem*” (US1). However, this kind of financial benefit is not as successful as one would assume: “I actually thought that the commission incentive would be enough to make them *sell it, but they haven’t sold it actively, it has not been sufficient to kick it off or it was not attractive enough, I*

can't tell" (JG1). Similar evidence was provided by TK1, WR1, and JW1. From this information about the meaning of this kind of formal management measure, it can be assumed that it was not sufficient to activate a transfer of the available knowledge among the horizontal, complementary or distributional, networks.

Nonetheless, this kind of financial incentive does seem to be an effective measure in vertical input relationships (SM2). Considering the business environment, it may be argued that the location (hot spot versus peripheral tourism region) and the consequent pool of adequate partners available, in addition to an increased visibility of commitment and strong relational network attributes may be reasons for the effectiveness of this kind of formal safeguarding mechanism. Dyer and Singh (1998) discuss partner scarcity with respect to unavailable complementary partners or the lack of willingness of potential partners, which seems to be applicable to this study. In this study, it may be assumed that the lack of willingness to enter a partnership refers particularly to those organisations that rarely engage in non-local networks. This seems particularly to be the case in crowded and economically rich tourism centres lacking the ability to value connections with the hinterland. Thus, no value is added to the tourism destination network, resulting in poor social capital development for the firms in question. This also depends on the extent to which a 'partner' firm can be relied on, which is a prerequisite for successful inter-organisational cooperation (Zaheer et al., 1998). Reliable partners enable the building of relational behaviour in relationships. The lack of partner pool is also a sign of the networkers' attitudes, which will be discussed in detail in Chapter 7.

Another formal mechanism was explained by JG1. This involves integrating external partner management into the general motivation of the staff:

“That’s connected to simply doing something for the personnel, so the personnel also benefit from it. So, for example, with [states attractions US1 and SS1] our personnel have free admission, there are annual tickets, and for the [personnel of the attractions], they can use our thermal spring with free admission. So it is something you can motivate the personnel with” (JG1).

This formal method may ensure long-term trust-based relationships by providing the partners with a staff motivation initiative at a low cost that contributes to the success of the individual organisations. In addition, this approach facilitates network-based learning and learning about the partner, in particular among hotel and attraction networks, which would otherwise require a high degree of effort as discussed in Chapter 5. This kind of incentive was also evident in mere informal management practices: “*We post promotional posters for partners without charge in our vehicles and our personnel get free tickets for [those things] and that’s, for example, on a handsale basis [verbal agreement without contract], if it does not exceed a certain volume*” (ML1). In the latter case, the volume of trades is used as an indicator of the partner’s management practice. This implies that the interviewees perceive the conception of business networks and the more static strategic management differently.

6.3.2.2 ‘Sympatico’ People Do Not Need to be Controlled

As well as formal self-enforcement mechanisms, informal mechanisms could be identified. Dyer and Singh (1998) extended the informal safeguarding mechanisms discussed in the previous literature, encompassing trust and goodwill (direct experience) and reputation (indirect experience). In this study, it was found that a safeguarding mechanism based on trust was used, relying on amicable business relations comparable to social friendship relations and like-mindedness: “It depends

on the people” (SS1); “where the basis is simply the feeling of someone being ‘*simpatico*’” (SM1). This was also found to exist in the context of loose contacts that were based on an amicable relationship (EM1), and on the interrelatedness of the personal and business context: “personal relationships are involved a great deal and *you also sometimes talk on a personal level, in my experience*” (SS1). In addition, continuous interaction and positive experiences over the years elicit trust (Gulati, 1995), as explicitly stated by TK1, US1, SM2, HS1, and SS1.

The evolution of trust has an impact on management practices, which develop from initial contract-based relationships to an informal self-enforcing mechanism: “*If there is great uncertainty you make contracts. This uncertainty is gone. We cooperate well so we do it on a handshake basis [...] now we have been running the organisation for five years, and the networks function without contracts, we do it via a phone call*” (US1). In addition, the length of a relationship influences the accumulation of valuable external knowledge about the partners: “*I know how to treat my partners. You get to know them along the way. You know exactly what you can demand from somebody, what you cannot demand and so forth. I don’t jump in at the deep end and I know who matches with whom and who doesn’t. That’s all insider knowledge*” (HS1). Provan and Kenis (2008) similarly highlight that internal legitimacy building is enhanced through better knowledge about others’ strengths and weaknesses.

These statements clearly reveal that the majority of the relationships between the informants in this study are safeguarded by interpersonal trust deriving from a feeling of someone being ‘*simpatico*’ or like-minded, from experience and knowledge about the person’s attributes, and in a minority of cases from economic motives. In cases of abuse, when a person betrayed someone’s trust through opportunistic behaviour, such

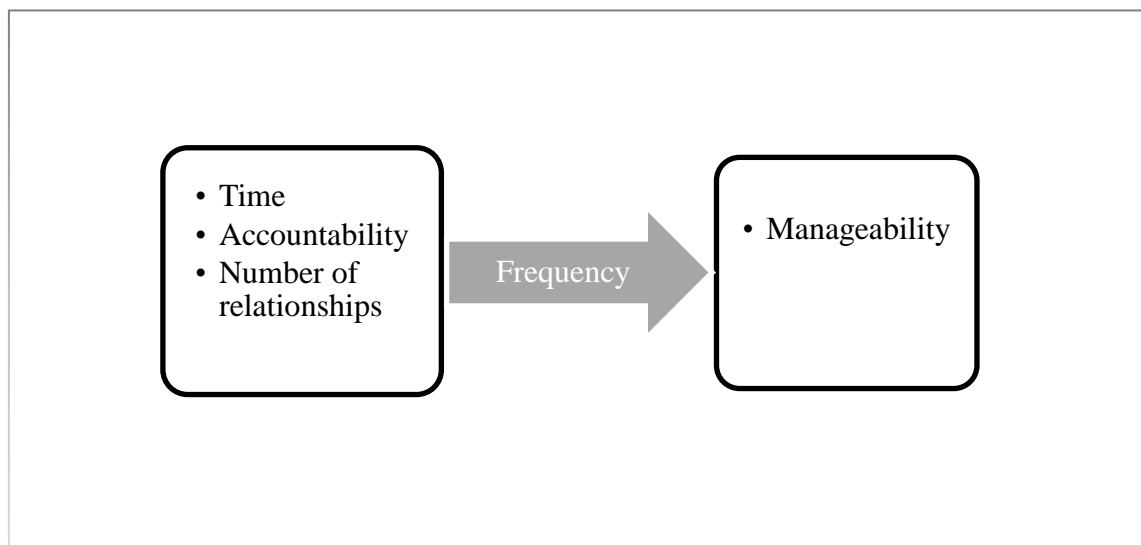
as by sharing secret knowledge (SS1) or imitating ideas (MK1), the otherwise cooperative interaction with the firm in question was still valued for the support and promotion of the firm's goals, and the relationships continued. This supports Zaheer et al.'s (1998) argument that, although inter-organisational ties evolve from interpersonal trustful relationships among the respective boundary spanners, the success of these relationships depends on the confidence in the firm rather than one person alone.

Moreover, whereas it is argued in the literature that close, informal and personal ties determine the governance form used in relationships (Gulati, 1998), this study does not fully support this observation. Some of this study's interviewees valued informal self-enforcing mechanisms, such as SS1 who indicated that "*other things* where you put a lot of effort in but the cooperation is just a matter of a piece of paper, they are *actually more costly and do not bring in a lot [of value]*" (SS1). However, once they had built a relationship with a perceived sociable person who favoured third-party enforcement (e.g. because of economic volume and legal liability), the governance form tended towards the stronger form, in this case the contract alternative illustrated by SS1: "*With [ML1] we have developed a joint ticket with general conditions, such as how much it should cost, what services are included, and we have set up an uncomplicated contract for this*". However, this case is an example of a small network constellation of three members, and may well suggest that the form is chosen by mimicry, past experience and the personal preferences of the networkers, as proposed by Provan and Kenis (2008). This case also provides evidence of the supplementary governance forms of self-enforcement and third-party enforcement. The effort required for these diverse managerial mechanisms is discussed next.

6.3.3 Manageability of Partner Management

From the interviews, contingencies emerged regarding how networks are managed effectively, encompassing the number of participants, time availability, interaction frequency and accountability (Figure 6-1). Accountability refers to the person/division who is responsible and acts as the (operational or strategic) decision maker for the respective network activities. Therefore, this section explains the extent to which relationships are manageable, and the time pressure involved in managing these networks.

Figure 6-1: Influences on Manageability of Network Relationships (Source: Author)



6.3.3.1 How Many Partners Need to be Managed?

Provan and Kenis (2008) suggest that up to six to eight members is the threshold for a network to remain manageable via shared governance with no coordinator in place. In this study, the networks referred to that were participant-led preferred to set a limit. MG1 told that “*we take only that many [members], not more, because eventually it’s*

too many. In this constellation we can support each other”. MK1 added, “*it’s kept at twelve [...] otherwise it would be too complex. In case of externally controlled networks through a coordinator that was also referred to by participants were explained to be open to expansion. However, the NAO, which is a governmental agency with MK1 having the authority to coordinate the network, aims to limit the network size to an ideal number of below 100 partners, which should make it feasible to organise.*

From the individuals’ perspectives on shared governance forms, there is a risk of getting too large: “The danger is that you touch too much and then it goes nowhere [...] *but I think that we’ve gotten our act together, that we have built good networks and do not dissipate our energies. But the risk definitely exists, and when you are open to new things then you need to take care that it’s not getting too much. It’s tricky because we have so many themes*” (JO1); “*networks are good if they are coordinated or cultivated. Large networks have the disadvantage that they can lead to an information drop [...] or the other extreme we once had of an information flood that was too much [for us]*” (ML1). As indicated in the last two sections, some of the respondents belong to purposefully arranged goal-oriented network relationships that are predominantly managed by external coordinators or by a participant who takes on the coordinating role, with the network size explicitly or implicitly defined. Because the participants in this study belong to networks with different scopes, the sizes depend on whether they are talking of activity-based closed networks or firms’ business networks (individual ties), and therefore the efficiency varies according to the network setting.

This said, many respondents have built a variety of individual relationships on a shared governance basis and these, by taking the tied actors together, accumulate to a large network size the person in question has to manage. Hakansson and Henders (1992) report that each firm has ten important (dyadic) business relationships on average, which become in total the organisation's value net (Brandenburger and Nalebuff, 1997). This total network size varies according to the individuals' resources that allow them to sustain their inter-organisational relationships and the knowledge flow therein. This affects the ability to keep supplying knowledge in addition to keep accessing the knowledge supplied by others and deciding whether to use it. Partner management is very time consuming (MK1), and the size or number of relationships depends on the time availability of the person accountable for the network, which is in turn intertwined with the quality of the network, based on continuity. The manageability and maintenance of the total network size seems to be facilitated if there is a mixture of networks an individual is engaged with and a variety of management measures in those.

The interviewees found it difficult to reveal the number of business relationships and networks they had, as well as to rate them according to their importance for their business: "In terms of priorities, *I don't think we have them*. Also, it feels like that we *haven't set perceived priorities*" (JR1); "I'm just realising it myself that it is hard for me *to put them into a hierarchy*" (JO1). These statements suggest that the available knowledge and its transfer are not prioritised according to priorities in their network, but rather according to the relevance to the firm, which supports the literature (cf. Cooper, 2006). Nonetheless, participants mentioned differences regarding their volume of relationships with respect to frequency (JR1), geographical hierarchy (DMO, RTO, local business networks) (KT1), the entrepreneurial evolutionary stages

(initial support through public relationships than business relationships) (JO1), or organisational purposes (JW1), and divided the networks according to intra-organisational and divisional levels (FS1, US1, SS1, NV1): “Also, every level and division has its own network; every division has ties with certain personnel of other divisions or organisations [...] and therefore you learn, you cooperate with the people *from other networks, so you find other partners*” (ML1). Thus, if SMEs have various subjects or divisions, the accountability is distributed across the organisation. Such organisations can have a greater variety of networks, accumulating to a greater number of relationships that are governed by the responsible boundary spanners. As such, time spent on partner management is distributed among the organisation’s external boundary spanners whereas smaller firms face problems of size due to low staffing, and sole accountability and decision making.

6.3.3.2 Accountability and Decision-Making Power

Managers of participating organisations stated that they either delegated the responsibility for networks to a member of staff who executed the operational networking activities (“*I think it’s good if you have sometimes a boss for communication, who is somehow ‘simpatico’, yes, and we have such a person*” (US1)), or tried to involve the staff (“*well I try to cultivate the relationships, but as I said both the employee and I do it [...] but because I have many other things [to do] and I am travelling sometimes, then he does it*” (EM1); “[the employees] got to know the [partner organisations] and that makes it a totally different cooperation with partners. It does not need to exclusively have my involvement [...] and it absolutely works best” (WR1)). In these cases, the director still had the strategic decision-making role. On the other hand, situations where staff responded to networking activities but lacked the power to decide on actions were perceived as a constraint caused by a lack

of time: “One challenge involves the respective capabilities, say, does the person with whom I am talking somehow confer with the director or anybody else? How long does *this take? That’s an issue, time*” (CB1); “things are faster if you know whom to ask and with whom to negotiate and to whom you need to explain the importance of this *[matter]*” (MA1).

The interviewees perceived it as important to keep up good contacts and amicable relationships with boundary personnel at the operational level and implementation stage, in particular among those working in the networks (US1). Others valued contact with decision makers, “[I] try to be relatively close to the decision makers *of course*” (SM2), or exclusively dealt with them: “*that needs to done in a private atmosphere yes, or a very – let’s say discrete, intimate is not the right expression – it’s a conversation in confidence between the decision maker and me*” (HS2). Thus, the accountability and the power of strategic inter-organisational decision making influence network management from two perspectives: The SME manager’s sourcing of time to manage the relationship, and the receiver’s speedy accomplishment depending on the partner’s decision-making process. These managerial factors affect the transfer of available knowledge between organisations in terms of speed, which was argued to be one aspect of efficiency (Zander and Kogut, 1995).

6.3.3.3 Time Resources Influence Coordinated Knowledge Transfer

In practice, however, SME managers believe that it is difficult to spare the time for cultivating networks, as stated by EM1, a director of a micro museum, “*I need to admit that I [...] need to stick to [networking] more, but I don’t manage it at all*” (EM1). This was also explained by JG2 when referring to the issue of size: “*well I think that the problem of the smaller enterprises is they lack the manpower, so often*

the head of the organisation is actively involved in the daily routine – doing operational work – *and then you just don't have the time*” (JG2). Again, this was supported by SM1, an director of a micro non-profit organisation in the accommodation sector: *“if you focus on other firms then you lose time internally, so depending on how much you are involved as a director in the daily routine it's difficult to spare time”* and therefore *“you need to choose, there are cooperations that are not that fruitful; you need to look [at that] and choose”* (SM1). This is particularly true during high season, from April to October in this study's context: *“they don't have an overview themselves, during high season anyway, because then it is like zack zack zack [indicating how busy they are]. In the low seasons then you can take care of it, but then it's unimportant”* (HS2). Similarly, CB1 commented that *“during high season they have closed ears of course”*. Thus, effectively five months remain for intensive partner cultivation, coordination, management and coordinated knowledge transfer.

Whether coordinating cooperation is perceived as intense or a part of daily routine also depends on how the networks evolved, as stated by MA1, an owner-manager of a hotel: *“[it depends on whether] the network developed logically. If it is a good [network] then it has developed logically and then it is part of the daily routine and does not need more work, at least not a great deal”*. JO1, a head of marketing, rated networking tactics as no more intensive than independent tactics: *“but I think that it takes work to make something function, that's the case in a network, but it's also the case if you do something alone”*. These statements refer to the business networks built to complement the firms' portfolios, whereby partners' core competences are accessed for missing internal resources and are therefore perceived as a component of the daily routine.

In summary, a firm's resources and organisation, regarding the time that is available and the accountability, influence partner coordination and management with respect to quality and network size, which in turn enable or reduce the knowledge transfer that takes place. Coordinated formal management mechanisms regulate the knowledge that is available too. Whereas business networks develop logically out of a lack of resources, and are perceived as components of the daily routine, the subsequent informal mechanisms allow for serendipitous knowledge transfer. However, for artificially created innovative networks it seems more difficult to spare time, which mitigates the knowledge transfer that takes place in them.

Factors such as number of participants, time and accountability influence the frequency of cooperative interaction. The number of relationships that is manageable is not a rule that is set in stone, and varies across networkers and networks. It depends on the frequency of interaction and whether the network is coordinated on a daily, routine basis or requires separate efforts and costs (time) to be invested. Consequently, network costs with respect to time vary according to the frequency of network contact, and this will be discussed next.

6.3.4 Relationship-Specific Interactions

Based on the literature on network management and social capital, it is clear that frequency of interactions has an important impact on the quality of relationships (Ritter et al 2004) and relational social capital development (Nahapiet and Ghoshal, 1998) and the knowledge that is retained or transferred within networks. A high frequency facilitates trustful relationships that strengthen social capital and tacit knowledge sharing (cf. Jones et al., 1997). In this section, the discussion of frequency, as expressed in the interviews, will focus on a continuum from continuous interaction

at one end to sequential interaction at the other, with intentional interactions in the centre.

6.3.4.1 The Importance of Continuity

At the continuous level, interaction is not as deliberate or coordinated as the notion of frequency suggests. The interviewees indicated two areas of continuous interaction that they used to coordinate cooperation: Coordination through daily routine and management with intention, with the intensity varying accordingly. Some interviewees emphasised that coordination was a daily routine:

“That is a continuous process [...] through the daily routine you are in contact with hundreds of people [...] if there are changes, they will be informed, firstly through the press, then they are all in my distribution list but also sometimes if there are important changes then it will be arrange *beforehand*” (ML1).

“Well there is always time for small talk and for a coffee so I spare some time [for that] so to speak [...] but I think a regular or constantly recurrent contact *is actually the most important [thing]. So I’m not just reacting if the telephone rings, on these projects*” (SM2).

“If [attraction TK1] sends an actual *agenda then it’s printed and then it’s pinned here on our pinboard. There is actually a super information flow*” (SM1).

For those interviewees for whom the coordination was part of the daily operations, the intensity and costs were perceived as lower than for those who managed their

networks purposeful. Nonetheless, continuity was a basis for maintaining relationships: “*the [employee] sends signals to the individual partners*” (US1); “*the [employee] really sticks to it and that’s important because nothing just sells itself*” (EM1); “*you need to constantly hang in there*” (SS1); “*you need to stick to it and try to stick to it as far as possible throughout the year and not just when you need something; then I think you have lost*” (MK1). These management practices regarding continuity had been learnt through past experience or had been taught: “*We had an advisor who told us that if we wanted to have success in these networks, if we wanted to be successful, in particular with our sponsorship networks then we need to attend these regularly*” (US1). As illustrated by these comments, coordination is articulated as being dependent on continuous interaction. This theme ran through many of the interviews, with the views on coordination ranging from the need for a daily routine to the need for network coordination to be an intentional task.

This kind of coordination of cooperation is also bound to spatial proximity: “*there are smaller networks which everybody maintains locally*” (KT1). However, US1 indicated that “*these networks are not intensively managed*”. Other interviewees described these interactions as requiring a special type of cultivation above and beyond the daily routine, with a networker taking care of the relationships. This intentional partner management could be maintained through the use of virtual communication channels as a direct coordination mechanism (phone calls, email correspondence etc...):

“*[I do it] through regular telephone calls, and I work a lot with the Outlook system. I actively feed it with information and if you hear from somewhere ‘oh he had birthday’ then it’s going to be saved in there for the next year so that you remember it. And if you hear that somebody is ill, you call them*” (MK1).

“All us suitable bed and breakfasts and hotels need to be in there [the database], yes, and this database is of course nourished and cultivated. It *doesn't happen without hard work [...] but the bottom line is that there is a large distribution list, a lot on a postal basis, but also increasingly through the internet, email*” (KT1).

“There, I am active and I ‘poke’ them [a technical term in social media regarding contacting] I do this more often [than once a year]. That is not so *much about writing; it's more about calling. [Personal contact] is also nice, yes of course, so you need to combine [the two]*” (HS1).

Alternatively it could be indirect, through passively received ‘pokes’ (posts on Facebook, Twitter etc...) in order to increase awareness:

“*[HS1] is doing that on a grand scale, because she is very active in these social media portals; that are Twitter, Xing, Facebook and the like. So in that sense she is totally firm, with posts every day for us. We have allocated things among us because, in that [sort of thing], you need to be active daily and do something*” (JG2).

Finally, it could happen through personal interaction:

“*It is important that you don't refuse invitations too often. That's actually decisive, and surprisingly you are invited to a lot, I feel, and to some events that are not that good. But it doesn't matter – appearing is always good because you show that you are interested*” (TK1).

“If there are events that I know that my most important cooperation partners are going to attend, I will be present too” (US1).

“To attend an exhibition also and to meet there, simply just have small talk like: ‘oh also here’; That, at least I think, that’s not measurable, but I think that it means a lot” (SM2).

Personal contact was mentioned by most of the interviewees, particularly with regards to experiencing like-mindedness and developing trust, which they felt was difficult to build on a daily routine basis (JK2). The approaches to communication varied across the interviewees. Sometimes it depended on individual communication preferences, as explained by HS1: “I am an open person in everything, in all areas. I like writing, I like to text, I like to be on the Internet, and I like to chat. I don’t like to talk on the phone”. With others, it depended on the scarce time available: “we have contact, but more by email. Well telephone certainly too, but more and more by email just because of the time. That’s the problem, so going by email back and forth [is quicker]” (KT1). Another determinant mentioned was the need to overcome distances effectively: “the disadvantage is that all distances are far, you need to drive a long way to meet with somebody” (MA1). Finally, sometimes, the partners’ preferred receiving mechanism was the issue: “there are organisations who still want to hold paper in their hands” (KT1). While these interviewees illustrated intentional interaction so as to maintain relationships, in contrast to coordination during daily operations, the majority argued that managing relationships was cost-intensive in terms of time and money (MK1, US1, and KT1), regardless of whether it was the duty of the SME manager or delegated.

Others, however, distinguished the involvement according to the scope of the network, namely whether it referred to the network management of an entire network that was brokered and professionally organised (MA1), or to the coordination of cooperation with one's most important partners, as TK1 indicated as follows: "These partners are important, as I said, hotels and holiday residences, and these [relationships] we want to cultivate and nourish a little bit more, because when they are good they bring in thousands of Euros in sales per year, and that makes it worth taking more care of *them*". KT1 narrated similarly: "*there are partnerships where we still haven't seen each other at all; well I dare say we have partners in our network where I never have been, although we say repeatedly that we should go there. And then it's again the large hotel chains where we meet once a year, and we also invite [them here], purposefully*". These statements about importance refer to the desire to leverage growth benefits out of a business network relationship based on shared governance, which makes it worthwhile investing more time to as to achieve direct measurable growth and the outcomes of social capital.

It may be argued that the coordination of cooperation with the accommodation sector helps the tourism industry to increase tourist numbers and benefit from their destination market power, as stated by Shaw (2004). This also highlights the contents of the business networks referred to by the interviewees, and provides a reason to build networks as profit-making vehicles above and beyond the need for knowledge access. The economic motive behind the business networks drives the knowledge that is made available, and implies that the knowledge is a side-effect, as discussed in Chapter 5. This observation also sheds light on the cult of networkers that stems from business-oriented entrepreneurs with profit-making motives rather than owner-managers, as posited by Carland et al. (1984) or lifestyle entrepreneurs (Shaw and

Williams, 1998). Owner-managers in this study, prioritise personal (SM2) or ideological (EM1, SM1) goals instead.

6.3.4.2 The Importance of Systematic Sequences

At the other end of the continuum lie systematic sequences of network meetings. These are predominantly the annual or general meetings aimed at presenting forecasts or reviews, where statistics and strategic goals are formulated and/or presented. These sequential meetings are used by regional tourism networks to reveal destination-based information, as discussed in Section 5.3.3. However, this kind of meeting sequences are also used by individual businesses to cooperate and gain context-related knowledge: “a conversation is held every year about *what went well, what didn't go so well, what we are planning for the next year, what things we aim to do more together. Yes we do that so you keep the conversation going*” (JR1). Finally, they are used by participant-led brokered networks:

“[The director] uses these annual meetings to refer to [the network's activity]” (JG1).

“We meet regularly, like next week for example, about twice a year, and everything else is handled via email or telephone contact. And we are always visiting other organisations, learning about them so that we can talk about them. Yes, *so there is a system already*” (MG1).

“The decisions are made during general meetings. These are, I think, five to six times per *year*” (JO1).

“At the network *meeting*, *that’s different*. *These* are sequences [of meetings] where every *idea is allowed for brainstorming purposes*” (US1).

In addition to context-related knowledge transfer, these sequences of meetings are also used to serve the problem-solving endeavours of the networks themselves. Inter-organisational learning involves the examination of the network process, retrospectively. Thus, experiences regarding the network processes and outcomes are exchanged: “the members went there [to the annual meeting], *those who couldn’t take part* sent an email with their ideas and problems, and then the problems were *discussed*” (JG1). These occasions provide opportunities to articulate any problems experienced and overcome dissension among individual partners. Otherwise, there could be network instability caused by unsatisfied members leaving the network if the problems were not jointly solved. These sequences of meetings offer face-to-face socialising opportunities and learning through observation (SM1), as discussed in Section 5.2.7. Moreover, socialising and the articulation of experiences by network actors for problem-solving purposes may explain another aspect, namely building strong partnering capability (in addition to building a network identity to achieve brand equity), which helps to safeguard the future of business-renewal networks, as proposed by Lemmetyinen and Go (2009). Problem solving across an entire network suggests a strong partnering capability that aims to learn from members’ experiences and solve problems jointly in order to maintain a holistic satisfaction level among the members, thereby fostering open communication, transparency and potentially network stability.

The majority of the referred-to networks that were governed by a lead participant firm were managed through sequences of interaction. This was also evident in the example

of an externally governed network, “that is externally organised and we are invited” (NV1). Also MK2 and the RTOs as coordinators of networks showed this behaviour, as will be discussed in Chapter 7, which deals with the influence from those networks’ coordinators. Thus, the frequency of interaction seems to vary according to whether the business network cooperation is brokered (participant-led governance) or individual (shared governance). From the participants’ perspective, this kind of systematic sequence used for network management was not as time consuming as the continuous coordination of cooperation, and thus was deemed less cost-intensive for the members. In addition to time investment, financial investment was referred to, for example to finance external legitimacy-building mechanisms (printing of marketing measures). The networks were found to apply two approaches: either they equally distributed the financial costs for the particular measure, or they charged member fees to finance the shared goals, the latter approach offering a more flexible scope for networking activities.

There was also evidence among the interviewees of the resource- and time-intensive decision-making endeavours of collaborations in larger activity-based networks that were closed and brokered, as proposed by Provan and Kenis (2008). The following excerpts from the interviews reveal this in slightly different ways:

“There they work tightly so there are also different opinions but then they say ‘okay the exhibition is *voted for, are we doing it this year?*’ So we might discuss for twenty minutes or so whether we will go to this particular exhibition, *but we don’t discuss it for half a year*” (JO1).

“As a negative experience, we sometimes discuss never-ending long titles because two people say they want the network to be called [title], and eight *people say ‘but we want it to have a lot of photos’*, and so forth. So that is a typical network experience where there are groups who want it this way and groups who want it that way, and that negation is sometimes time-consuming *until we finally make the decision*” (KH1).

A inclusive decision-making process that involves all the participants (Provan and Kenis 2008) is said to be critical because procedural justice determines subsequent voluntary cooperation and avoids the hoarding of ideas (Kim and Mauborgne, 1998). Yet, the members’ desire for affiliation with their valued network that receives external legitimacy may also be of great importance for subsequent network involvement and commitment, and for ensuring a trustful basis to relationships: “[A partner said] *‘but I have belonged to the network since the beginning and I would like to stay’*” (MK1). The perceived impact of the network on individual’s organisation seems to determine subsequent voluntary cooperation. In this instance, the individuals’ appreciation of the network’s value-creating initiatives is determining the decision-making process and associated agreements on potential diverging individual interests. The individuals’ perceived gain may influence the process of inclusive strategic decision-making, or joint problem solving. This makes the majority rule an applicable tool in decision-making, in contrast to the case of the WTN network discussed in Chapter 4. In the participant-led network cases raised in this study, the coordinators held leading roles in the form of maintaining the relationships and coordinating initiatives – reflecting Mintzberg’s (1973) managerial roles – but did not execute the full power of decision making as suggested by Huxham and Vangen (2000). In fact, the way the network is led, not only during these meetings, may

depend on the personality of the networker or coordinator, which will be discussed in Chapter 7.

In summary, the investigation of the continuum of continuous and sequential interaction leads to the observation that the coordination of business cooperation throughout the year and through daily routine, including in the high season (in this case May to September), allows a continuous but more superficial and operational sharing of knowledge and serendipitous networking. The systematic sequences of interaction allow for intentional networking and strategic knowledge sharing that is executed in a more formal way at one point of time during the low season (at the beginning or end of the year). This approach is more effective for strategic networking, socialising and sharing tacit knowledge. Thus, continuity seems to facilitate the availability of business-relevant knowledge, in contrast to purposeful knowledge-sharing activities that allow for a broader scope of knowledge to emerge and to be transferred. In the following, some emerging difficulties with partner management and networks are discussed based on the aforementioned conditions and contingencies.

6.3.4.3 Reasons for Network Management Failure

Whereas the previous section was dedicated to the contingencies and conditions that seem to determine partner management and coordination, this section will look at some of the negative perceptions of network management expressed by the interviewees, and will analyse how problematic situations came about in their networks. The instability of the brokered promotion-based network, in applying self-enforcing agreements (rather than contractual network membership), has a major influence on its communication measures and external legitimacy-building activities

in the form of marketing measures and its web presence. Whereas the website is easily updated, the marketing measures distributed throughout the destination are difficult to control and adjust, as was explained by HS2:

“That means the run [print media], the next one coming, this would be the recent one, while of course many of the old runs still circulate. This means that the member who has left a while ago is further represented through the network measures but the new member who is already contributing is not externally visible as network member. I consider this a very difficult situation. It is more than impossible, and I have tried it already in my area, and said: ‘Hang on, we take this [old version of the network brochure] away and for that you get this new run [with the recent members]’. They say: ‘Yes leave it with us, we can throw this away.’ As soon as I left, they put the new version aside and said ‘we’ll keep that [old version]’, because they haven’t internalised it”.

Nonetheless, this level of frustration was not seen as a reason to leave the network. Leaving the network was rather felt to result from a firm’s inability to implement and execute networking activities leading to frustration among the members (JG1, KH1, MG1, MK1), because of the firm’s free-rider behaviour or the reassignment of the task to others: “that is, so to speak, not a stipulated constellation and therefore, so to speak, it’s easy to pull the plug” (JG1). Thus, external legitimacy building and self-enforcing agreements does not seem to have prevented, in particular, smaller, financially less capable members from following economically motivated self-interests. This observation suggests that the structural inequality of this network led to a decrease in the relational behaviour of the network members. Subsequently, the firms decided to introduce third-party enforcement in the form of a contract (after the

data generation period), hoping to introduce network norms that would verify a firm's capability to execute network activities prior to network entry. This network management problem highlights the issue of different organisational sizes from micro to small and medium, and the firms' respective financial, staffing and social capital-building capabilities. If a network is dependent on each of its members, then the piggyback option for smaller firms can carry potential management challenges.

In contrast, the reason for dissension in the relationships with shared coordination, where self-enforcing agreements were applied, seems to have been changes in human resources. Changes of owner-managers and decision makers, accompanied by changes in the inter-organisational culture, may lead to the breaking down of young relationships, "*ultimately there are many, many sensitivities that make somebody reluctant to cooperate*" (JO1), as well as established relations: "*we got a new director and he did not have the sense of or see how important this cooperation was for the organisation, or cooperation in general*" (JG2); "*then the top management changes and you have open promises that are not kept, and then the network is ruined*" (US1). Similar instabilities through changes in the boundary personnel has been observed by Gulati (1998). However, in this study, this situation is particularly relevant at the strategic network level rather than the operation network level, where a member of staff is accountable for external boundary spanning and inter-organisational activities.

A majority of the interviewees mentioned that a lack of frequency of interaction appeared to be a reason for network failure: "*if you realise nothing is happening then you cannot expect the partner to think all is well and want to continue. Why? He is probably looking for something different*" (HS2); "*these were always nice and good approaches. But to be honest that's why I said I cannot handle that much; often they*

lead to a dead end, if you do not permanently stick to them” (EM1). This, however, goes hand in hand with a lack of commitment or reciprocity, in cases where the partner is only passively involved, and the network requires a great deal of effort from one party with little reciprocal activity: “*if somebody is not enthusiastic any more or is just passively involved and just claims to be involved, then it comes to an end some day*” (SS1). These instances of loosely coupled network ties that are marked by flexibility (Boschma, 2005) suggests insufficient built social capital and provides evidence for the importance of continuous interaction to develop relational social capital. Without the relational social capital bonds the perceived necessity of the joint activities decreases and coupled with low time resources the networks objectives are failed to be pursued. This is particularly true in participant-led networks. Therefore the requirement for relational capability to interact, share and maintain knowledge with network partners (Lorenzoni and Lipparini, 1999), or partnering capability, as Lemmetyinen and Go (2009) suggest may even become more important in shared governance forms. In participant-led networks that employed self-enforcement—in contrast to coordinated networks (Lemmetyinen and Go, 2009)—the ability to partner becomes crucial in the initiating phase to the renewal phase. Yet, the ability of networkers to partners seems to be different and influences of the networkers personality could be identified which are discussed in Chapter 7.

Moreover, the development of relational social capital seems to be facilitated if the project has an assigned and accountable person, “*the employee who is responsible for it is doing it*” (NV1), who is expected to bring the project to completion. The statements of the interviewees imply that the time and effort put in also depend on the network partners’ personalities and attributes, in particular with respect to commitment and taking an active part in networking activities, which is discussed in

Chapter 7. In contrast to the aforementioned argument that inter-organisational trust outweighs interpersonal trust, these cases provide evidence that a person's activities are decisive for the success of inter-organisational relationships. The interviewees indicated that shared governed networks required an implicit guiding and leading hand. Otherwise, they could suffer from a decrease in motivation among the members, not least because of a lack of time (MG1) and other aspects of partner management that were discussed above.

6.3.5 Summary of Partner Management

This section has discussed partner management from the second-order perspective. At this level, cooperation among individual businesses and whole networks could be identified, and they were analysed according to self-enforcement, third-party enforcement, and shared and brokered governance approaches.

Third-party enforcement in the form of a 'written agreement' was chosen at the outset of some networks as well as some start-up firms. The majority of the contracts were loosely formulated documents. Some documentary forms of governance emerged from negative experiences, through free riders or opportunistic behaviour, but the majority of cases introduced a document retrospectively in order to manage the content of the network and prevent misunderstandings among the parties or the forgetting of obligations and expectations. The difficulty of this governance form was caused by warranty claims in loosely connected firms, or in the case of a partner's firm-based change. There was evidence of changes to this form of governance, into self-enforcing governance forms, justified through the duration of the business relationships and their metamorphosis into trustful amicable relationships. The external and shared governed networks used the documentary form (i.e. a written

agreement) of safeguarding interactions, and a later change to self-enforcing mechanisms was only evident in the shared governance form.

Self-enforcing mechanisms were categorised into formal and informal mechanisms. Financial incentives in the form of commission were found to be an effective tool in cases where there was an adequate pool of willing and capable partners. In such cases, whether this worked also depended on the degree of confidence in the partner, which in turn grew out of a high opinion of the partner's attributes. Staff incentives on a reciprocal basis were another method used to connect a partner's management with the focal organisation's management, through motivation. The coordination of cooperation, relying on informal mechanisms, was based on matching attitudes among directly involved networkers, such as like-mindedness and perceiving the partner to be 'simpatico'. From these attributes, an amicable, informal and personal relationship evolved with friendship-, experience- and knowledge-based trust. On the other hand, strategic network management of whole networks with a shared identity was based on the building of external legitimacy. Shared and participant-governed networks tended to apply self-enforcing agreements.

The manageability of networks was found to depend on the number of participants, the accountability of network coordination, time availability and the frequency of interaction, which varied across individual business cooperation and closed activity-based business networks. Whereas the size of an entire network can easily be estimated, the number of ties an individual firm accumulates can lead to defects in efficiency with respect to the individual resources that are available to coordinate such cooperations. This, however, depends on the accountability and time availability of the external respective networker. 'Networkers' – as the participants referred to people

acting in the networks - tend to be either the SME managers themselves or a delegated person(s). It seems that, the larger is the enterprise, the more divisions they have, the more external networkers are appointed to source respective resources, and the more efficiently is time distributed among the staff. However, partner management varies according to operational decision making and strategic decision making, the latter most often being carried out by the SME manager or entrepreneur.

Frequency of interaction was distributed on a continuum from continuous contact to intentional contact to sequential contact, as illustrated in Table 6-1. Continuous contact was predominantly mentioned as a factor in the coordination of cooperation on a shared governance basis. It served to coordinate operational activities, mainly achieved through daily routine, to enable superficial and operational knowledge sharing and serendipitous networking. Intentional interaction was accomplished through direct or indirect 'pokes', or personal interaction on an uncoordinated basis, with the aim of enhancing trust and reputation, and in pursuit of predominantly economic goals which enabled knowledge transfer as a side-effect. Systematic interaction and sequences were mainly used by large whole networks and associations that aimed to coordinate strategic decisions and enable strategic and tacit knowledge sharing. Thus, continuity seems to facilitate business-relevant knowledge availability, in contrast to purposeful knowledge-sharing activities that allow for a broader scope of knowledge emergence and transfer.

Table 6-1: Conditions, Motives and Characteristics of Network Management (Source: Author)

Frequency	Governance form	Motive	Characteristics
Continuous	Shared governance	Operational and relevant knowledge transfer	Daily routine
Continuous intentional	Brokered, important network partners	Intentional, economically motivated and with knowledge transfer as a side-effect	Direct, indirect and personal interaction according to personal preference, spatial distances and the receiving entity's preference
Sequences of meetings	Brokered, NAO-governed and associations	Strategic and tacit knowledge transfer	Personal interaction, socialising

Finally, some partner management deficiencies were discussed. Individual firms' capabilities and the structural inequality of member firms were found to lead to network instability, which influences external legitimacy-building exercises, which in turn were found to be used to make self-enforced network agreements more tangible. Changes in the strategic decision-making structure, rather than in operational decision makers (boundary spanners), were found to be critical to the continuity of certain relationships, as new decision makers influenced the inter-organisational relationship culture on which the latter depended. Moreover, a lack of frequency and commitment, shown by the extent of an individual's activity or motive, was found to be decisive for partner retention and knowledge transfer. A shared governed network requires an implicit guiding and leading hand to maintain the group processes, and this depends on the networkers' personalities, as will be discussed in Chapter 7.

6.4 Conclusions about the Managerial Factors

This chapter has discussed the managerial factors that influence relationships in the context of tourism businesses located in a sparsely structured destination with tourism as the main economic driver. Several conclusions can be drawn from the partner management discussion, regarding what enables or hinders social capital and knowledge transfer. The literature generally highlights tourism organisations' search for relevance, which generates a less disruptive innovation environment than may be seen elsewhere. The findings of this study suggest that purposeful partner selection according to one's needs and relevance creates a narrow exploitative network environment, which limits the search for new knowledge, creativity or innovative input. The exhaustion of internally created ideas leads to a purposeful search for external knowledge sources and partners. The ability to explore new knowledge is more likely to be found through a 'serendipitous' partner search conducted using a set of underlying criteria. This approach facilitates the development of new opportunities, not previously thought of, and conveys benefits similar to weak ties. Indirect approaches (e.g. learning by observation, passive learning methods or virtual communication channels) to accessing knowledge ignore boundaries and proximity, and explain how individuals engage in finding weak ties to explore new knowledge for their firms. However, this type of one-directional knowledge exploitation and flow does not necessarily enable relational social capital building because of its lack of reciprocity.

Moreover, serendipitous partner selection from an individual's repository – knowing about a person from past experience – residing in any social media tool, for example, is personalised knowledge that is usually not passed on to a person's immediate network, except when a knowledgeable person is referred to. In contrast, a network

with outside-in legitimacy-building efforts made through a shared identity will offer equal opportunities for all members to find like-minded and cognitively close partners, which enables cognitive social capital behaviour. However, heterogeneity and non-compatibility of members does not automatically lead to the development of a dense network. This observation suggests that network density is not an inevitable end, nor is it path-dependent.

In particular, this study revealed a difference in the value of knowledge according to the relevance of the accommodation and attraction sectors to one another. The accommodation sector tends to share knowledge and build ties according to relevance, to their portfolio, and within their environment, referring to their affiliations. The attraction sector seems to be more open to new knowledge from a variety of sectors, including the accommodation sector. Thus, the unequal value of mutual knowledge transfer creates a difficult knowledge-sharing environment, and effective incentives are required to build up cross-sector relationships. The piggyback option for learning benefits and subsequent innovativeness is perceived differently in the two sectors. The findings reveal that unequal size and quality among accommodation providers inhibits networks from making knowledge available, but the attraction sector seems to fruitfully explore sub-sector networks.

Seasonality seems to provide advantages for network management, and leads to different knowledge transfer opportunities from inter-organisational relationships. The high season enables superficial and operational knowledge sharing, and serendipitous networking. However, the low season provides an opportunity for intentional networking, socialising, and strategic as well as tacit knowledge sharing. Thus, continuous interaction seems to facilitate business-relevant knowledge availability, in

contrast to purposeful knowledge-sharing activities that allow for a broader scope of knowledge emergence and transfer. Similarly, business networks (peer networks) are valued because they develop logically out of a lack of resources and are perceived as components of the daily routine. However, for artificially or innovatively created networks it is more difficult to spare the time, and thus to retain or transfer knowledge.

Underlying subjective or emotionally driven motivation shapes the search for networks, their management and the knowledge transfer within them. Individuals' preferences and cultures therefore create their perceptions of their partners, and the knowledge sources they provide, and leads to the assumption of the cult of personality, wherein networkers themselves influence partner management and knowledge transfer, as will be discussed in Chapter 7.

7 Analysis of the Contextual Influences on Network Management and Knowledge Transfer

7.1 Introduction to Contextual Influences

Based on the literature it is clear that the conditions within an inter-organisational context have influence on how a network is formed, managed and sustained, and how inter-organisational knowledge transfer is pursued. In this chapter, the discussion of conditions will not focus on what is stated in the literature, but on what emerged from the data and is deemed important by the research participants. The chapter discusses influences by the wider environment of the network actors on their networks and network management. The contextual influences referred to by the interviewees were based on the individual level and the local level and how they influence the nature of network management and knowledge transfer. These contextual levels can be elucidated by understanding how the individuals who actively manage networks and their consequent knowledge transfer perceive their internal and external environment. Consequently, this chapter is split into three sections: the individual conditions for networkers coordinating cooperation, the individual-level conditions for coordinators coordinating networks, and the local factors influencing network management. Then it is discussed how each level affects network management and operation.

7.2 *The Networker's Influences*

At the individual level, the data from this research suggest that the inter-organisational relationship and its management are affected mainly by people's education, personalities, mentalities of doing business, and their attitudes towards networking and learning that support their personality traits. Thus, this section will discuss the

networker's education and personality that was argued to influence network governance (Weiermair and Bieger, 2004). Whereas prior researchers have approached network behaviour by investigating individual differences from a network structure perspective, in particular which personalities facilitate structural holes and centrality (Totterdell et al., 2008), this study reveals how a networker's personality influences the value an individual gains from networks, networking and knowledge transfer. Therefore, the individual context has a certain influence on inter-organisational network formation and operation as discussed in the previous chapters.

7.2.1 Educational Background and the Networker's Level of Knowledge

In this section, the statements made by MA1 and JW1 regarding the potential knowledge level of individuals are followed up on in order to draw conclusions about the efficiency of network management and inter-organisational knowledge transfer by discussing the educational level of the networkers. The educational level varied widely among the interviewees. A few participants explicitly stated that their educational background was their pathway to value networks and networking:

“I studied business sciences and later specialised in transport and tourism and the stimulus to approach these networks mostly came from *there*” (JG1).

“It actually began with my studies (graduate engineer); that was how I *developed a deeper interest for the topic regarding networks*” (JK2).

“I have a Masters in *media* [...] *but networks* and similar matters are a part of that, social media and similar matters. And the difference is not that much, not *that big, between media and reality, it's safe to say*” (AT1).

These statements correspond to Zehrer and Raich (2010), who suggest that education and training seem to facilitate ‘looking outside the box’ and the self-awareness to build networks across sectors, even, so as to develop existing and new forms of networks. Moreover, as evidenced in Section 5.2.1, education is not only beneficial for learning about a certain context (marketing) but also for transforming tacit into explicit knowledge. Education is argued to facilitate the building of cognitive social capital (Zehrer and Raich, 2010). However, its effect may be moderated by background and perspective, as will be discussed next.

Other interviewees demonstrated their passion for their business and their personal commitment to it or the region through a career change and educational adjustment that motivated them to focus on driving the business forward. Thus, they organised their business or daily tasks from the perspective of a different industry background:

“I definitely wanted to stay on this island, because I do like it so much and thus I needed to do something in the field of tourism. So I did an occupational retraining as a travel agent” (SS2).

“After two years, the point came, yeah, should that be a hobby, so part time, or are you doing it properly, because it was noticeable that there is potential for growth [of the business]. And then I’ve said, come on, then, properly [...] I attended a training course to be a qualified canoe supplier” (SM2).

“And I also find that very, very nice that it [accommodation] has a social background. I was a teacher myself, originally, and have a pedagogic educational background, ehm, I’m actually a career changer into tourism but actually I find that a very great combination” (SM1).

“I’m doing another bachelor’s, but I’m doing that actually just to have broader subject knowledge, because during my master’s studies in geography I had [...] so I never wanted to study business studies. But I started my job and I thought that I was missing something [...] thus, I just wanted to say, okay, I simply want to have a business studies degree” (CB1).

“I’m not a tourism professional; we are not tourism professionals. We are education service providers, yeah. So I’m a qualified engineer for forestry, but that’s not suitable [...] I mean of course it’s tourism what we do, but I don’t see myself as a tourism professional” (US1).

These statements show the interviewees’ attitudes and motivation towards tourism as a profession to pursue—except for US1 who denies being a tourism professional—while following different personal interests and as visionaries of the respective organisations’ interests. Taking this thought further, it may be argued that the likelihood of sharing common network goals seems to be influenced by the underlying emotions, values and motivation of the individuals concerned. Moreover, aiming for a shared network goal with individuals who share different values could challenge the development of the cognitive dimension of social capital. It requires a great deal of self-empathy and empathy for one’s network partners and their direction of thought in order to achieve a consensus over network direction. This supports the concept of care in networks introduced by von Krogh (1998), who argues that a high-care environment (e.g. where people understand each other) facilitates knowledge creation. This challenge could be observed in the operation of the WTN network discussed in Chapter 4, where three of the partners followed an economic direction of thought and one an educational direction of thought.

A few of the interviewees had no particular education in their field of business, were career changers and were self-taught in their professions:

“Ninety I completed [training courses as a shepherd] and then there was nothing in the beginning (laughs). Then I came here because of a [job creation scheme] and public relation was my job, but I didn’t even know what public relations meant, I just said: ‘I can do it!’ (laughs), and then I was hired after two years and I started, taught myself the graphical design, personal computers, everything step by step” (MG1).

Compared to the well-educated interviewees, in these cases the skill of valuing external sources of knowledge and inter-organisational relationships was learnt on-the-job. Here, an organisational culture of openness or task-orientation, as suggested by Abou-Zeid (2005), seems to play a vital role in allowing individuals to identify with the organisational values regarding networks and inter-organisational knowledge transfer. On the contrary, a lack of tourism-related education, entrepreneurial motives, experience or the right attitude often hampers individual owner-managers in valuing business relationships and external knowledge. Therefore, they lack the compassion required to jointly drive their organisation as well as region forward:

“They [members of a local tourism organisation] are not developed tourism professionals; they are predominantly born-and-bred islanders. That’s maybe nothing to do with it but it is mainly fishermen and farmers who have eventually slipped into the tourism field. Well it’s a particular race” (UA1).

“Why some of them are not yet open for that is simply because I think this knowledge *that I’ve been talking about* for the past five minutes, not everybody has understood this so far. There is indeed a *fear of competition*” (JW1).

In summary, from the discussion of the networkers’ education, it becomes clear that education transfers tacit in addition to explicit knowledge that can have an impact on how people value networks and external knowledge sources. This became particularly apparent by respondents with the responsibility for driving the business forward. However, the networkers’ professional or academic education is not the sole determinant of the ability to value external contacts and knowledge. Thus, networkers’ characteristics are investigated in greater depth in the following section that emerged as indication of network management and operation.

7.2.2 The Personality of Networkers when Coordinating Cooperation

The factors that enable knowledge to be shared seem not solely depend on the relative absorptive capacity of the involved firms (Lane and Lubatkin, 1998) or the ability to value external knowledge (Zahra and George, 2002), but also on the sender’s attitude, behaviour and ability, which corresponds to Minbaeva and Michailova’s (2004) findings. HS1 comments, “I think I have one of the broadest personal networks in this destination, because of my contacts, because of my type, because there is nobody who *doesn’t know me, except the kids [...] I was born to be a networker*”. The personality of the networkers and their apparent influence on networking and knowledge transfer emerged from the data analysis.

Similarly, Lemmetyinen and Go (2009) observe that coordinating a network requires certain kinds of managerial capabilities. From a leadership perspective, these

managerial capabilities are influenced by certain traits, such as emotional stability and conscientiousness (intrapersonal skills), extraversion and agreeableness (interpersonal skills), and openness (vision and therefore leadership skills) (Hogan et al., 1994), or by the organisational culture. The literature on personality traits predominantly investigates network structure (Burt, 2012; Klein et al., 2004) or the relation to job performance or leadership (Judge et al., 2002). According to Judge et al. (2002), the ‘big five-factor model’ of personality is applicable for predicting leadership emergence—predominantly the traits of extraversion, conscientiousness, openness to experience, and neuroticism—in particular in the context of a low-rule and less formally defined environment, which networks seem to be. The boundary spanners of networks are likely to be the leaders of their organisations (entrepreneurs, owner managers or directors) or organisational divisions (heads of department or middle managers) that have built strategic networks or use them operationally. Jarillo and Ricart (1987) find three characteristics particularly relevant for entrepreneurs to be able to create and sustain networks: being nice, provokable and forgiving. Kalish and Robins (2006) suggest that extroverted people create strong ties. Thus, to explore this further, the ‘five-factor model’ (Judge et al., 2002; McCrae and John, 1992) is used in the study as an organising framework to explore particular boundary spanners’ and thus networkers’ characteristics in relation to network management and operations. The findings that emerge explain how and why openness, extraversion, agreeableness and conscientiousness, and indirectly neuroticism, determine the personality of a networker, and how these traits can be useful in optimising networking or inter-organisational knowledge transfer.

Hogan and Kaiser (1994) suggest two perspectives for identifying personality traits: How a person thinks and describes him/herself and how others think about that person or how the person thinks about others as networkers. Both are applied in the following sections. Regarding the latter perspective, notably, the interviewees are likely to have picked partners they considered to be exemplary networkers. They were probably described in the best light possible, as the interviewees were possibly influenced by the ‘bright side’, which concerns the initial impression at a good state (Hogan et al., 1994). Because interviews are limited in terms of time and relationship building, it is difficult to reveal differences between the bright and the dark side. Nor could personality traits be compared with non-networkers, as these were not included in this study. Regardless of these limitations, the information from the interviews could be explored according to personality traits of the networker that are discussed in the following sections.

7.2.2.1 The Open and Interested Person

According to the literature, open people are more creative, divergent and take more risk, with a tendency towards esoteric thinking and fantasy (Judge et al., 2002). The interviews indicate that there is a tendency for networkers to be more creative, as evidenced by JW1 in stating, “[we] find ways of cooperating, which are more likely to be a cooperation than customers [buyer-supplier relationship] and he [JO1] has some very clever ideas”, and by ML1: “I have rolled it [the joint marketing measure] up a little bit *with a different style*”. It may be assumed that creative people are more open to scanning the external environment for new ideas, and are thus more likely to attain external sources: “truly innovative people, who see the capability of other firms too and so have an open mind to approaching one another. And this was no problem, it

was a nice conversation, he [TK1] is an open-minded person, so, this worked out *really well*" (SM1).

Moreover, open networkers demonstrate a certain level of curiosity, in particular in meeting new people (HS1, TK1), but also an intellectual interest that is reflected in their positive attitude towards change, "every change is a chance to see which ideas develop from it" (SM1), and broadening the horizon: "I do try slightly to think outside *the box*" (SM2); "*so that you don't get such a tunnel vision*, I always like to go away by myself to gain some kind of foresight, and it is nice if you send each other some stimulus *from time to time*" (SM1). This intellectual interest was shown by career changers for whom education seemed not to be the driver for their networking and external resources but simply an attribute.

The networkers also show risk-taking behaviour in their openness to innovation: "I'm open to everything, so, if someone has a good idea, I always tell them at our Xing meetings, I'm simply up for everything, *even for crazy stuff, which isn't that white-bread and traditional stuff as always*" (CB1). Although taking risk was taken to mean experimenting with external sources, it was limited to one's own perceived relevancy: "*I always like to give new things a try, if they make sense to me*" (HS2). Thus, there is a tendency for networkers to be creative and risk-taking but these characteristics seem to be moderated by their personal feeling of security, which is reflected in the relevance of an action to the firm's goals, and it is this that seems to frame the person's level of openness. On the other hand, the boundary spanner's willingness to learn and network may depend on the organisational culture that is aligned to the macro level, the tourism policy and/or a destination's identity. This allows a person to express and pursue their open personality:

“This is simply because we think that it is important so surely everybody might think in that moment, oh God, my company, my money, my revenue. But this is completely wrong, because if I only ever want to keep the guest with me, eventually he won’t visit any more, because there is nothing else for him to *experience*” (MG1).

“I mean, *that’s the point*, [...] there are just a few (laughing) of that kind, who are that crazy [to present/sell] the competitor, but I think in a different way. This would be narrow-minded thinking, because I’m thinking rather for the *island. It doesn’t matter where the guest stays*. He must come to our island. *That’s what’s important*” (HS1).

Willingness to learn is best described by the following excerpts in which the interviewees indicated that they learnt from others but that ‘learning from others’ needs to be learnt:

“*It’s an ongoing learning process for me*” (HG1).

“*It’s most likely a process of starting thinking outside the box; a network won’t be able to start if you see each other as competitors so to speak. You know it’s always a step towards each other*” (KT1).

“*I’m really against seeing surrounding partners as competitors. As I already said, I’m not like that*” (MK1).

“[...]because *they’ve realised that you are much stronger all together instead of working against each other in some way, which is nonsense*” (JR1).

It was discussed in the literature that organisations learn from their experiences with networks how to build subsequent, broader networks (Brass et al., 2004). Littunen (2000) argues that the learning process from start-up to early entrepreneurial activities affects the entrepreneur's characteristics but the number of entrepreneurial networks does not change the personality of the entrepreneurial networker, particularly the conscientiousness trait regarding achievement motivation. This study provides evidence that learning from networks also depends on the personality characteristics of those who use the networks, operationally and/or strategically. It seems that this learning process depends to some extent on their open personalities, particularly the facet of intellectual curiosity. In the following section, the two traits of extraversion and agreeableness, which are assumed to reflect interpersonal skills, are discussed.

7.2.2.2 The Outgoing and Expressive Person

Social leaders and leader emergence is explained by a high level of extroversion, in people who tend to be outgoing, active, assertive, enthusiastic and talkative (Judge et al., 2002; McCrae and John, 1992). It may be assumed that all the interviewees have a certain level of extraversion; otherwise they would not have been willing to talk about their perceptions of networks, information sharing and their jobs. Thus, rather unsurprisingly, these attributes are also personality traits that networkers relate to themselves or to other perceived networkers. The interviewees highlighted that one characteristic of networkers is that they are passionate: *"I absolutely do that with passion"* (CB1); *"she [HS1] is really terrific. So, she actually knows everybody and everything, which is just awesome"* (JG2). HS1 herself explained the latter comment further:

“So, I’m really keen and very enthusiastic [...] where this enthusiasm comes from? I don’t know, maybe because I wanted to become an actress as a child, or something. Yeah, I’m a person who, I’m Aries yes, and Aries stands for a person who looks forward, who has a leader personality and who is really good at marketing herself. I’m marketing myself as a brand with my name. It feels like this, sometimes. This whole story needs to be fun for you – enjoying life, having fun with everything all around [you]; that might be the reason for it[my enthusiasm]. I’m not a mope or something like that and I don’t see anything in a negative way” (HS1).

It may be argued that people who tend to be enthusiastic about their network’s mission also tend to be energetic and convincing. Burt et al. (1998) suggest that in particular to broker network is facilitated if the networker creates excitement and change things. One could also say that a perceived ‘typical networker’ is talkative. The interviewees either stated about themselves, *“it’s fun”* (JO1) to talk about their job or particular contexts, or demonstrated their talkative trait by being very expressive (e.g. MG1, HS1, SM2, MK1), or this was experienced during the interviews and could be measured by the scope of answers and stories they gave (e.g. TK1, JK2, BS1, HS2, SS2, CH1, EM1). Being assertive may help people to persuade others about their own activities: *“up to now, I have [persuaded] everybody I have dealt with to at least look into Xing [social media tool], and in the end they have all thought it was quite interesting”* (HS1). This helps them to acquire further network partners (ML1) and may relate to the skill of maintaining relationships. This expressive attribute seems to be linked to their openness: *“I think that you [have to be] kind of public in this way, bizarrely”* (HS1). Thus they demonstrate little insecurity about being easily exploited (MK1). In contrast, it may be assumed that if somebody is not open they will not talk

openly about topics related to their business. JK2 stated that, in order to legitimise the network as a form of interaction, it is necessary to have the qualities of a networker, such as communicative competence, curiosity and wide interests, as well as the willingness to trust people:

“I’m always saying, ‘say always the truth but never the total truth’, because often it’s the case that you need to tell someone something and they need to believe it, ‘man! He can do all this so well man!’ [My acquaintance said], ‘if I could do that I would not have become an engineer but an actor instead’. So many of them just don’t realise this necessity [of communicative skills], which is actually needed nowadays” (JK2).

In addition to being talkative, the outgoing and forceful facet of the extraversion trait emerged from the interviews as a networker characteristic, and was expressed in particular through the ability to approach people (HS1, US1, JW1, KH1): *“[the partner] always pushed this topic [network] too” (JW1); “we always experienced that we were the driving force behind everything, thus [we were] always requesting: ‘Do you [want to] join in, do you want to do this’, and in the end all of them always said ‘yes’ nicely, but they never behaved assertively or briskly” (JG1).* This outgoing character explains why some are active networkers or leaders in the network in contrast to the passive members or followers, as was repeatedly stated in Chapter 6 when discussing active and passive network engagement challenging partner management.

However, the outgoing character may also be influenced by a certain level of conscientiousness, such as being achievement-oriented, as illustrated by MA1: *“if*

someone has more benefits, then he will *normally do more for it [the network], that's just how it is*" (MA1). Other interviewees stated similarly that the economic motive is reason enough to gravitate towards others, either passively: "they actually only joined in so as to not be left out, but to have their fingers on the pulse of everything [that goes on]. *They weren't hungry enough*" (JG1); or actively: "*I have to admit that I committed myself into this with the idea of being on the spot, playing a part in it, but of course, as well, to make a difference and being noticed. So, in this way I have been successful*" (SM2). The latter, active approach points towards an outgoing trait. Thus, people do not necessarily have to be outgoing and forceful to build networks as the need for economic achievement and an intellectual interest in valuing external partners can also provide reasons for following the network approach. However, the outgoing, energetic trait may optimise the potential relational and structural network benefits, by facilitating the starting of a network and increasing one's ability to convince potential partners to join. Thus, this personality characteristic optimises network building, makes knowledge available and encourages knowledge flow.

Nonetheless, a balance of different personality types and the different valuable contributions they make in groups lead to effective team performance (Bradley and Hebert, 1997). This was supported by the interviewees' arguments for heterogeneity of personalities in networks. For example, MA1 commented, "*it will always be the case that you have got differently active people in such a network*", which was supported by MG1, JG1, and JG1. However, people who tend to be extroverted can face challenges in strengthening the social capital bonds if their trait is negatively perceived because others feel overwhelmed, "*I don't know if the [partner] feels overburdened [when you approach him for an interview], just ask. Sometimes you just have [concern]. You know yourself how it is if you sometimes, like, actually you don't*

like it if somebody approaches you and says (laughing): ‘can you tell me something’” (JR1), or are reserved: “I’m not quite sure if the director would be approachable for something like this [an interview] or *would in fact say: ‘what’s this balderdash’. I don’t know*” (JO1); “*the [partner] is a person who will only accept a few people approaching him. [...] and of course he is the one who makes these [events] on the island happen*” (HS1). This provides evidence in favour of Klein et al.’s (2004) suggestion that people who tend towards extroversion can trigger feelings of annoyance, leading to an adversarial environment.

According to the literature, people seek advice from friends or peers who share similar attitudes and values. Diversity of personality, however, in particular extraversion and neuroticism, is positively related to group performance (Neuman et al., 1999). Diversity of language potentially causes misunderstanding because of the cognitive distance it causes (Boschma, 2005; Nahapiet and Ghoshal, 1998; Nootboom et al., 2007). As this study suggests, misunderstandings may also derive from diversity of personality, as this underlying condition affects the explicit language used and expressed through emotional behaviour. Thus, heterogeneity of personality may hamper the development of cognitive as well as relational social capital through heterogeneous language and emotional behaviour or body language. It may be argued that knowledge transfer among business networks may be optimised by members (networkers) with the complementary personality trait of agreeableness, who can show a high level of sensitivity, and this is discussed next.

7.2.2.3 The Cooperative and Sensitive Person

An agreeable person is not likely to emerge as a leader but is likely to inform effective leadership in a context with few rules and formally defined roles (Judge et al., 2002),

similarly to the partner management mechanisms discussed in Chapter 6, in particular in relation to managing networks with self-enforcing agreements. Networks in general are flexible and few explicit rules except through norms and obligations leveraged through relational social capital (Nahapiet and Ghoshal, 1998). In many cases, an agreeable person is described as trustful, compliant, caring, gentle and having a need for affiliation (Judge et al., 2002), as well as appreciative, generous, forgiving, kind and sympathetic (McCrae and John, 1992), most of which were evidenced and highlighted by some of the interviewees.

It seems to be common sense that the cooperative trait is the basis for any cooperation (“[FK1] is actually very cooperative, *too*” (HS2); “I’m a team player, anyway, *too* or I really like *working together with others*” (MK1)), and is seen in the need for affiliations with partners (“*so there is a [cooperative] thinking prevalent*” (JR1); “if I’m somewhere or other, then I always try to motivate people to really do something together, because this is surely the most important thing. And with those who understand or those we are working with, *it really works out very well*” (MG1)). This cooperative trait seems to be valuable for any networker. However, it may be linked to the openness trait of intellectual interest, making one value unconventional business outside one’s own organisation.

Agreeable networkers tend to be sensitive and caring about others, as illustrated by HS1 who states, “*because I think I’m just a person who really lives the emotional intelligence [...] everyone is somehow nuts and is round the bend, but if you know it [how they tick], you know how to deal with them*” and evidenced by SM1 saying about her employee: “**my Mrs. [AB1] told me**”. The interviewees illustrated the importance of an honest (TK1) and friendly tone of voice: “you should approach one

another in a friendly way, *that's what I do anyway*" (SS2); "*I don't really argue with anyone*" (HS1). A cooperative, sensitive attitude among networkers seems particularly valuable for avoiding or solving partner management situations such as conflict with uncooperative partners (SM2). This is ideally accompanied by a forgiving attitude (MK1) should norms be disregarded. Agreeable people may have the ability to dissuade unsatisfied members from leaving the network and continue to share knowledge. In the following section, the conscientious trait of networkers is discussed.

7.2.2.4 The Organised and Reliable Person

The conscientious trait is argued to relate to intrapersonal skills (Hogan and Kaiser, 2005). Conscientious people are organised, efficient, well-planned, thorough, reliable and responsible (McCrae and John, 1992). They tend to be marked by integrity and therefore stimulate trust (Hogan et al., 1994), which should facilitate tacit knowledge sharing. A person with this personality tends to leverage relevant and diverse information out of social capital (Anderson, 2008). With regard to the partner management discussed in Chapter 6, it seems highly likely that people who network are, to a certain level, conscientious. As discussed in Section 6.3.3, efficient networks depend on the manageability of partners, which is affected by time resources, the number of relationships, and accountability. Some of the interviewees perceived networks as time consuming, some as manageable, which leads to the supposition that an individual's level of conscientiousness is also an aspect of a 'typical' networker, and explains why some are able to manage partners without feeling stressed while other just resign.

That integrity engenders trust was also indicated by some interviewees: “he always knew that he could completely count on *me*” (HS1); “I sense that they have found their supplier in me now” (SM2). Thus, people who reliably execute tasks and keep their promises are likely to find or be found by people who value a certain level of quality (Section 6.2.2.1). Conscientious people who are thorough seem to aspire to do their jobs well. This was clearly indicated by some interviewees who stated that they tended to be perfectionists (CB1, MG1). However, in order to meet their aspirations, these people also need to be organised, for example about storing information: “*I just rid myself of this habit of trying to memorise all these things because otherwise you’ve got a lot on your mind*” (MG1). Thus, organised individuals who plan well are likely to manage networking and coordination tasks:

“*I’m writing in these reports what I do day by day, so that I have some control, to see where my time goes, how long I’m in the Social Media networks, how long I take to check, read and answer my emails, and how much time I need for other things, what’s on my table [...] I’ve found a very nice way of planning my days and organising myself. This is really important, because otherwise it doesn’t really work*” (HS1).

In addition to the self-reflection of HS1 about her planning behaviour, others reiterated this about her and explained what they think about her as a networker: “*I have to say that she [HS1] is very organised and I always wonder how she is able to get everything right*” (JG2). This seems to be the reason why HS1 has taken over the responsibility for inter-organisational relationships in that organisation. This story mirrors the perspectives of interviewees with similar responsibilities (heads of marketing): “of course, you need to have proper tactics to get it [networking legwork]

right” (NV1). Consequently, it may be argued that, to optimise network management and knowledge transfer, a certain level of conscientiousness is required of all network members, otherwise the manageability is affected: “they don’t display enough *diligence; that’s what we plead again and again*” (AZ1). Conscientious individuals seem to be more likely to have initiative and persistence in the face of obstacles: “I always have this philosophy: There is a problem and if I have this problem I just step outside of the problem, go through it three times, and eventually the solution comes by *itself*” (HS1). It seems that these individuals are the ones who initiate networks and are interested in problem solving, rather than dissolving in the face of disagreeableness. This adds to their ability to retain network relationships.

An individual’s level of conscientiousness may lead to an optimised level of need for achievement: “his [member] mentality is just like (harshly spoken) *‘I want to do this, I want to go out, I want to go forward’ and so on. So, he isn’t so lethargic at all in terms of that he would say, ‘okay, it’s fifteenth September’, drops everything as soon as the season ends, so we lock up and kind of start again in March [when season starts]*” (CB1). This supports McClelland’s (1967) theory of the need for achievement of an entrepreneur who sets targets, strives (through their own efforts) to meet these targets, and solves problems. Thus, the business-oriented motive and the ability to value external sources may depend on the achievement-oriented facet of the individual and their level of conscientiousness. These personality characteristics seem to enable a person to manage a network above and beyond the indicators of number of relationships and time resources. On the other hand, although a conscientious networker shows tenacity and persistence, this may be moderated by the framework of the organisational philosophy, e.g. the economic motive to run things cost effectively.

7.2.2.5 The Empathy-Seeking Versus the Emotionally Stable Person

Neuroticism means low emotional stability. Such people are described as being anxious, self-pitying, tense, touchy, unstable and worriers (McCrae and John, 1992). On the contrary, emotionally stable and less neurotic people, in particular those with self-esteem and self-confidence, tend to be leaders (Judge et al., 2002). According to Eysenck (1992), a certain level of conscientiousness can affect a person's level of neuroticism. In practice, if somebody is not organised, they might easily become nervous or, as HS1 put it, "*if you are unable to organise yourself you become messy and eventually you crack up*". The majority of the interviewees gave the impression of having little neuroticism, by narrating in a self-assured manner about their experiences. A few interviewees demonstrated self-confidence in talking about their networks and information-sharing behaviour, but felt uncomfortable talking about challenges they faced or how they came about (AZ1, JR1), which could have been influenced by the information-generating process as discussed in Section 3.4.3.3

There were cases of interviewees showing a self-pitying attitude. These people demonstrated this by complaining about the difficult economic situation of running a small business (EM1) or a small local tourism organisation (LTO) (SS2) and being dependent on the support of others. Nonetheless, they demonstrated caring behaviour, at least about their task and accountability: "*I'm quite a critical person [...] but sometimes I'm just sort of so desperate [about how to maintain the network], like right now towards you, because I'm just so sad [that the financial situation is jeopardising the network] that I cannot [bear it] any more*" (SS2). These interviewees' motivation to engage voluntarily in these networks was the preservation of culture. They placed a greater value on the ideological purpose than the economic

purpose, putting great effort, such as personal time and finances, into trying to sustain the network:

“It *isn't* working only with ideals, so no, it's not working without money at all. We've just realised that and I for myself have realised that, too. So just for myself, for my own organisation, I am the one who is responsible. But there [in the network] you are responsible for many other things, too, *and I think I'm* probably taking far too many things to heart. You know, with the tourism network you face things (groaning), which aren't *actually my thing*” (SS2).

Thus, these moderately neurotic people with ideological value systems can be cultivators of networks, empathetically persuading like-minded people to participate. However, by being emotionally attached to their task, these individuals seem to experience a threshold (SS2), beyond which, “*I just can't manage it all*” (EM1). These individuals may be predestined to bring a network into existence; however, sustaining a network requires emotionally stable individuals.

7.2.3 Summary of Networker's Influences

This section has looked at the individual influences of inter-organisational knowledge transfer relations and examines the education and personalities of the networkers and how these individual contexts optimise networking and knowledge transfer. Their educational backgrounds are diverse and various experiences have led them to become networkers. People with higher education, albeit diverse fields of study and not necessarily a particular tourism training, seem to benefit from knowledge transfer and learn to value networking and external knowledge sources during their studies. Where education is not the explicit reason for an individual's attitude towards networks, tacit

knowledge transfer through learning on-the-job or passion and commitment for the business or the region seems to influence the networker's ability to value external partners and knowledge. Networkers' personalities, above and beyond their education and experience, shape their ability to initiate and retain networks, and optimise networking and knowledge transfer. The framework of the big five traits was used to analyse the information that emerged from the data on personality.

Networkers with particular characteristics have broad networks; other, rather passive, networkers have networks according to their relevance but "*there are a few such networkers who have everything under control and make their networks function*" (HS1). Networkers are divergent and open to value, and dare to implement unconventional, innovative alternatives. They benefit from being extrovert as it allows them to approach others. However, they need to be careful and sensitive so as to avoid annoying and overwhelming others who are more introverted and less open, e.g. to affiliating to a network. A person with a sensitive approach and who values others' needs rather than being too forceful tends to convince people to engage in networking activities more easily.

It may be argued that an economic motive or business orientation is not sufficient for building a broad variety of networks, as was evident when discussing the accommodation sector in Chapters 5 and 6. A networker cult of personality needs to be open, extroverted, and agreeable to successfully operate in networks. People with a certain need for achievement and intellectual interest seem to value external sources and partners. Because of the often-mentioned scarcity of time, networkers need a high level of conscientiousness, in particular, they need to be organised and efficient, and balance their aspiration level with their thoroughness. Tools, such as quality

management (JR1), time management (HS1) and knowledge management (Cooper 2006), may allow people to develop such abilities from their conscientiousness trait.

Someone who tends to be cooperative and gentle does not necessarily need to be forceful and energetic, except if he or she is building or brokering the network. The latter trait is useful for enthusing others and generating commitment, that is also facilitated by openness and being intellectually interested in visioning the network's future and outcome. Apart from the traits of forcefulness and openness, a moderate degree of emotion facilitates the initiation of ideologically rather than economically driven networks. This trait, however, seems insufficient for retaining relationships. The ability to retain relationships is assumed to be held by people who are agreeable and conscientious, who persistently solve problems to prevent members from leaving. Being sensitive and cooperative provides great conflict management skills; a forgiving attitude adds to them.

On the one hand, it is argued that personality characteristics are inherited (Costa and McCrae, 1988) and stable over time (Digman, 1989). On the other hand, it is argued that personality is formed through the interplay between the individual and their environment, such as changes, life situation, or experiences such as entrepreneurial tasks (Littunen, 2000). However, it is debatable whether a person who tends to be introverted can learn to be extroverted, or whether somebody who has low self-confidence can generate a willingness to trust in order to become a 'typical networker'. From this study, it can be suggested that, for those who lack some of the typical networker characteristics, but who demonstrate being interested in and valuing networks by being there, informal settings may potentially provide a platform to overcome their personal liabilities. The subsequent sections discuss the coordinator's

role and personality, and the interplay between the coordinator and the actors, moderated by local factors.

7.3 Coordinator's Role of Optimising Network Management

In the previous section, the personality of the networker in inter-organisational business networks was analysed along with how networkers with certain personalities may optimise networking and knowledge transfer. The networker is referred to as an active person who puts effort into the coordination of cooperation in business networks. The following section discusses the abilities and personalities of coordinators of whole networks, mainly referring to RTOs, that enable and optimise knowledge transfer and networking among members. A practical distinction was drawn by MA1 between brokered regional tourism networks and loose tourism business networks:

“It depends on the network constellation; if it is a loose connection or a loose network then certainly not [you don't need a coordinator]. If there are concrete goals to implement, concerning economic matters, say, then you will possibly need [a coordinator]. I would say, normally, I would rather not [have one], because the network, well my understanding of a network is that it works by itself for the most part. But the exception proves the rule. I would say that, with certain networks, which are very large and follow economic motives, it is certainly necessary to have a coordinator” (MA1).

The discussion now focuses on the underlying condition of network coordination and management. Both the perspective of the coordinators and the perspective of the network members about how the coordinator should behave and why are analysed.

The ability of these coordinators to create value and facilitate network-based learning is examined by looking at the coordinator's personality and its effect on certain roles. To do so, the discussion draws on Bornhorst et al.'s (2010) model of success factors and Lemmetyinen and Go's (2009) capability dimensions as an organising framework for the conditions identified in the data.

7.3.1 Commitment Creators

Different approaches for developing an atmosphere of collaboration were evident in this study. The interviewed coordinators indicated that an important precondition for such an atmosphere is the commitment of the members (AT1). Members become committed if their needs are identified, which also contributes to the perceived success of the network coordination and may facilitate the coordinator's process of envisaging and developing a shared identity. The stories related in the interviews encompassed visioning of the general network and pockets of network collaborations, the latter referring to the realising of certain joint network projects. From the interviews, it became apparent that some coordinators played a decision-making role in the form of a central exchange process, allocating resources by creating or acquiring external ideas and distributing them to the members.

Different approaches were taken to gain the members' commitment and maintain their interest in actively engaging in the networks. One approach was the 'centralised whole network strategy' with an 'indiscriminate comprehensive matchmaking tactic' used to inform members about opportunities. This took the form of projects that required (members') participation and resources to finance their implementation. The projects were then continuously supported through the coordinators' knowledge and guidance. The coordinator in question would contact all stakeholders related to the context of the

project, disregarding whether the group was homogeneous or heterogeneous, by phone call or letter. Those who responded and demonstrated interest would be brought together and the necessary resources for the project processes would be allocated. Using this approach risks some wastage because the network-based learning is dependent on committed, active, and encouraged members with a certain interest in the specific projects (AT1) or in the problems the network is seeking to solve (BS1). This approach depends on the respective needs of the members and the relevance of such projects to them, but fails to take all the stakeholders' needs into consideration. Thus, with the 'centralised whole network strategy' the coordinator gathers together those who show interest in a project and demonstrate commitment: "It requires people who want to participate and we bring them together. We contact them all, but then we work with those who want [to get involved]" (AT1). Similarly, BS1 were convinced that the quality of the network depends on active members, who are themselves perceived as leaders who attract and encourage followers with similar problems, using a 'leader-follower matchmaking strategy' to gain members' commitment. Coordinators of this type rely on the follower effect to gain commitment:

"And so, perhaps those who are not involved realise, 'man! That's effective what they do'. We hope that the others will join in. That's the possibility we have" (AT1).

"[I convince them] simply through joint economic success, because in the end this pressure is always present. They realise they will suffer with their current capacity. They would like to have a higher capacity, measures to prolong the tourism season, so to speak, s having a full house in May and/or October. And they can have this with [electric mobility]. Those are exactly the cycling

seasons [...]. And if you realise that this is successful, that you can generate greater capacity through [electric mobility], and if we improve it and increase the network concentration, then it will get better, you can exploit the network further and your capacity gets even better. But to start with you need to have *preliminary success, and then I can bring them together*" (JK2).

Here the successful network outcome is perceived as a trigger for network stability and increases with the quantity of committed ties (JK2, BS1). These approaches were successful as long as the members could understand and value the 'shadow of the future' (Nahapiet and Ghoshal, 1998), mainly in the form of economic growth through increasing tourist numbers. On the other hand, CH1 used a more strategic 'matchmaking method', choosing relevant firms and connecting those firms purposefully, as illustrated by the following story of a homogeneous group:

"And when they present themselves jointly in this agglomerated form then that's an announcement, which of course is forced through us, where we then say also, okay, so if somewhere someone of the eight haven't heard that shot then we give them another phone call and we hold the fort in order that this [network] is simply present with this kind of market power" (CH1).

Whereas the first set of stories demonstrated a decision to participate that was less controlled, CH1 did not trust that members would connect by coincidence, but focused on a centralised exchange process in addition to having the locus of control over the formation and implementation of the collaboration. The matchmaking process among this horizontal competitive spatially close network was facilitated by jointly elaborating the core competencies of each member as well as their similarities. The

latter was the focus of the collaboration. This process prohibits competition as there is no need to exclude competitors, as suggested by Hanna and Walsh (2002).

In summary, achieving commitment and legitimising the coordinator's actions seems to be the first step in creating a network's absorptive capacity of knowledge. To do so, it may be argued that a coordinator needs to be active so as to deduce individual needs but also sympathetic to individual needs. More importantly, agreeableness seems to be valuable as it helps the coordinator to sensitively identify and respect all partners' needs and balance them, without discriminating in the activity negotiations, as discussed in Chapter 4. Alternatively, the coordinator can develop ideas, play a liaising role by exploiting external knowledge, and convince the network members into matchmaking, and therefore he/she infers the individuals' needs. They can do this by demonstrating 'the shadow of the future' and its relevance, or by playing an entrepreneurial role by allocating resources and gaining commitment "through offering services" (CH1). When the level of conscientiousness is higher, the level of commitment seems higher, thus the more purposefully the opportunities are distributed. They also have a certain level of conscientiousness as they focus on a more centralised exchange process to exploit these assimilation opportunities in the network. Coordinator CH1 seems to be highly deliberate, organised, and efficient in her approach to purposefully connecting members for network-based learning. In addition, the outgoing, forceful, and persistent characters and convincing behaviour of CH1 and JK2 appear to have been more efficient than some other approaches in generating member commitment.

7.3.2 Information Disseminators and Effective Communicators

A newsletter is a very usual medium for disseminating information, and is circulated to the members (or subscribers) on a regular basis. This one-directional information outflow contains “superficial” and “less comprehensive” (CB1) information. Predominantly, according to the interviewees who spoke about the topic, this information was available for those members with access to information and communication technology (ICT), who articulated a need for it (AT1). Coordinators were found to favour the distribution of information via ICT as it gave them broader coverage. Some limited the amount of direct emails they sent and had implemented shared social media platforms to make important information accessible (CH1). However, while information was provided in this way, members were still responsible for accessing the knowledge themselves: “We inform them where the information [newsletter] is located, so we don’t serve them hand and foot, as was the usual practice. You need to become active yourself, but we have made it so *that you don’t* need to become active in ten different places; [the information] is placed centrally *instead*” (CH1). There is a difference, therefore, in this approach to allocating resources used by the coordinators. Whereas ‘indiscriminate comprehensive explicit knowledge flow’ provides procedural justice and grant joint asset ownership of information (Dhanaraj and Parkhe, 2006), the ‘centralised knowledge portal’ approach seems to reduce the potential for information overload. In particular, if the allocation of information is controlled according to value (important or general information), levels of priority are generated through direct and indirect information flow. This dissemination approach aims to make the most important and future-relevant knowledge directly available, and the less acute information such as general information or reviews indirectly available.

From the interviewees, it became clear that there was some leakage of the information provided by the coordinators. It was being insufficiently absorbed by the members:

“There were some members to whom I said, ‘I did distribute an email to everyone last year’ [...] and they said to me, ‘we didn’t receive it’. Then I said, ‘that’s impossible, I have everyone’s data’, and I have also checked everything again. It gets lost in the shuffle; people don’t read it at all [...] and then I always say to myself, ‘what other communication medium exists’, I simply can’t visit everybody and tell them individually, ‘so listen, here we have this and that’” (UA1).

Evidently annoyed, UA1 analysed her need to distribute information to all members. She had exploited various communication channels, but the communication was not efficient: *“so I lack a tool by which I can reach everyone”* (UA1). It seems that the information needs of all the members were not being met in this case and thus the efficiency of this communication channel was low. This type of leakage was also reported by CH1. However, in this case, the coordinator appreciated the members’ difficulties as small-firm entrepreneurs (e.g. scarce time resources, lower level of absorptive capacity), patiently and kindly redistributing the respective information.

CH1 explicitly stated their strategy to be perceived as a *“competence centre”*, which was indirectly reflected by several other interviewees (UA1, AT1). This means that the coordinator’s role is to liaise with external sources and/or create knowledge within the RTO. Moreover, they have an informational role as a nerve centre (corresponding to Mintzberg (1971)), being knowledgeable about the members in order to strategically connect them using a matchmaking tactic as indicated above. Further,

these coordinators hold an entrepreneurial role, providing advice and consultancy upon request, for which members contact them directly by telephone or email. Problem-solving strategies are developed within the centre because of their knowledge; however, the centre delegates implementation to the members (CH1).

The importance of personal contact was highlighted in the interviews, but it was noted that this is difficult to realise in large networks. The coordinators were found to have a tendency to make personal contact more often with members perceived as competent, open, and more successful, who were actively involved (e.g. in various projects) and committed to the network (AZ1, AT1, UA1). They have personal contact with members during project working groups, irregular and serendipitous visits to the members or when members attend the RTOs' 'office hours'. The latter was rarely used by the members and failed as a communication initiative (UA1). Closer and stronger ties were shown to have developed through these personal interactions. The less active members were, the less these ties had been maintained on a personal level.

Strong and trustful ties seem to have been built in particular with the hotel sector as well as city/local government stakeholders, so as to collaborate and involve them as they have the greatest potential for cooperation. Similar observations were made by Sheehan and Ritchie (2005). Such stakeholders were perceived by the interviewees as having a higher level of absorptive capacity and intellectual capital, from which the RTO could benefit (CH1, CB1, UA1, AT1, AZ1). Thus, the coordinator seems to act as a resource allocator by prioritising its 'key players'. This decision-making role and the ways in which resources are allocated, on the other hand, explain the difficulty the coordinators have in engendering trust among all their members (Dhanaraj and

Parkhe, 2006), and the consequent desire (in particular by the attraction sector) to build an atmosphere of collaboration (Bornhorst et al., 2010).

In summary, the following findings seem to emerge. The coordinator has some control over the efficient dissemination of information to meet the relevancy needs of the members by acting as a resource allocator. The coordinator also needs to play a liaising role in order to feed the network with new knowledge, and to become a nerve centre, which is facilitated by building trustful relationships. Stated differently, in order to solve the problems and frustration of inefficient information flow, the coordinator must have the traits of sympathy, tolerance and patience with regards to network members. Also, it may be argued that an agreeable and likeable person will facilitate information dissemination and receptiveness: *“Well I think many say it [attending the speaking hours] doesn’t lead anywhere, so I would say, for example, our chief executive polarises opinion”* (UA1). Thus, if people do not get on well with each other or disagree with the policy the contact person in the RTO represents, members are reluctant to share or access information. The degree of social capital that a coordinator holds with members facilitates the realisation of objectives (Sheehan and Ritchie, 2005). This was evident from the remark from CH1 that a coordinator needs to be a trustful person who facilitates the development of trust among the members and him or herself: *“That [trust] arises from contacts and in the end from the familiarity that grows from them”*. These dyadic trustful relationship enable exploration of a broad range of knowledge (Kang et al., 2007).

7.3.3 Facilitators of Member Exchange and Network-Based Learning

Network-based learning requires a facilitating hand to encourage members to engage in exchange processes, as indicated by AT1: “No, it [initiating joint projects and

communication] would not work alone, no. *The stimulus, that's fact, the stimulus is triggered by the city [NAO] for these tourism things*". JK2 added, "*approach each other on their own? No, somebody needs to say: 'Come on, we'll get you together'. I don't think it would happen by itself. It needs to be coordinated*". The 'buffer' in Provan and Human's (1999) study had a similar facilitating role, bringing people from competing firms together who would otherwise be reluctant to communicate and cooperate.

The general biannual or annual meetings seem to have a lower impact on learning and generating a learning environment: "*general meetings are relatively poorly attended*" (UA1). However, the coordinators stated that they valued and implemented theme-oriented or sector-oriented committees or work groups to regularly unite members for joint knowledge creation, or they brought members together by invitation to jointly solve problems, albeit infrequently (AT1). The more coordinated work groups were found to meet from twice a year up to as often as every eight weeks (AZ1) and were most commonly formed of qualified appointed members (CH1). The format was found to vary in terms of the degree of intensity, exertion of influence, transparency, and managerial approach:

"I think a very important aspect is that we have opened up the marketing committee [...] so that everyone who wants to participate, and that's on average fifteen to twenty people, six times a year, can do, and they can exert an influence and can meet other network managers in these committees" (CH1).

“We have a tour guide committee, an accommodation committee, we have a *marketing committee, which I accompany, or rather I’m partly in charge of them and I (laughing) try to partly lead them*” (AZ1).

“We have tried to develop a working group of hotels and bed and breakfasts. I have, and all of our board members have, particular areas of responsibility, and one of the managers has a consultancy and previously worked for years, I think fifteen years, in a hotel [...] and he was in charge of it [the established working group] rather than me, and we met twice and then it fizzled out, *because the hotel owner always said: ‘You need to do more’. But when we said: ‘Okay, come and tell us what we should do, what should we change in your opinion’, then they came up with things which we, unfortunately, can’t change anyway, for heaven’s sake. So for example, the traffic situation*” (UA1).

These stories suggest that coordinators have an entrepreneurial role in organising these work groups, and in part intervene as negotiators of these sessions, guiding interactions: “*so if special topics appear on the agenda or difficult things, I will always intervene of course*” (AZ1). However, whereas CH1 has created a transparent environment by delegating responsibility to assigned groups and giving all network members the opportunity to influence decisions and learn from the member exchange, AZ1 seems to actively supervise the design of the network projects of selective members. The least efficient network-based learning seems to occur if the coordinator relies on his/her entrepreneurial role, organising and creating an environment that aims to allow learning from any participating members’ needs. Knowledge about a partner’s needs is used as a starting point for joint knowledge creation but there is a

low level of control and leadership of the resultant sessions: “[I] do not directly *intervene in these subjects*” (UA1).

An additional attempt to unite heterogeneous network members was found to have been made by regional tourism trade shows, which can be classified as ‘untraded interaction’ (Cooper and Scott, 2005) with the aim of facilitating interaction. These untraded interactions were perceived by the interviewees as an effective networking activity used to ‘strike up conversations’ among destination suppliers. Initiatives referred to included the local ‘TausendSeenForum’ (TK1, WR1, SM2, CH1) and the ‘Tourismustag’ (SM2, AZ1, MG1, HS2, JG1, CB1, US1). The latter was valued by the members: “*well here in [city] it was finally realised that we could achieve something jointly*” (MG1). These untraded interactions in the form of regional trade shows were coordinated by the respective RTOs: “*Their idea was to slightly push towards this direction [networked tourism region], also to use it as a networking meeting and to foster direct contact, so as to initiate something in this matter*” (SM2). The aim of these shows was also to transfer new research-based knowledge to the audience “*through lectures*” (UA1, SM2, CB1) and workshops given by qualified speakers. Therefore, academics and consultants were invited to talk about regional tourism-related topics and provide grounds for discussion: “the aim was always to illuminate the members about *particular topics*” (CB1). These untraded occasions were exceptional in that they allowed for the decoding and transferring of complex new knowledge to the industry interactively.

Moreover, using this platform, the coordinators aimed to attract the regional tourism managers and entrepreneurs who were reluctant to embrace external relationships and external knowledge sources, by generating a networking environment. Thus, the

events aimed to bring together heterogeneous regional tourism suppliers so that they could learn about yet unconnected network members. Face-to-face contact and discussion allowed for tacitly informed knowledge sharing. The events provided platforms for networking (TK1), so that disconnected parties could exchange small talk in order to intensify or reactivate relations and meet new contacts: “I believe that you can lessen the inhibition threshold through these events or intentional networking [...] *you meet new people and in a different setting from through business*” (SM2). These kinds of settings were perceived as important, supportive, and useful, in particular by attraction and adventure suppliers. This networking and exchange environment seems to have helped create a collaborative atmosphere, in particular for the less salient members of the RTO, the attraction managers (Bornhorst et al., 2010). This evidence seems to support Berne and Garcia-Uceda’s (2008) observation that visitors to trade shows value them for relationship building more than marketing research. The value of relationship building (at trade shows and/or in general), meanwhile, would seem to depend on the resource and information needs of individual firms.

While the above stories explain the value of these organised platforms for networking and knowledge sharing, some interviewees expressed dissatisfaction such as, “*the response from the organiser’s perspective was low*” (SM2), or “*trade fairs are highly innovative, but they don’t work*” (TK1). The perceived low effect regarding the actual aim, which was to increase member exchange and knowledge sharing with “*intermediaries, such as hotels, holiday flats and tourist bureaus*” (TK1) is in accordance with the attraction sector’s perspective as discussed in Section 5.2.5. In effect, the “*RTO needs to become a little bit more active in this respect, and they want to, but they are not yet active enough*” (WR1). This again provides evidence for the

firm's need to cooperation across sectors, in particular from the attraction sector's perspective with the accommodation sector at the shared locality.

The interviews showed that the general decision-making role of bridging members resulted in weak ties among the members, whereas the interpersonal leadership role had a greater effect on strengthening the ties. Moreover, the interviewees suggested that, to coordinate a network, in particular a horizontal competitive one, a trustful person with a neutral relation to all of the other members was required. This is illustrated by the following statement: "*Why* should a hotel intensively contribute to seven or eight of his competitors, which requires a great deal of effort. So they appreciate that there is a non-competitor who is coordinating and moderating [things]" (CH1). It also supports Hanna and Walsh's (2002) observation. This was also reflected by AZ1, who had experienced the negative effect of a member who had coordinated the network but had predominantly followed their own interests:

"It [the networking situation] is getting better. I will have been doing this job *for three years in November, and beforehand, yes, I don't know, somebody* from a private enterprise did the job, who also got some allowance for it and, because of that, of course, the contact and exchange with the local government *were always difficult, because very different interests were followed of course*" (AZ1).

In summary, this section provides evidence in favour of Provan and Human's (1999) proposition that the centralised exchange process is efficient, and explains how the coordinator's characteristics and behaviour facilitate member exchange. The ability to generate a collaborative learning environment is influenced by the coordinator's

character and particular managerial roles corresponding to Lemmetyinen and Go (2009). Thus, a coordinator requires a high level of conscientiousness, must feel responsible for his/her competence, and must acknowledge individual members' competence, so as to tie them together. Increased interaction with members with a greater knowledge repository leads to a strengthening of the structural and relational social capital. Simultaneously, it requires a sensitive and appreciative character to value members with knowledge deficiencies and to create a trust relationship. Developing a similar level of trust among all members and the coordinator (or broker) can produce a collaborative atmosphere in regional tourism networks. Moreover, a coordinator who is outgoing and behaves assertively will tend to optimise the collaborative environment and the subsequent network-based learning opportunities. A level of openness, in particular being imaginative and insightful, is a prerequisite for valuing, acquiring and developing ideas for network projects.

7.3.4 Summary of Coordinator's Role, Ability, and Personality

In this section, the interviewees' narratives have been used to understand the coordinators' influences on network management and knowledge transfer. The role of the coordinator is intangibly influenced by his/her perceptions, attitude and characteristics as an individual, and this can exert considerable influence on the effectiveness of network management. First, it affects the commitment creation endeavour of the coordinator. Tourism actors are not a homogeneous group with common needs, except for the predominant need of economic-driven organisations to 'achieve growth through more visitors' and 'increasing market power'. The more conscious are the matchmaking tactics, the more commitment is created, and the greater value can be extracted. The underlying thought is that the coordinator with a

conscientious, outgoing, and forceful personality tends to develop the ability to unite organisations and create commitment.

Second, there are more and less effective approaches to executing the informational role. The tactics and strategies used by coordinators to disseminate and assimilate knowledge varied throughout the examples, and there does not seem to be a best practice communication mechanism, as the outcome is moderated by certain factors. When mostly unfiltered information is distributed, disregarding the members' needs and the relevance of the information to them, this information is difficult for the members to assimilate effectively. In the end, the members who benefit are those with a certain level of absorptive capacity. This was found to be particularly so in the hotel sector, whose members are additionally perceived as the most competent and (financially) powerful, and therefore the most important members alongside 'incomers', who will be discussed in the following section. Some coordinators over-rely on their practices, regularly finding themselves in a frustrating position in terms of their ability to create network-based learning. Those coordinators that are more flexible in their approach tend to actively solve the problems of dissemination, demonstrating persistent, patient, and agreeable personalities that allow them to appreciate the heterogeneity of the absorptive capacities of the firms in the networks they are coordinating.

Third, the vision was almost consistent throughout the heterogeneous networks referred to, and included the indirect promotion of a shared tourism product – of the tourism region – and/or the direct promotion of individual firms themselves through tourism experience products or joint projects. These aspects also benefited firm growth. Firm growth was a typical tactic used by the network coordinators to achieve

commitment instead of ‘information benefits’ or ‘access to (knowledge) resources’. However, what appears to emerge in this study is that, despite the importance of the vision of the coordinator, the network outcome is affected by inhibiting factors in the implementation process. This, in turn, affects network-based learning. In particular, regional tourism networks are heterogeneous and, as a consequence, commonalities only reside in their vision. The strategies used to implement this vision depend on each single member’s ability and needs. The cognitive social capital is therefore based on the common understanding and interpretation of the vision. Distinct interpretations of the vision according to one’s own needs may cause incongruence in implementing the vision at the operational level. At this level, coordinators differ in their creativity and organisation, in facilitating member exchange and in their roles in such exchanges. The roles discovered in this study included intervening, simply initiating and slightly moderating, extracting and facilitating homogeneous grouping, generating transparency, active and passive communication, and introducing and creating spaces for interaction or untraded interaction as discussed in Section 5.3. This creativity and organisation is affected by the coordinator’s personality and their relational status to the network members.

The individual-level context is important to consider so as to derive an understanding of how coordinated networks are managed and operated. However, this does not detract from the fact that network-based learning and knowledge transfer are also determined by the particular symbioses of members and coordinators, forming a unique network. Knowledge transfer and joint learning are also affected by local influences, and this is discussed next.

7.4 Local Factors Affecting Network Management

In the previous section, the coordinator's role and personality were discussed and conclusions were drawn on how one might efficiently communicate and distribute information, deduce members' needs and create a collaborative environment for network-based learning. These efforts are moderated by the conditions of the external environment. At the local level, two conditions can be highlighted: the societal culture of the network members and the regional structure. These conditions influence how manageable networks and knowledge transfer are perceived to be.

7.4.1 Mentality and Cultural Influences

Participants who were responsible for managing business networks and cooperation highlighted the norms, values and social behaviour of individuals as affecting network management and operations. The social behaviour of networked people is a by-product of their respective societal culture (Parkhe, 1991). Emirbayer and Goodwin (1994) consider cultural factors as a necessary part of explaining network action. In this study, the interviewees distinguished between locals (UA1), remigrants who had gathered experience elsewhere (AT1) and national immigrants (CB1), so-called 'incomers' (Tinsley and Lynch, 2008). Local business owners were described as sceptical and critical, with a hesitance to engage in regional tourism networks (AZ1). UA1 added: "*what's always very important is whether someone is an islander or not. So I think people from outside are more likely to listen to something, and the islander has his own perspective on how things should be*". They were also described as self-interested, "*everyone here is simply, like, every man for himself*" (CB1; also other informants, e.g. UA1, JW1, SM2). This attitude was perceived as inhibiting for tourism business networks: "that needs some energy and stimulus, because still, well certainly not just in Mecklenburg, the mentality is, like, first, everybody does his own

thing, and of course first we want to see how he presents himself and how he positions himself and basically survives and brings *the offer properly on the market*” (SM1). Interviewees also described the tendency of the locals to remain independent (MA1), which was confirmed by AT1: “The locals, the residents are not open to networking. Yes, *they like to do it alone*”.

Understanding local customs, social networks, values, and individuals’ personalities was argued to be important in order to generate an environment of collaboration (Albrecht, 2010). Such traits may facilitate the identification of individual needs. Thus, the awareness of the locals’ attitude towards networks may help aspiring networkers to understand their personalities, and encourage engagement. For example, there was evidence of a low level of trust in individuals and other businesses with initially weak ties:

“The people had the feeling at the beginning that they were taking something *from the others, but slowly that [networking] is progressing*” (AT1).

“*Cooperation is always kind of difficult, because everybody fears that he’s taking something from others or that something is being taken from him, and this ‘we should do something together’, that’s what everyone is shouting out loud, but implementing it, that is really difficult*” (CB1).

“If you realise that your customers are being actively enticed away by *suppliers with whom you had a loose contact, like ‘hello’ and small talk [...]* and it’s all the worse if that person is denying it: *‘I didn’t do it’, oh!*” (SM2).

In this case, the fear of opportunism inhibits members from participating or building relational social capital through stronger organisational ties. Hanna and Walsh (2002) similarly observe that the broker concentrates on the characteristics and qualities of the owner rather than the organisation, but mainly to preclude opportunistic behaviour among the manufacturer members of the network in question. These attitudes of locals towards networking also support studies of East Germans' networking behaviour, which is generally argued to be constituted of strong local and informal social networks (Boenisch and Schneider, 2010). It has also been argued that low relational social capital is characteristic of post-socialist economies and social trust is still hampered in such societies, although institutional trust in authority seems to have been renewed (Rainer and Siedler, 2009). This culture of low social trust in individual managers and entrepreneurs, as opposed to the social community as a whole, needs to be taken into consideration as it reduces the capacity of business actors to participate and engage in networks. Thus, the trust of locals in business networks is a matter of development. This social trust level also became apparent in this study's exploration of self-enforcing agreements in partner management (Section 6.3.2), and the importance of 'individuals' through whom networks and networking, including knowledge transfer, is maintained.

Moreover, member exchange aimed at fostering network-based learning as a top-down approach was likely to fail, in particular in rural, peripheral tourism areas, as explained by two interviewees as follows:

“That’s maybe also a historically conditioned urge towards nationalisation or the like, where you, so to speak, want to exert influence on the economic system or something. I don’t know what that is, what the reason is. But I think

that's the desire behind it, that 'I want to control what's going on there''
(JK2).

"What we have realised in our work is that everything that's dictated from the top, that comes from us as an idea and is managed by us, mostly doesn't work. So it just works if the people who we bring together want to be brought together" (AT1).

These investigations also explain the practicable follower principle of the commitment creators that was described in Section 7.3.1, the effect being that the confidence level into the network in question grows through the experiences and observations of others in these networks. Locals were characterised by some interviewees as "stubborn, tight-lipped" and "unfriendly" (UA1). However, as soon as they started to value the cooperation through learning by observation, the trust level in business relationships and networking activities grew: "the [incomers] say, *I work with you, I work with you, I work with you*' and now all the locals realise that it isn't that bad if they join in. Three, four years ago they have done everything alone" (AT1). JW1 indicated similarly, "because suddenly everybody else realised that this was working quite well, what this young guy [entrepreneur] was doing, it generated *interest of course*". This provides evidence of the slow process of developing the ability to value (incomers') business networks, and that the locals in this study subsequently began to trust and engage in other networks in addition to (and different from) their established networks (Tinsley and Lynch, 2008). This means, in this context, that the locals switched predominantly from local informal social networks to business networks.

The failure to create commitment and the low efficiency in trying to persuade members to participate (AT1) may also have been caused by the lower need for (economic) achievement (CB1), in this situation. A lower level of achievement was particularly evident among the micro business owner-managers, who hesitated to engage in networking activities and knowledge transfer processes other than taking advantage of the incentives that came with membership of regional tourism networks, for example, services and marketing support. Whereas the members engaging in networks seemed to be committed around their immediate area of business, there was a lack of commitment and uncooperative behaviour, with weak ties, within the region or destination (SM2, UA1, CB1), affecting the pool of willing and reliable partners, as discussed in Section 6.3.2.1. On the contrary, a network of predominantly micro firms, following a less economic purpose and more one of nature and culture preservation, demonstrated a higher commitment level (SS2, EM1, MA1, SM1, and TK1). These cases resemble the familiar informal social networks from the past. For example, the driving force behind these networks was to complete projects with little financial support but joint individual power and engagement (SS2, EM1), as was described as a usual praxis in the socialist era. However, as discussed in Section 7.2.2.5, the emotionally driven personalities initiating these networks lack the ability to sustain them.

Network management was also found to be influenced by the members' problem-solving attitudes. Problems were found to be solved differently in different networks and this could influence the stability of the networks (continuation or departure of members). There is evidence in the data that the cultural norm for problem solving is a potential trigger for network failure, for example in the case of low self-confidence, or accusing others of being responsible for problems:

“Maybe, because I am not a classic fish-head¹⁴ *who says: ‘can’t be, like, but I am right, I haven’t done anything wrong’*. So I can admit to myself that I have *done something wrong, and then I can try to cut my losses*” (CB1).

Similarly, CH1, who had taken over her role as coordinator in the year of the interview, acknowledged that members’ problems were addressed in the past by accusing members of their mistakes but not necessarily assisting them in solving the problem. Another factor that hinders the generation of a collaborative environment is sticking to customs such as ‘the way things are done around here’, a non-innovation-friendly attitude as described below:

“They then reach the limits of the elder people who say, ‘what do you want with this crap, young folks. Just leave me alone with this stuff. I don’t want that’ when it comes to networking and so on. But that has nothing to do with *not having the opportunities here, and not knowing about them. That’s because of the people. That’s a personal thing*. But we are in the lucky position, to say it straight, that these people will some day retire, because in twenty years they are gone and they are aging and slowly the young wild things will start to *move up and will be able to arrange something, but it’s very dependent on the people on the island*” (HS1).

This conventional mentality makes it difficult to disseminate and assimilate external knowledge (UA1). The low openness and acceptance of creativity among these people seems typical “*to adjust a little bit and not to say, ‘Here’, pedagogically, and point with one’s finger and so and so*. It must be [an experience for the tourists] and we try

¹⁴ Fish-head is an expression for people who live on Germany’s coast.

to offer it so as to be perceived as *exciting*” (JR1). This low openness, most likely rooted in post-socialism, has lowered the trust level, causing difficulties in the development of cognitive social capital. Cognitive social capital is developed if the parties speak the same language, inhibiting misunderstandings. However, if two different personalities, one open-minded and one closed-minded, or one talkative and one silent, interact then misunderstandings are likely to grow. UA1 and CB1, both ‘incomers’, seem to demonstrate difficulties in understanding the culture-driven attributes of the locals and therefore in identifying the members’ needs. As a result, identifying the most efficient communication technique seems to have caused them difficulties in partner management and the dissemination of knowledge (Section 7.3.2). On the other hand, CH1, JK2, and HS1, all locals but perceived as typical networkers, seem to have the ability to appreciate the culture, elucidate the network members’ needs, and understand how to communicate and treat the network members and business networks more effectively.

In summary, partner management, knowledge transfer, and the coordinating approach a networker chooses depend on the followers’ characteristics and attitudes towards business networks, and the symbiosis of network partner and coordinator. Thus, a low level of trust rooted in a societal culture may affect the commitment level of the participants. Coordinators’ endeavours to encourage engagement thus need to be aimed, first, at developing trust by learning the local culture and way of doing business in order to identify local members’ needs. This was also evident from the WTN network case discussed in Chapter 4, where the coordinator learnt the (organisational) culture first in order to develop identification with the common goals and shared identify of the network members. Knowing ‘how people tick’ and understanding their spoken language may facilitate effective partner management and

network-based learning mechanisms. In addition to the local culture, the general regional structure affects network formation and operation, and is discussed in the following section.

7.4.2 Regional Structure

The coordinators of regional tourism networks, but also the networkers in business networks, expressed a common desire to treat network members equally and consider all network members' needs; however, the regional structure can influence the network structure, because of its heterogeneity, size, and the distances between members:

“People who have a certain budget and do have the guests say, ‘Why should I be concerned about the Western, Southern, or Northern [tourism region] where development is lacking?’ But of course I can understand, on the other hand, the resorts [located in the Eastern tourism region] who say, ‘So we are the ones who do the job and therefore generate the budget. Why should we give up all that?’ These are always [concerns]. And that’s the problem I see: (a) the size and (b) simply the very strong distinctions between the regions and the resulting, let’s say, situation of envy and the difficulty of cooperation”
(CB1).

Underlying this is the thought that the heterogeneity and different strengths of local networks are used to balance the situation of the destination. Smaller local network managers showed a strong desire, in this study, to network across large distances to access resources:

“You know that’s, somehow, sometimes I really wish for such a – but that’s too social a thinking in this day and age – such a redistribution. Somewhere else they have the resources; if everyone sort of [shared] a little bit, but then trust plays a role, and as I said I am not a person who begs for resources” (SS2).

The heterogeneity and diversity of locality does not just affect decision making and responsibility, but also the capability to disseminate knowledge and information:

“From these discussions, we learn how important a data base like this is. As I said, it’s very, very important that a person in the Southeast of the island knows what’s going on in the northern part or at the other end of [the destination]. That’s because of the size of [the tourism region] of course” (UA1).

The scattered structure of the sparsely populated territorial state was perceived by the interviewees as a disadvantage in terms of efficiently maintaining regional networks and communication (JW1, MA1). They talked of differences from other Länder of denser structures and higher populations, in particular Bavaria, Germany’s most successful tourism destination, with respect to investment behaviour (US1), financial capacity based on demographic and socio-demographic factors (CB1), and networking behaviour and the formation of associations (AT1):

“That’s the disadvantage of the widely stretched land. If it is all agglomerated it works faster, communication and social networks too. You need to drive a long way to visit your neighbour. Neighbour is always a relative term here. In [this destination] a neighbour is, well, he can be quite far away, but he’s your

neighbour still. *But that's part of the structure here, it's always been the same. It's not just farmland, it's the land of large manors*" (MA1).

While the regional tourism network is challenged by spatial distance, a sparse structure, and a small population, CHI has initiated and brokered several smaller local networks and brought them together in a higher hierarchy network, a network management system suggested by Zehrer and Raich (2010) and Scott et al. (2008b). This approach has reduced the complexity of members, optimised information distribution, and distributed accountability for encouragement and motivation among sub-coordinators. This has led to a more coordinated and concentrated network-based learning through the strengthening of organisational ties and the provision of access to weak ties.

In summary, the section identified factors influencing the management and operation of networks because of differing sizes of enterprises, the consequent local financial power of the regional sub-networks, organisational distances, and the difficulties of uniting this distinctiveness. Thus, the regional structure that influences the network structure also affects the information and knowledge dissemination process. Moreover, rural areas and the sparse structure of the region limit the partner pool that is available, in particular for forming close local networks. The regional structure therefore provides an additional explanation for the partner scarcity issue examined by Dyer and Singh (1998), who highlight busy complementary partners and a lack of willingness among potential partners. Both these latter factors are seen to be more critical in the regional context outlined in this study.

7.4.3 Summary of Local Influences

Two issues emerge when looking at local influences: The need to identify with the local societal culture, and the need to consider the overall geographic and demographic structure. First, it can be concluded that the development of the cognitive and relational social capital dimensions requires the ability to understand and identify the societal culture of the members in order to (a) implement an effective communication mechanism that is sympathetic to the heterogeneous network members' needs and engenders their trust, and (b) to generate a common language that links the different cultural legacies that are present. Second, the coordination and management of networks in a regional structure that is marked by a low population density and a generally sparse geography—with dispersed tourism hot spots and peripheral areas—requires the ability to implement communication infrastructure mechanisms and broker an available pool of reliable and complementary partners. This was also evident in the case of the first-order network (Chapter 4) of four economically and culturally similar organisations, and their need for a coordinator to overcome the spatial distance who would effectively coordinate the partners and manage the information flow.

7.5 Conclusions about Contextual Influences

The different levels of contextual influences that emerged from the interviews of representatives of networked tourism SMEs have been used in this chapter to explore how networking and networks are influenced or optimised by their wider environment and the context in which they are operating. This has provided an explanation of the micro-foundations of partner management activities and capabilities. The stories told here demonstrate the personality of the 'networker', provide valuable information on coordinators' personalities, explaining how they fulfil certain roles, and include the

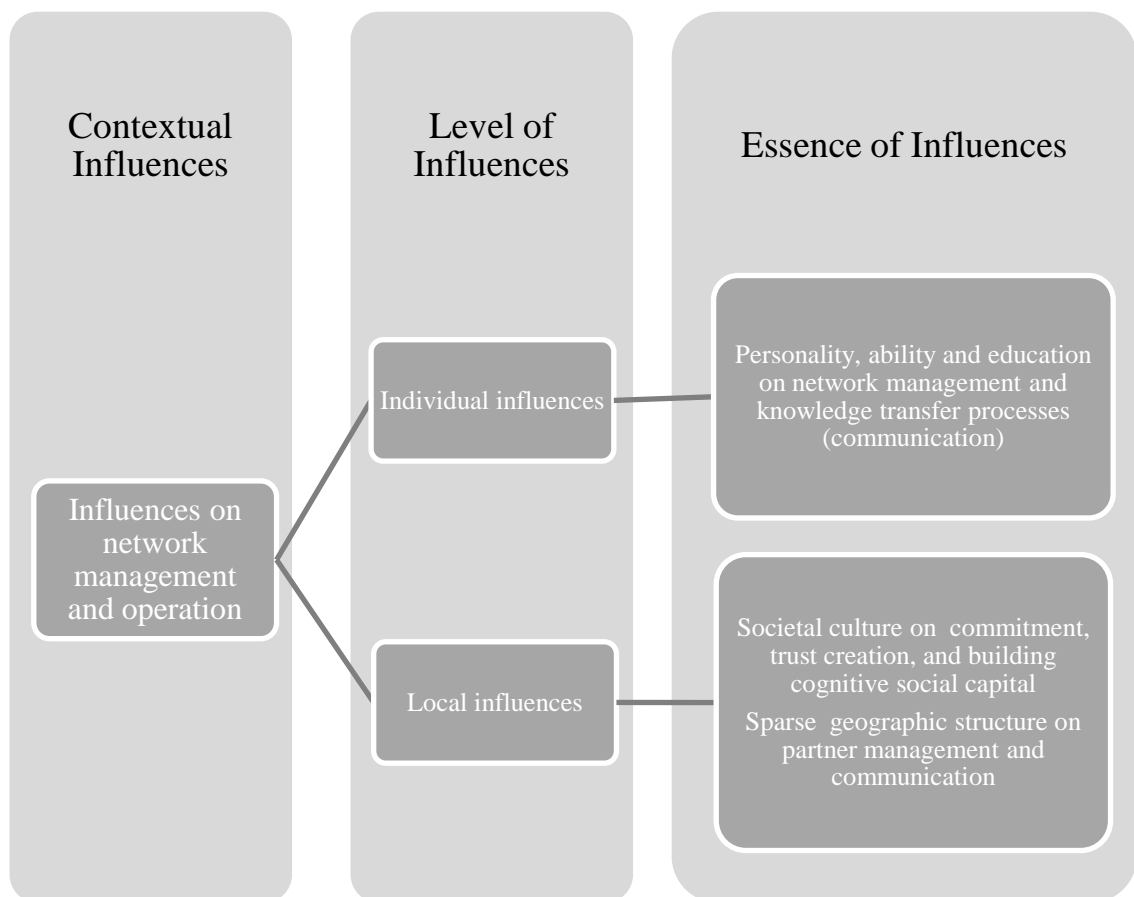
local environment as a moderating factor that emerged from the interviewees from the same tourism destination (Figure 7-1). These stories reflect important aspects of how they coordinate and exploit networks and cooperation.

Education, passion for one's business and region, and on-the-job experience can help to form a networker and lead them to develop the ability to value external networks. A networker with a need for achievement will also generate this ability. This important aspect of absorptive capabilities is complemented by certain personality traits, such as being outgoing, forceful, sensitive and conscientious, which optimise the ability to acquire external knowledge, and retain that knowledge and relationships. Being emotionally driven, however, is less useful for sustaining networks but seems to be effective for initiating them. Similarly, some personalities of coordinators can optimise their ability to create network-based learning opportunities, generate a collaborative environment and identify the needs of members. Thus, if the networked organisation has not installed knowledge management processes, which is a common criticism of tourism researchers, certain personality traits among its employees, such as being active, sympathetic, convincing and conscientious, can optimise the organisation's ability to coordinate informal knowledge transfer processes and networking.

However, knowledge transfer and networking actions are a symbiosis of both the coordinator and the networkers (members), and are affected by the societal culture of the local businesses as well as the local structure, which affects the development of the network structure. It is important to understand the societal culture in order to develop an understanding of people's behaviour towards networks, its management and operation. Also, cognitive social capital can be optimised by understanding the

business owners'/managers' behaviour, as expressed in their language or problem-solving attitudes. Diversity of innovative areas within a region and a sparse structure affect the potential to find an appropriate pool of available partners. Regions with these characteristics, in particular, require coordinators who are active, persistent, sensitive and conscientious, as they will be able to optimise the communication structure among dispersed partners.

Figure 7-1: Findings on Contextual Influences (Source: Author)



8 Conclusions and Implications

8.1 Synopsis of the Study

This chapter provides a summary and reminder of the findings of this study, by bringing all the chapters together and outlining the conclusions and implications for theory and management. This thesis has addressed the importance of networks as vehicles for knowledge transfer in tourism. In the contemporary strategic management literature, knowledge transfers through networks are argued to be crucial to tourism firms' development and competitiveness. Because the tourism firm is embedded in a complex network at a destination – a network that is exploited to overcome internal resource deficiencies, particularly by SMEs – these local networks are an important source of knowledge that impact upon the firm's outcomes. However, these local tourism business networks that firms build for their own benefit have not received sufficient attention from tourism scholars, despite their perceived importance for tourism in terms of knowledge transfer. This thesis has sought to contribute towards filling this gap in tourism research.

The aim of this study was to provide a greater understanding of how SMEs in tourism form and operate their business networks, and how these networks hold some advantages in terms of increasing the firms' knowledge stock through potential inter-organisational knowledge transfer. The study was aimed at elucidating the knowledge that appears to be available in the SMEs' tourism business networks, which adds to their knowledge base. Another goal was to investigate managerial and contextual factors that help to make this knowledge available for access and transfer within the networks. In doing so, the study targeted the underlying mechanism, investigating the macro-phenomenon of 'innovation' in tourism development, above and beyond the

intra-sectoral perspective (hotel chains and alliances), through the lens of knowledge transfer among SMEs working in tourism at a local level. These destination-based social business networks were sought out so as to provide a greater understanding of the hidden or 'soft' knowledge transfer mechanisms, in contrast to IT. Consequently, the exploration of tourism business networks from the perspective of SMEs was aimed at making a contribution to the conversation on knowledge transfer.

The understanding of inter-organisational knowledge transfer through the perspective of SMEs and networks is important for shedding light on the innovation practice in the tourism industry (Shaw and Williams, 2009). While there is an advanced understanding of innovation in tourism (Hjalager, 2010), how innovation is diffused is not clearly understood. On the one hand, tourism scholars have conceptualised knowledge transfer models that aim to disseminate academic knowledge for absorption by the tourism industry (Cooper, 2006, Hjalager, 2002). Yet, these models have been insufficiently incorporated in the current knowledge management debate and academic empiricism. On the other hand, knowledge management studies in tourism have predominantly applied descriptive single-case studies, with an intra-sectoral and organisational perspective (Hallin and Marnburg, 2008; Ruhanen and Cooper, 2004). Both perspectives have left a lack of understanding of the firm-level management practices that would increase our grasp of the inter-organisational knowledge transfer practices of firms. From this inter-organisational perspective, the assumption that tourism practitioners prefer to engage in knowledge transfer activities with their peers, seeking knowledge according to its relevance, needs to be clearly understood so that we can add to the conceptualisation of knowledge transfer.

The literature review in Chapter 2 provided a pre-understanding of the knowledge-based motives of SMEs in general and in the tourism field of study. From it, it became apparent that SMEs are not highly research and development intensive, are reluctant to access research and, possibly because of that, have low internal knowledge stocks and resource reserves. Thus, SMEs slowly and internally accumulate their knowledge. Gaining competitive advantage, however, requires a firm to learn at a speed that allows it to outperform its competitors and their imitation practices. A firm's learning and innovation outcomes are facilitated through the absorption of external knowledge. This is what SMEs do; they source knowledge externally to overcome their resource deficiency (Sparrow, 2001). By the same token, a firm's knowledge stock is an antecedent for its ability to acquire and absorb new knowledge from external sources. Therefore, this study set out to apply the key concept of networks, in order to understand their knowledge advantages and opportunities from the perspective of SMEs. A greater understanding of these networks as channel for knowledge transfer will help to contribute to the understanding of knowledge transfer in tourism.

Since the ways in which learning and knowledge exchange benefits emerge in networks have not been understood (Tinsley and Lynch, 2007), the network management and organisational structure has been put forward as a way to further understand such aspects (Morrison et al., 2004). Network formation and management can be explained from a social capital perspective that has been argued to facilitate the access of knowledge. Thus, because the SME's primary aim is to access knowledge rather than to acquire it from networks for learning (Grant and Baden-Fuller, 2004), in Chapter 2 social capital theory was used to shed light on network formation for the access to knowledge. Tourism network studies have primarily put forward an understanding of the information diffusion structures of whole networks, or described

the development of network cases. Yet, the structure of how knowledge is disseminated is an indirect conduit, while relational social capital provides an understanding of the soft mechanism used to transfer knowledge. Moreover, cognitive social capital enables a shared representation of network goals, which in turn facilitates a common understanding that should add to the transferability of knowledge. Both relational and cognitive social capital seem to be crucial to knowledge transfer in tourism. The first reason for this is that peer networks (peers) are characterised in the network literature as weak ties that enable access to uncommon knowledge (Granovetter, 1973). Moreover, a disparity between the community of academics and the community of practitioners has emerged due to language barriers (Cooper et al., 2006). Because common language facilitates the development of shared representation and thus cognitive social capital, the use of different languages requires further study, and thus the tourism business networks and their operations are explored.

This research project investigated SMEs' business networks and their knowledge benefits for and impact on firms' knowledge stocks. Therefore, the study is located at the interface of networks and inter-organisational knowledge transfer from the perspective of SMEs. The question of the operation and management of networks in tourism was analysed, in this study, through a multi-method qualitative strategy, using snowball network sampling. This provided the basis for investigating and observing the individuals' emerging network horizons. The study was carried out in the state of Mecklenburg-Western Pomerania in North-East Germany, which was set as the geographic boundary. This area was selected because its primary economic sector is tourism, with a dominant stream of nature-based tourism; also, the industry is represented exclusively by SMEs and the tourism policy highlights quality and

cooperation among tourism stakeholders. While the focus here was on firm-level impacts from networks, the unit of analysis incorporated sub-units of analysis, from which the networkers' perspectives were found to play a crucial role in SME network management and coordination. The study explored these emerging networks, focusing on the knowledge they make available for access and transfer. Information was sought on the network formation and operation that enable knowledge transfer.

In the following section, conclusions are drawn from the findings of this research project. Then contributions and implications are presented in terms of the various bodies of knowledge – knowledge transfer in tourism, network management and operation, and social capital.

8.2 Empirical Findings and Conclusions

By examining knowledge transfer through the lenses of networks and SMEs, this study contributes to the current scholarship by explaining how the immediate business environment is exploited for learning and innovation purposes. In Chapter 4, this thesis provides insights into a tourism SME's intra-sectoral network (in this study termed the first-order network) and its management and coordination, and how knowledge is created and transferred, as well as individual actors (who is involved, why and how they exploit the network for learning and innovation purposes). Apart from this intra-sectoral network, the actors' other relationships and networks (in this study termed the second-order network) generate insights into the information, knowledge and ideas they exploit in their immediate networks within the destination. These encompass intra- and inter-sectoral, horizontal and vertical, competitive and complementary networks, as well as the trade system including trade associations and RTOs, as seen in Chapters 5 and 6. The RTO's role as facilitator of the destination-

based network is of particular interest to scholarly research as it demonstrates how knowledge is diffused through its structure (Baggio and Cooper, 2010) and as its success depends on internal stakeholder relations, communication and the creation of a collaborative environment, which is consistent with previous studies (Bornhorst et al., 2010). While the SMEs valued the RTOs for the information flow and networking platform they provided, the RTOs as network coordinator tried to connect the tourism organisations in various ways. Chapter 7 adds to the thesis with contextual influences on network management and the knowledge transfer that goes on in tourism business networks. The emerging findings contribute to an understanding of the kinds of knowledge firms appear to leverage for learning and exchange benefits and to produce firm-level and network-level outcomes. Moreover, the findings offer insights for managers on how to organise tourism business networks as they emerge in the destination, so as to produce the best learning and exchange advantages, and the contextual influences on network management and operation.

8.2.1 RQ 1 and 2: What Kinds of Tourism Business Networks are Formed and Operated to Leverage some Learning and Knowledge Transfer Advantages

The research findings indicate that, apart from the RTO that built a network in its own right, SMEs leverage learning and exchange benefits at destination-based networks so as to access ideas, information and knowledge for either network-based outcomes (joint knowledge creation) or firm-based outcomes (learning or innovation through external knowledge). While the previous literature argues that tourism firms are competitive and tourism actors demonstrate little willingness to cooperate with competitors, various kinds of inter-personal, intra-sectoral and inter-sectoral networks emerged in this study, mainly instigated from the bottom up by the organisations involved or initiated by coordinators and RTOs in the destination.

The tendency to access knowledge in local networks is higher in the (natural/cultural) attraction sector than in the accommodation sector. This study confirms that intra-sectoral networks between organisations of similar types and sizes (similar hotel types, similar attraction types) are exploited for the sharing of best practices, which is in line with Ingram and Baum (2001). Dissimilar sizes of network members (e.g. hotels with B&Bs, or smaller and larger zoos) act as an impediment to best practice sharing because of the dissimilar knowledge stocks and lack of reciprocal learning benefits. Thus, similarity in organisational size is an indicator of the building of networks so as to leverage benefits in a tourism destination. This study confirms that the hotel sector benefits from its affiliations to chains with expert and tacit knowledge. However, it also shows that the accommodation sector is otherwise rather reluctant to engage with local networks for knowledge exchange. Those in the accommodation sector engage in complementary networks that take a customer-friendly approach in order to access additional capabilities, extend their portfolios and introduce new, customer-oriented products. The attraction sector was observed to put a great deal of effort into unlocking knowledge exchange with the accommodation sector, mainly to benefit from organisations that possessed more knowledge and capabilities, and to learn from them, e.g. to absorb their service quality.

The findings indicate that a portion of organisations value external knowledge. This suggests that these firms benefit from potential absorptive capability (Zahra and George, 2002), access external knowledge from networks (Grant and Baden-Fuller, 2004), are economically driven, and are represented in their networks by 'networkers' who drive and try to sustain the networks. Yet, these network initiatives face challenges, such as the fact that the firms are mostly micro-firms and lack financial and human resources, the inclusion of public institutions such as museums,

connections with hotels that are embedded in their affiliations to chains, the societal cultures of the owners, and the geographic and demographic structure of the destination. The networks studied here span various nature-based regions within the destination; thus, while they are destination-based they are not necessarily locally based or immediate neighbours (this is particularly true in the case of the intra-sector relationships). On the one hand, this eases competitive behaviour. On the other hand, it impedes the continuous face-to-face interaction that is important for knowledge exchange. The latter indicates that other factors explain the formation of networks than geographic proximity typical for tourism clusters (cf. Forsman and Solitander, 2003).

8.2.2 RQ 3: How are Tourism Business Networks Formed and Managed for Knowledge Transfer

The firms in this study have been shown to leverage a variety of information, knowledge and know-how from their formal business relationships (traded interaction), as well as through untraded interaction as mentioned by Cooper (2008). The general geographic structure is marked by distance. This distance determines the role of the network. While complementary firms that need each other to assemble joint products and want to acquire their partners' capabilities have built networks within a customer-friendly movement, those firms that have built or engaged in networks for joint promotion purposes tend to be non-local. The findings indicate that the cognitive dimension of social capital allows tourism SMEs to leverage knowledge and exchange benefits from networks. With regard to cognitive elements of social capital, similar values and purposes (e.g. nature conservation, protecting the national park, or high-quality manors and farmhouses), the perceived or obviously similar quality of the partner, and the organisational form as an indicator of common understanding through

common problems (Chapter 4) were all given as reasons for forming networks that enable access to knowledge. These similarities (values/purpose, quality, organisational form) can be regarded as providing the partners with a shared representation and enabling identification with each other, so that they form networks that are not necessarily locally close, but culturally close (Sorensen, 2007). In addition to the cognitive dimension, the analysis identified amicable relationships as an indicator of relationship quality. Hence, feelings towards others, in particular the feeling that someone is ‘simpatico’—meaning congenial or likable—is a major driver behind the forming of connections. This, therefore, supports the literature stating that feelings towards others facilitate the initiation and success of cooperation (Beritelli, 2011; Frank, 2001). Here, the people are in the foreground and their personal values as well as underlying motives are crucial in network formation.

Network formation - meaning how the members search for or find each other - enables knowledge transfer in various ways. The method of choosing and selecting a partner has implications for the benefits that are later gained from the developed network, as illustrated in Table 8-1. The network formation studied here includes the development of informal interpersonal into formal relationships (in particular, see Chapter 4), serendipitous and purposeful partner search, scanning the available partner pool in clusters, and is also related to the environment.

Table 8-1: Network Formation Indicating Knowledge Access (Source: Author)

Network Formation	Social Capital	Knowledge Transfer
Informal to Formal	Personal relationships, relational social capital, cognitive social capital, weak to strong ties	Informal networking activities, best practice transfer and absorption of selective core competences
Serendipitous	Development of weak ties and relational social capital	New ideas, uncommon knowledge
Purposeful	Cognitive social capital	Narrow exploitation of external knowledge according to organisational needs
Clusters	Collective vision and cognitive social capital development	Only selective for complementary capabilities
Cross-link with available partner pool	Cognitive social capital, closed but sparse network ties	Knowledge about partners (core competences), overlapping interests but selective exchange benefits with complementary partners
Non-visible, one-directional ties	None	Serendipitous search for knowledge, imitation, learning by observation

The development of interpersonal and inter-firm exchange into a formal network of four competitors (Chapter 4) through the development of relational social capital enables access to knowledge that complements and adds to organisations' knowledge bases. Learning was found to occur among those member organisations that pursued the same core competence, which unlocked knowledge exchange for problem solving and best practice. Organisations explored knowledge for innovative activities in dissimilar organisations from the same sub-sector. Thus, the member derives individual benefits from knowledge transfer, while knowledge creation aimed at network-based outcomes is supported by the coordinator. The findings further indicate that the administrator of natural resources has access to policy-relevant knowledge and initiatives through the infrastructural system, as proposed by Hjalager (2002), securing a formal network structure and coordination funding.

The most common approach used to search for capabilities and knowledge from partners appears to be the purposeful search for supply as a response to ideas developed in-house, which supports the literature in favour of looking for relevant knowledge (Cooper, 2006). This clearly limits the amount of knowledge that is transferred to benefit the organisation, and suggests that explicit knowledge is transferred between networks (Hislop et al., 1997). Further, explicit knowledge is supplied by the initiating organisation in its search for partners with which to build a network and that can combine the supplied explicit knowledge. Yet, these network formations of closed network ties are not being exploited extensively to provide knowledge benefits for the individual organisation, other than providing increased visibility, and only structural social capital bonds of weak, albeit close, ties appear to have developed. Knowledge transfer is low during the initiation phase and for renewal once a year. The conversion of partners' tacit knowledge into explicit is enabled if the network partners jointly create and combine their partners' competences and capabilities, and this would also strengthen the relational bond and credibility.

The serendipitous search for knowledge, products, and organisation enables access to new and uncommon knowledge. Yet, while serendipitously finding partners through socialising is developed into relational bonds through direct exchange and learning about the partner's capabilities, learning by observation seems least likely to develop into network ties. Network clusters were found to provide an available partner pool of organisations sharing the network's identity. However, only selective cooperation for knowledge transfer seems to have developed across these members identified according to complementary competences. These findings imply that access to knowledge and knowledge transfer is not bound to a particular inter-organisational network type. Instead, how the network partners are selected or how the network

emerges is what determines the type of knowledge available and how the organisations engage in knowledge transfer and manage their networks so as to keep knowledge flowing.

Further, the accommodation sector was observed to be reluctant to engage in regional tourism business networks irrelevant to their search for complementary capabilities. Firms from the sector clearly benefit from their (non-local) affiliations, as stated in the literature (Dunning and McQueen, 1982). Moreover, destination-based explicit knowledge, such as statistics, forecasts and reviews, are accessed through the trade system (RTOs and trade associations) and integrated into the planning of marketing measures. The findings indicate that particular organisational forms (non-profit organisations, as are typical in the case of museums or natural/cultural attractions) have access to expert knowledge through interlocking directorships or shareholders, and such knowledge is context-specific and contains practical ideas, as asserted by Shaw and Williams (2009).

8.2.3 RQ 3 and 4: Managerial and Contextual Influences on Knowledge Transfer

From the analysis, several managerial factors emerge indicating how knowledge moves around the network. The network studied in Chapter 4 is managed through a limit on its size, the transfer of accountability from the strategic to the operational level, and the employment of a coordinator who supports network-based outcomes. This network implies two aspects of cognitive social capital. Firstly, social capital is not a matter of linear growth, as suggested by Nahapiet and Ghoshal (1998), if the network size is restricted and not left open for expansion. Secondly, the network operation, on two levels (strategic and operational), does not affect the development of firm-based cognitive social capital but rather the interpersonal social capital among

those who interact. This network exemplifies highly coordinated knowledge transfer and management, enabled by the support of the coordinator who is exclusively responsible for combining the knowledge of the members. Yet, the coordinator's identification with the organisational members implies an enhanced strategic role rather than one of signposting and planning networking activities.

In contrast, the traded interactions in the organisations' networks depend on the seasonality of the tourism industry. However, they affect the interaction system and consequently the type of knowledge that is transferred. Sequences of meetings appear to be beneficial for network-based learning outcomes, for strengthening the relational bond, for developing and renewing a shared identity, and for strategic knowledge sharing. These meetings, whose frequency ranges from annually to several times per year, allow for exchange, brainstorming, active learning by observation and joint problem solving. Continuous contact through the 'daily business', on the other hand, enables operational knowledge transfer, the strengthening of relational bonds, and allows the firms to keep their partners up-to-date.

While regular meetings appear to be valued for their strategic knowledge transfer, information exchange and network-based problem-solving, creativity seems to occur in an informal atmosphere, through socialising. Thus, untraded events (Cooper 2008) that create a coordinated or uncoordinated buzz (Bathelt et al., 2004) have implications for network formation by allowing weak ties to emerge and commonalities to be discovered regarding organisational purpose (enabling the building of cognitive social capital) as well as like-mindedness (enabling the building of relational social capital). Thus, as suggested in the literature (cf. Morrison et al. 2004), network benefits depend on systems, and in this study they consisted of

interaction systems, either regular meetings or ongoing socialising, together sustaining a continuous knowledge-sharing platform. The geographic distance, however, places constraints on this interaction system, in particular that on the ongoing basis. These constraints are bypassed using social media tools or coordinators.

In line with Ritter et al. (2004), this study shows that tourism business networks require someone to manage them if the aim is to leverage network-level exchange benefits. SMEs build and engage in networks that are differently managed. First, networks may be managed by the organisations themselves, if the aim is to gain access to capabilities and resources for individual benefit (e.g. partners required for a tourism experience product). Second, organisations engage in networks that are participant-led, as proposed by Provan and Kenis (2008). Here, one organisation is responsible for planning the meetings, but otherwise little individual input is required. The emphasis is on access to an initiative (knowledge that is created in-house, codified, and shared with purposefully chosen network members), mainly for enhanced visibility, resource provision, and knowledge combination rather than acquisition. While the ongoing knowledge sharing is limited, series of meetings are held for strategic knowledge transfer and joint problem-solving purposes. Third, organisations engage in networks so as to carry out joint projects that evolve in a bottom-up fashion through joint knowledge creation. These are resource- and time-intensive, and all partners contribute and complement each other with their knowledge and capabilities. Fourth, organisations engage in networks that are coordinated by an external coordinator who provides access to the partner pool, ensures that the network has congruent goals and identity, and provides access to knowledge and information. In this study, we are referring here in particular to RTOs.

This study provides evidence that these organisations have no systematic network strategy in place that provides a structure for managing their network portfolio, but simply engage in relationships that provide them with strategic advantages (Cooper and Sheldon, 2010), with their management evolving informally in most cases. Despite the tendency to delegate accountability for network operations to subdivisions of SMEs, managing networks for knowledge purposes is rather uncoordinated, performed during daily operations, such as responding to a need or an invitation (to untraded events, annual meetings). In this study, the individual responsible for networking, thus the ‘networker’ has a particular role in network operation and knowledge sharing as the findings indicated. As the interviewees referred to ‘networkers’ as driving networks or perceived as efficient in networking, the ‘networkers’ characteristics were assessed by drawing on the big-five-factor model. Education as well as an organisational culture of openness towards networks is a gateway to leveraging the knowledge benefits from networks. Yet, if firms are to benefit from networks, the individuals and their actions require more attention, as an indication was found in this study that various attributes influence the access to a broad variety of partners for knowledge and information purposes, and the ability to maintain them (Chapter 7). The findings of this study add to the tourism network literature that investigates how networks benefit from the personality traits of those who manage networks and enable the access and transfer of knowledge. It is those personalities who demonstrate the ability to network and gain knowledge benefits, over those who develop their ideas and products internally and then restrictively search for complementary resources.

In addition to individual network formation approaches and networkers’ influence, the findings indicate that coordinators attempt to influence network building through three

distinct approaches: First, to broker networks and create commitment through a ‘centralised whole network strategy’ with an ‘indiscriminate comprehensive matchmaking tactic’ by which the coordinator approach all members and rely on their interest. Second, a ‘leader-follower matchmaking tactic’ by which the coordinator approach leaders who are in the position to convince followers, or rely on the responsiveness of followers on positive network effects. Third, a ‘strategic matchmaking’ approach by purposefully identifying matching partners and unite those. Moreover, the most common communication structure is an ‘indiscriminate comprehensive explicit knowledge flow’, by which the same information is distributed to all arm’s-length members, causing transfer leakage. The ‘centralised knowledge portal’ is an advanced approach that lessens the direct information flow. Furthermore, direct member exchange with the coordinator depends on those members who are interested and want to drive change at a regional level above the organisational level and who value knowledge exchange, which in turn strengthens the relational bonds among the members and the coordinator. The findings indicate accordance with the findings of Sheehan and Ritchie (2005) on the priority of, and strong relational bonds with, certain tourism stakeholders, in particular the first class hotel sector, resorts and city governments. Thus, while knowledge transfers to and among these prioritised organisations benefit from relational social capital, the less salient organisations are slower in absorbing distributed information.

The approaches to member exchange in the form of committees or working groups differ in terms of transparency, involvement and intervention. These working groups are primarily aimed at achieving network-level outcomes. While the findings described above were derived mainly from the coordinators involved in the study, the interviewees representing organisations highlighted a particular untraded event

initiated by the RTOs that benefitted their organisations, fostered interaction, socialisation and expert knowledge flow, and thus catered for a collaborative environment that added to the success of the RTOs (Bornhorst et al., 2010). Again the destination-based intermediaries such as the accommodation sector seem to be reluctant to engage in these heterogeneous events. Nonetheless, the strong arm's-length ties with the RTOs and/or their hotel chains seem to inhibit the interconnectivity at a regional level. To generate a collaborative environment characterised by heterogeneity and involving the accommodation sector, incentives and training mechanism will need to be created, as this study has shown that these are usually accepted by the accommodation sector (Chapter 5).

8.3 The Contributions and Implications of the Research

This thesis has examined SME network formation, the knowledge available to be accessed in such networks, and how managerial factors enable network operation. The thesis has made contributions to theory, methodology and practice.

8.3.1 Contributions to Scholarly Research

This study contributes to the methodologies used in tourism, network, and SME research by using an explorative, qualitative approach (a multi-method qualitative strategy using a constant comparison analysis approach) that draws on snowball network sampling and an actor-defined network horizon to explore the relationships of knowledge access, and relationships as conduits of knowledge transfer.

The study contributes to the application of network concepts in tourism research, with a focus on knowledge transfer and social capital, in particular relational and cognitive social capital. Thus, it contributes to the social capital literature which has

predominantly investigating the structural component of social capital (Adler and Kwon, 2002). The thesis contributes to the following understanding: that the formation of networks among SMEs is guided by the emergence of the cognitive component of social capital, as a platform for building a network, by providing an understanding of how SMEs identify with organisations with identical purposes and values to theirs, and engage in collective activities with them. Moreover, the network size restrictions discovered here untangle the linearity argument of social capital growth, which was argued to grow with intensity (e.g. weak to strong) (Nahapiet and Ghoshal, 1998). Social capital is the sum of resources derived from a network, however, the constant increasing benefits is subject to the restriction of network size. This provides further evidence for the multidimensionality (cf. Hughes and Perrons, 2011) and uniqueness (Halinen and Törnroos, 2005) of business network relationships. Furthermore, this study highlights relational social capital in the form of amicable and trustful relationships among people with particular feelings towards each other, as a facilitating factor in network initiation and continuous interaction. This further underpins the idea that the emergence of interpersonal ties requires a platform for interaction (Inkpen and Tsang, 2005) that enables business representatives to discover any commonalities and sympathies.

The thesis also adds to the growing body of literature on SMEs' networks in general, but more particularly to the literature on tourism networks from the SMEs' and the knowledge transfer perspectives. Instead of investigating predefined networks, this study explores a realistic picture of SMEs' immediate tourism business networks, engaged with to access knowledge and capabilities. It does so by providing an understanding of the underlying reasons for and approaches to network formation, aspects that have an impact on the building of relational and cognitive social capital as

well as distinct access to knowledge. Research on tourism networks applying a knowledge-based view has to date primarily focused on intra-organisational knowledge sharing, particularly in the hospitality industry (cf. Hallin and Marnburg, 2008; Yang, 2007a), intra-sectoral networks, with a predomination for the hotel sector (Ingram and Roberts, 2000; Sorensen, 2007), or knowledge transfer in and across clusters (Novelli et al., 2006; Weidenfeld et al., 2010). The immediate business networks in which SMEs engage and the knowledge transfer between organisations have received less attention. Moreover, this study offers original data about business networks in Mecklenburg-Western Pomerania in the context of the nature-based tourism industry and its sub-sectors and contributes to applied knowledge in a particular tourism destination in Germany. It therefore contributes to our understanding of spatial and sectoral differences when researching SMEs and their networks (Thomas et al., 2011). Therefore, this research provides a valuable contribution to the existing research on SME networks in tourism.

A bold contribution is that SMEs demonstrate the ability to value and acquire knowledge. By identifying how and why SMEs choose their networks at a destination-based level, this study highlights that different formation approaches lead to access to different types of knowledge. This study identifies various managerial factors that cultivate networks, interaction and access to the knowledge within them. This thesis identifies that the management of networks and knowledge-sharing behaviour depends on people (entrepreneurs, SME managers, and middle managers), so-called 'networkers', with unique traits and characteristics that enable access to a variety of knowledge. These networkers drive their networks and interactions, and engender trust and credibility that contribute to the development of relational social capital through dyadic trust (Kang et al., 2007). Thus, in addition to systems and

organisational structure (Morrison et al., 2004), the benefits of networks depend on people and their characteristics.

Moreover, this thesis contributes to the understanding of coordinators in business network management by unpacking and circumscribing the activities and boundaries of a network coordinator. Previous managerial research has predominantly described coordinators as brokers who match members and foster social interaction (Provan and Human, 1999), central actors spanning structural holes (Obstfeld, 2005), or as being in a powerful position and executing leadership roles (Dhanaraj and Parkhe, 2006). By identifying the role of the network coordinator, this study highlights that coordinators of business networks may have far more active and strategic roles such as identifying with members' needs and strategies, being located externally so as to remain impartial towards all members, coordinating joint knowledge-creation endeavours and internal information flow instead of being the knowledge centre, and helping the members to overcome spatial distance and limited time resources instead of taking on a leading or decisional role. Tourism research to date, as far as the researcher is aware, has focused on coordinators of clusters and their capabilities (Lemmettyinen and Go, 2009). Thus, this research expands on the understanding of business network coordinators' position and role.

8.3.2 Practical Implications

The study also has some practical implications. It has generated data about the networks of SMEs and the network behaviour in one of the most attractive tourism destinations in Germany. Understanding the way in which SMEs form their networks, with whom and the underlying reasons for doing so offers insights into the requirements to be addressed when considering the formation of networks. This

‘identification of their needs’ is particularly important for regional competitiveness and the endeavours of DMOs/RTOs to create a collaborative environment by encouraging organisations to build sub-networks in their destination.

This study reveals that the organisations seek out partners either in response to internally developed ideas and projects for which complementary resources are needed, or as an externally influenced and rather serendipitous search process. Paradoxically, the serendipitous or informal partner search creates a situation in which firms can access new and uncommon knowledge, while the purposeful partner search restricts the exploitation of knowledge according to the partner organisation’s relevance to the original organisation. Thus, this research implies that there is potential to find uncommon knowledge in the tourism destination, yet networking initiatives and a platform for interaction would lessen the search costs and also foster knowledge exchange initiatives. Further, the findings reveal that SMEs acknowledge the building of networks for firm-level outcomes and joint network-based outcomes. Yet, there is evidence that hotels in particular are reluctant to build networks beyond their strong ties with vertical or complementary organisations based on customer-friendly projects. Other than gaining access to these capabilities, hotels benefit from knowledge flow through strong ties with their trade associations and/or their strong relational social capital with the RTOs. It has been demonstrated here that socialising initiatives and training for hotels can overcome the lack of value placed on external sources beyond their strong ties. Thus, there is potential to increase networking initiatives in the regions, in particular through initiatives encompassing a broad variety of sub-sectors by providing incentives, inviting guest speakers, and arranged as periodic events. Moreover, the RTOs consultancy service should focus more on

networking activities by offering training and workshops that particularly cater for those members not represent in the working groups or commissions.

The findings further imply that, in addition to an open organisational culture (Ladd and Ward, 2002) and motivational practices to foster the willingness to share knowledge (Goh, 2002), a further focus needs to be directed towards human resource management, in particular in those organisations where the operation of inter-organisational networks is delegated to staff. An evaluation of employees' strengths and weaknesses would help these organisations to identify employees suited to the role of external network operations and related operational tasks. The findings of this study also recommend that, in the recruitment of staff responsible for the external business environment, useful criteria would be to hire personnel with relevant industry and destination-based knowledge and contacts, which would directly benefit the organisation's network through access to knowledge and relationships.

The destination investigated here has started a campaign to activate returnees to fill the void of specialists in the tourism industry. Policy should also address the welcome offered to newcomers; most are lifestyle entrepreneurs with semi-retired status, offering holiday homes or pursuing hobbies and offering tourism services. They play an important part in strengthening the network organisation of the destination and require the important local knowledge that locals possess. Mentoring programmes could enable senior members (local networkers) to assist 'incomers'. Local networkers need to be motivated to share knowledge and experience with incomers, to help them to understand the local culture, and to foster cooperation among the different societal cultures. Moreover, more efforts are needed to mitigate the impediments to networking and the lack of willingness and interest of those who have

not decided to network or engage in the knowledge-sharing activities offered in the destination. In this study, this refers particularly to locals who tend to rely on personal informal networks, have little entrepreneurial orientation and show competitive behaviour. The findings recommend that tourism policy should encourage them to network but more importantly should increase awareness about the opportunities and potential firm-level knowledge benefits that SME managers can generate through this privileged access to networks. Moreover, this study suggests that the RTOs require, in particular, networking strategies in addition to general destination marketing and management strategies. Thus, the appointment of coordinators in RTOs should be a conscious process aimed at hiring a flexible, highly committed person who can adapt to the local characteristics that vary across regions. The findings further recommend that tourism policy should promote network management initiatives, in particular for the small business environment that needs more encouragement and assistance in initiating and managing sustainable tourism business networks.

8.4 Limitations and Suggestions for Future Research

Although this study has contributed to the understanding of tourism business networks and their role in knowledge transfer, several limitations emerged in the course of the research, as well as areas for further research.

The snowball method of network sampling was very efficient for generating data about the immediate tourism business relations that the interviewees had built. Those who were perceived as key informants in the networks with the most learning and exchange benefits were mainly small business managers or middle managers in the marketing division. This happens because networks are built at various levels within organisations. While the SME's director mainly cultivates policy networks, the heads

of marketing primarily cultivate tourism business networks, while other departments, for example in museums, cultivate networks at their subject level, and employees do so in their personal networks. The insights generated in this study rely on the perspectives of representatives with an external business environment focus. Hence, in the future, an investigation of the networks of the middle managers of different divisions, responsible for a firm's product development prior to the bundling of the tourism product with those of network partners, may generate greater insights into the knowledge available in SME networks and how that knowledge is transferred for innovation and learning purposes.

The unit of analysis of this study were the focal actor's networks, along with its immediate set of relationships among tourism firms within a geographical boundary. The applied interview study and constant comparison analytical method has contributed to an understanding of knowledge that was made available and transferred among the emerging business networks that reflected primarily communities of practitioners. Cognitive social capital, in particular speaking the same language and sharing organisational values, were one of the facilitating factors to access knowledge from these business network relationships. Yet, there is a need of further studies to elucidate of how different languages used by practitioners and academics militate against SMEs accessing academic knowledge. Methodological approaches based on language would be necessary in future research into these distinct communities. Micro-level sensemaking approaches and discourse analytical studies (c.f. Jørgensen et al., 2012 for a review) should be applied, for example using qualitative or narrative interviews by which participants create stories of experiences, in order to investigate in-depth the discursive processes of meaning making in a network context.

The findings are subject to the researcher's interpretation of how the participants perceived their networks and the derived knowledge benefits. The data generated provided a rich description of tourism business networks as knowledge transfer vehicles. The network relationships identified by the participants are unique and also reflect Halinen and Törnroos' (2005) view about networks. Data from related participants were triangulated where possible. However, time restrictions meant that a sampling of all involved network members and thus a complete data triangulation was not possible. This was not necessary, though, for the following reason: The explorative nature of this study has led to the identification of several themes on network formation and operation from the actor's perspective, albeit at a single moment in time. The evolution of the actor's network over time and the changing perceptions of the managers with regard to the addressed issues of social capital development and changing knowledge availability have not been analysed. A longitudinal study could be undertaken in the future to fill this gap.

Moreover, the investigations of the actor-networks were carried out in one tourism destination, drawing an artificial boundary for reasons of scope and time. Given the uniqueness of the destination in terms of the local contextual influences that shape the pool of available partners and their interaction, the applicability of the findings on the manageability of networks for knowledge access to other tourism contexts is difficult to assume a priori. The analysis of the findings, however, has helped to link the study to theory, and knowledge has been accumulated on the networks built by SMEs and the factors that enable knowledge to be made available.

In terms of the knowledge transfer literature, the focus was on knowledge that is shared between organisations and absorbed for a firm's purposes, which was aided by

the examples the interviewees provided. Thus, the study covered aspects of outward-looking absorptive capability, in particular the ability to value external knowledge (Cohen and Levinthal, 1990; Zahra and George, 2002) and the access to knowledge resources (Grant and Baden-Fuller, 2004) through social capital bonds (Inkpen and Tsang, 2005; Nahapiet and Ghoshal, 1998). The process in between knowledge capture and firm outcomes, such as the assimilation of externally accessed knowledge within the organisation, was not investigated. This is because the issues under investigation exist at the external boundary of the organisation, making these internal areas less relevant to the necessary discussion. Hence, further research on the firm's ability to assimilate and transform externally acquired knowledge may complement the picture.

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Appendices

Appendix 1: Pilot Interview Guide

(See Section 3.4.1, translated into English)

Opening question

What are your responsibilities?

Can you tell me something about your organisation

Can you explain me its goals?

Network questions

Who are the members and partners of the organisation?

What joint goals do you have?

How do you approach members and potential members?

How do you feel is the cooperation among the members?

What is your role in it?

To what extent do networks among tourism organisations exist?

The organisations role

What position do your organisation have in relation to other organisations and the umbrella organisation (if exist)?

Appendix 2: Interview Guide SME

(See Section 3.4.3.2, translated into English)

Introduction

To my person and research undertaking
Ask for permission to use tape recorder
Reaffirm confidentiality

Opening question

What are your responsibilities?
Can you tell me something about your firm and explain its goals?
What are your strength and advantages relative to your competitors?

Motivation/Drivers to innovative activities

Can you tell me of recent innovations you implemented?
What are the motivations behind these innovations?
In case you want to introduce something new – e.g. a new service or product - how do you get new ideas internally or externally?

Stories of network relationships

What are the motivations to connect with other businesses?
Who are the other organisations you work together and why?
What are the networks you engage in?
How did the relationships emerge?
What were the criteria?
Can you tell me 10 contacts you use the most and rely as well as the ones that are important but are used less frequently?

Benefits from network relationships

What are the main changes in organisational processes or products derived from cooperation?
Can you tell me of any instances of co-produced value, too?
What would you say have you learnt from these relationships?

Condition of network relationships

Do you perceive these relationships satisfactory? And if so/not, why?
What do you think are the main challenges with these networks?
Can you tell me about a recent experience which was counterproductive and why?
How do you cultivate and organise these relationships?
What is the basis of these relationships?

Concluding questions

Can you tell me your upshot about business networks including benefits and challenges?
Who in your network do you think has valuable insights on this topic? (to use as follow up contact)

Are there any questions I have not asked that you feel would be interesting to be considered?

Thank you very much for your time and participating in this interview. I would be very grateful if I may approach you again if I require further information.

Some facts (Appendix Interview)	
What is your position	
How long have you been with this firm?	
What aspects of industry you are in?	
How long have you been working in the tourism industry?	
What is your educational background?	
How old are you?	
How many employees work for the firm? In your division?	
How many divisions do you have? Which one?	
Turnover	
How many visitor/guests p.a.	

Appendix 3: Interview Guide Coordinator

(See Section 3.4.3.2, translated into English)

Introduction

To my person and research undertaking
Ask for permission to use tape recorder
Reaffirm confidentiality

Story of the network that is coordinated

What is the goal of the network?
What are your motivations for coordinating the network?
Who are your members?
Are there more or less important members?

Role in the network

What is your strategy to coordination?
Can you explain the organisation of the network to me?
Do you have any requirements for the network?

Major coordination and communication techniques

How do you disseminate information?
How do you connect members?
How do you enable exchange?
Can you tell me any impacts on information flow in the network?

Condition of the Network

Do you perceive the network as satisfactory? And if so/not, why?
What do you think are the main challenges in your network?
Can you tell me about a recent experience that was counterproductive and why?
How do you cultivate the relationships between the network members?
What is the basis of these relationships?

Concluding questions

Can you tell me your upshot about your networks including benefits and challenges?
Who in your network do you think has valuable insights on this topic? (to use as follow up contact)
Are there any questions I have not asked that you feel would be interesting to be considered?
Thank you very much for your time and participating in this interview. I would be very grateful if I may approach you again if I require further information.

Some facts (Appendix Interview)	
What is your position	
How long have you been with this network?	
What aspects of industry you are in?	
How long have you been working in the tourism industry?	
What is your educational background?	
How old are you?	
How many members does the network have?	

Appendix 4: Job Profile of the WTN Network Coordinator

Job Characteristics of the WTN Network Coordinator (see Section 4.3.5):

- Implementation of the marketing and communication concept
- Planning, organising, realising, and controlling resources for joint marketing and communication measures of the network partners
- Integration of the network into activities of the DMO and ‚Landesmarketing‘
- Presentation of [the network] regarding partners, associations, main exhibitions, and media
- Acquisition of sponsoring and fundraising
- Continuous development of the network
- Development and maintenance of the online presence
- Supervision of the cooperation with external services and agencies

The profile of requirements for the WTN Network Coordinator:

- Job experience in tourism marketing
- Fundraising and sponsorship acquisition
- Media planning
- Knowledge of the economic and tourism infrastructure of the destination
- Holding a graduate degree
- Social competencies,
- Language skills
- Drivers' license and willingness to travel

Appendix 5: Coding Scheme

See Section 3.5.1

Nodes

Name	
-	● a) the importance of networks (value)
	● decision-making processes and behaviour of a network
	● organisational barriers and enablers to learning, knowledge transfer
	● the impact of individuals or organisations on network activities
	● the impact of networking activities, networks on individuals and organisations
-	● b) matching organisational values, mission and network strategies
	● competitive network - synergies
+	● ideological network - content
-	● intellectual network - information transfer
	● knowledge outflow
-	● network-informed knowledge transfer, invention, and innovation
	● content or type of knowledge transferred
	● cultural and technical similarities or differences
	● sources and channels of knowledge flow
-	● non-profit network WTN
	● coordinating roles - WTN network
-	● c) managerial and soft factors that influence a network
-	● partner choice, acquisition
	● how - active vs. passive
	● how - demand, goal-oriented
	● how - serendepitous, random, uncoordinated, structural hole, experiences
	● why - core values, quality, cultural, managerial, spatial proximity
-	● partner management
	● commitment
	● contol, conflict, problem solving, managability

