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Learning as a Process of Interaction: an Iterative Exploration of Small Firm Owner-Manager Networks

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Biography

David Taylor has been a lecturer and researcher in the Faculty of Management and Business since 1995. Lectures in Human Resource Management, Organisational Behaviour, Management Skills and Small Business at undergraduate, postgraduate and post experience levels. Member of the British Academy of Management, BUIRA and Manchester Industrial Relations Society. Visiting lecturer in Human Resource Management at the University of Zagreb. Research interest – 'Networks of relationships: the learning arena for the small form owner-manager'.

Abstract

The early literature on learning in small firms has been linked to individual learning through training. Recent studies have highlighted the importance of networks as a vehicle for learning through knowledge transfer. It is how this learning takes place that this paper hopes to elucidate. Specifically, exploring the influence of owner-managers' personal networks on the decision-making process, in order to gain a 'richer' and more complete picture of owner-manager learning. The focus is on particular 'life or death' decision points, and cases were selected where there was a single dominant decision-maker in order to simplify the complexity of the network. Preliminary findings imply that owner-manager learning is influenced by a complex set of interactions and relationships that reside within his or her personal network.

Key Words: Small Firms; SMEs; Learning; Networks; Critical Incident Technique; Biographical Approach.

Introduction

Much of the previous literature on learning in small firms has been linked to individual learning through training. More recently, researchers in the small firm area have highlighted the important role of networks as a vehicle for learning through knowledge and information transfer. It is how the learning from these networks takes place that is the task of this research.

The paper explores the influence of owner-managers' personal networks on the decision-making process, in order to gain a 'richer picture' of the contribution of these networks to owner-manager learning. The focus for this investigation is on particular 'life or death' decision points and the paper does not attempt to investigate decision-making more broadly.

Small Firm Support

It has been accepted that small firms contribute significantly to the health of the economy, in terms of employment, Gross National Product and business ideas (Bolton, 1971, Curran, 1986, Down and Bresnen, 1997, Foley, 1999, Stanworth and Stanworth, 1990, Stanworth and Gray, 1991, Storey, 1994, Storey and Westhead, 1996, Van der Horst, 1999, Westhead and Storey, 1996). However, the appropriateness of Government initiated support services for the development of small firms has been and continues to be challenged.

Gibb (1983: 35) for instance, argues that "the salient characteristics of the small firm management training market are such that they point substantially to the need for a very flexible supplier". An argument repeated by contemporary writers, who underline the ineffectiveness of many formalised Government initiatives (Chaston *et al.*, 1998; Lange *et al.*, 2000; Matlay; 1999; Penn *et al.*, 1998; Vickerstaff and Parker, 1995). Moreover, Story (1994) and Story *et al.* (1996) conclude that no study has proven a link between the provision of training and the performance of the firm in any direct or tangible way. A view recently reiterated by Perren *et al.* (1999: 353),

who also suggest "that owner-managers need context specific and timely support rather than generic training programmes".

This challenge, to better respond to the needs of business, has been extended to higher education (O'Hara *et al.*, 1997), where traditional management education has been criticised for the lack of reality (Thorpe, 1990). However, a recent study by Matlay (1999), found that over 85% of small firms had not provided for training in the previous 12 months, supporting his earlier work which highlighted the paradox between owner-managers' positive attitudes towards training and their lack of commitment to training (Hyland and Matlay, 1998). Nevertheless, the literature reveals that the vast majority of value added tax (VAT) registered small firms survive (Cressy, 1999; Story, 1994). So how are owner-managers, who are constantly in the business of trying to make sense of the flows of activities in which they find themselves (Giddens, 1984), able to operate effectively without resorting to these formalised initiatives?

Problem-Centred Learning

A problem-centred approach is adopted in this research in order to assess how owner-managers learn to solve problems and ultimately arrive at decisions. Deakins and Freed (1998) support this view, arguing that the process of learning is characterised by significant and critical learning events. It is these learning events or critical incidents that will be used as catalysts for investigating learning in the small firm. Chell *et al.* (1991: 74-75) used critical incidents, within semi-structured interviews, as a focus for respondents to elaborate on their behaviour in the context of these incidents, enabling the later deduction of personality characteristics. Whilst the complex set of traits, that arguably underlie an entrepreneurial personality, surely play a role in small firm owner-manager decision-making (Chell *et al.*, 1991), this current paper seeks to use similar methods to explore the collective or social dimension of decision-making in order to gain that 'richer picture' of small firm owner managers learning that so far has eluded researchers in the field.

Social Learning

This research defines 'learning' as a process of co-participation, where learning is dependent on social, historical and cultural factors (Lave and Wenger, 1991). Alternatively writers have argued that learning results from a 'natural' self-correcting mechanism (Burgoyne and Stuart, 1976; 1977; Morgan, 1997: 84), significant work-related events (Davies and Easterby-Smith, 1984), cognitive processes (Kolb, 1984; Revans, 1982) or distinctive learning styles (Thorpe *et al.*, 1984). These writers have emphasised a link between experience and learning, but some stress that learning takes place solely within the individual (Kolb, 1984; Revans, 1982), a view which limits our understanding of the learning processes involved. From other perspectives (Lave and Wenger, 1991; Simon, 1991; Thorpe, 1990; Thorpe *et al.*, 1998) learning is located squarely in the processes of co-participation, highlighting the growing concern that current learning theories often fail to account adequately for the social, historical and cultural context. Unlike cognitivist approaches, social constructionist and activity theory perspectives regard learning as taking place within the social relationships or networks in which a person is engaged (Holman *et al.*, 1996).

Pavlica *et al.* (1998) argue for a social and conversational model of experiential learning that complements Kolb's theory of experiential learning (1984). Holman *et al.* (1996) believe that Kolb's account of learning is fundamentally cognitive, ignoring the influence of social relations. Here Kolb's view of the learner is as an "intellectual Robinson Crusoe . . . isolated from their fellow beings" (Pavlica *et al.*, 1998: 301) or an "isolated monad" (Holman *et al.*, 1996: 140). These writers suggest that learning can be considered as a process of argumentation in which reflecting, theorising, experiencing and action are viewed as different aspects of the same process, rather than stages in a process, and, more significantly, that when an individual reflects and theorises to themselves their thoughts have a "social character" (Pavlica *et al.*, 1998: 302).

Personal Networks

Research acknowledges the importance of network-centred learning (Atkinson, 1994, Dragoi, 1997, Nohria and Eccles, 1992). An integral part of this learning process is the complex network of relationships of each small firm owner manager (Cummins *et al.*, 1999, Curran and Blackburn, 1994). Curran and Blackburn (1994) point out that for researchers in small businesses it may be important to recognise the existence and value of the non-economic social relationships such as family and friends. Scase and Goffee (1987) highlight that this is particularly true for owner-managers, as they tend to emphasise and value personal autonomy and independence, preferring to trust personal relationships. This is a factor that has been well researched by those studying ethnic businesses in Britain (Janhuha *et al.*, 1999, Ram *et al.*, 1999) and in the far east (Liu, 1999, Janjuha and Dickson, Redding, 1998, 1999, Yeung, 1998), but has been ignored by the mainstream British literature. It is from these networks of relationships that learning and influence emerges as part of an ongoing negotiated process. The meaning attached to each relationship, how it is used, and how it develops over time needs a 'biographical approach' (Chell *et al.*, 1991) and cannot easily be quantified (Curran and Blackburn, 1994).

Wilson and Lupton (1959) used a network approach in their investigation into the leakage of information about the increase in the Bank Rate to 7% on September 19th 1957. Their findings suggest that far from the leak being deliberate and planned, it was simply a number of seemingly incidental transactions of information and knowledge through informal personal networks. That said, knowledge transfer often has a social dynamic, rooted in actors' attitudes, values, affiliations and power relations (Dwyer, 2000, Fukuyama, 1996, Grundman, 1999, Redding, 1998, 1999), as well as information exchange (Wilson and Lupton, 1959). A social dynamic that allows the subject to emerge, never alone, never a pristine individual, but rather always entangled with and generously gifted by a collective (Gomart and Hennion, 1999). It is this dimension that is under-represented in established models of learning (Burgoyne and Stuart, 1976, Kolb, 1984, Pedler, 1997, Revans, 1982) on which much of our understanding of management learning is based, where the social dynamic is limited to 'getting things done through people'.

Dwyer (2000) suggests that for some, there is a want to share feelings and reactions with others who have either been through the same situation or who are able to offer emotional support. The role these actors play is one of anxiety reduction, reassuring through sympathy and/ or knowledge. These relationships are treated as expressions of the linkages that run between actors, and have been evidenced as early as the Hawthorne Experiments (Roethlisberger and Dickson, 1939). Such personal aspects of organisations are no longer ignored in the management literature (Fineman, 1993). Scott (2000) argues that the methods best suited to relationship data are those of network analysis, where some players act as key information distributors within a network and others act as bridges between networks. The display of the data draws upon social network analysis.

In order to fully explore the learning of the small firm owner-manager, this research is centred on the 'complete set of relationships' at the individual level and the resulting cliques. Simon (1991) states that social learning is not restricted to formal economic relations but is more widely spread amongst each individual's wider set of relationships. These personal networks include suppliers, customers, competitors, family, friends, colleagues, accountants, bank managers etc.. It includes all actors and is not restricted to, though does not exclude, 'experiences at work', 'work-related networks' or 'economic relationships' (Hendry, 1995). These networking activities are of particular importance to the small firm owner manager in order to offset the fragility of organisational size, acting as the key determinant of organisational 'success' (*see* Dragoi, 1997; Sydow and Windeler, 1998; Szarka,1990; Welsh and White, 1981), accepting that success is a highly idiosyncratic concept when used in the small firm context (Scase and Goffee, 1987).

Gibb (1987; 1995) and Lave and Wenger (1991) view these linkages between actors in a network as central to the learning process. Nevertheless much of the quantitative and qualitative analysis has only taken into account work-related networks, which, no matter how informal or socially-based, limits our understanding of how decisions might be arrived at (Dragoi S., 1997; Törnroos and Nieminen, 1999; Wilkins, 1997). Previous studies of small businesses while looking separately at networks and learning, have not considered, in any comprehensive manner, these aspects together.

Research Method

The research focusses on particular 'life or death' decision points. The owner-managers selected for this research need to be the dominant decision-makers or players in the organisation (Szarka, 1990), in order to simplify the complexity of the network (Perren *et al.*, 1999). The informal mechanisms of information transfer and control of small-scale businesses lend themselves to this form of investigation (Perren *et al.*, 1999), accepting that it is problematic to speak of owner-managers as a common or homogeneous entity with a single way of 'doing' or 'should be doing' (Gray, 1997).

Owner-managed manufacturing firms located in the Northwest and employing no more than 50 employees were selected with the support of the Engineering Employers Federation. The aim of the research is to capture, understand and analyse significant or critical learning events using a 'biographical approach' in order to explore the social aspects of learning that occur within small firm owner manager networks (Chell *et al.*, 1991, Easterby-Smith *et al.*, 1991). Research into networks as learning environments using quantitative methods has informed investigations of small firms (Dragoi, 1997, Wilkins, 1997). Complementary research using 'soft' approaches would give a richer understanding of learning within this deeply heterogeneous sector (Chell *et al.*, 1991, Cummins *et al.*, 1999, Holliday, 1995, McGowan and Hill, 1996).

Data collection involves three stages (figure 1): a series of semi-structured one-to-one interviews with a small firm owner-manager as a pilot study; the checking out of this owner-manager's 'stories' with the actors concerned (data triangulation); and, the expanding of the research to five more case studies on completion of the pilot case. This will add rigor, breadth and depth to the results obtained and offers ways of checking and improving the reliability of the data (Janesick, 1994). This iterative process would influence the data collection and analysis of subsequent cases, and form the basis for re-examination of earlier case studies.

This paper is concerned with the first stage of the pilot study conducted between October and November 1999. Data has been collected through three interviews with an owner-manager of a joinery business in the Northwest, in order to understand better how he constructs the meaning and significance of his situation.
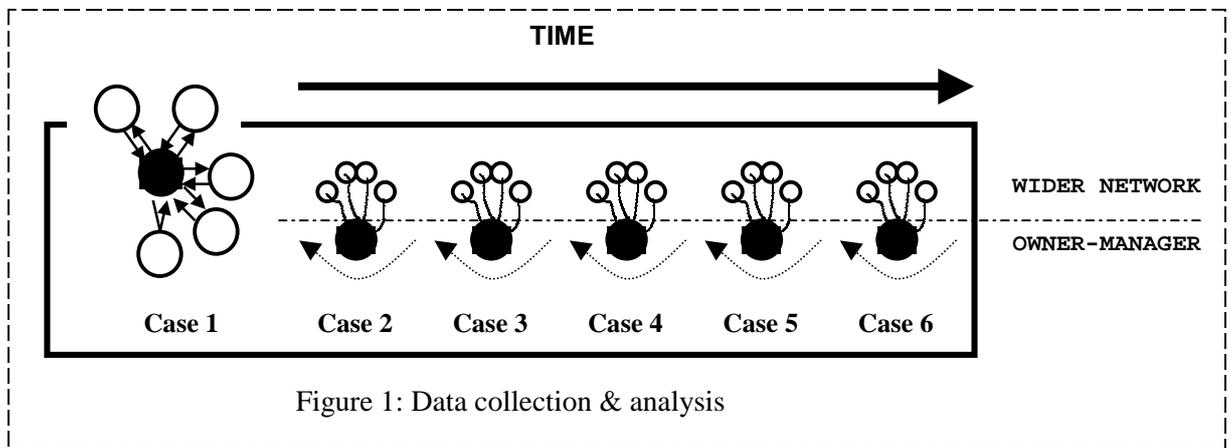

Figure 1: Data collection & analysis

It was agreed that the interviews were to last no more than two hours and any resulting publication should guarantee the anonymity of the businesses and individuals involved. In this paper the names of actors and businesses mentioned have been changed to ensure anonymity. Interviews have been recorded and summaries of the transcripts can be found in the appendices to this paper.

The first interview acted as a relationship building exercise, briefly outlining the objectives of the research to the owner-manager and providing the researcher with valuable background information of the case. The second interview encouraged the owner-manager to explain particular incidents or problems in some detail and then go on to describe in some depth how the problems eventually surmounted. The final session looked more deeply at the owner-manager's network of relationships.

Preliminary Findings

It was important for this research to try to make the connections between the owner-manager network of relationships and 'solving' of these significant problems. Initially, the 'biographical approach' centred on critical incidents contributed little to our understanding on the role of networks of personal relationships in decision-

making. Only the final significant problem gave an indication of the role of Simon's personal network of relationships in this process, and even here Simon infers that the skills needed to manage such a network are innate. Nonetheless, it is believed that the following data inform on the social dimension of small firm owner-manager decision-making.

Simon Boss highlighted what he sees as the significant relationships in his personal network with regard to work-based decision-making (appendix 3; figure 2). This paper proposes that it is these relationships that act as a resource to draw upon and a force of influence in decision-making, as a network is more than the link between each node and the central figure.

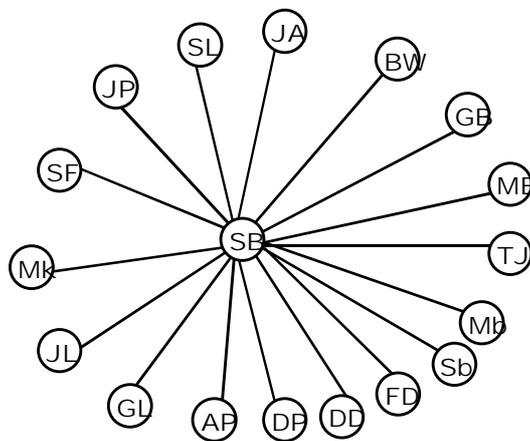Figure 2: The actors in Simon's personal
network of relationships

Simon later detailed what he believed to be the relationships that existed between the actors. Table 1 highlights not only the total number of interactions each actor has with other actors in the network (total 1) but also highlights those significant actors (4 or more relationships-shaded) that have relationships with other significant actors (2).

	SB	JA	BW	GB	MB	TJ	Mb	Sb	FD	DD	DP	AP	GL	JL	Mk	SF	JP	SL	Total 1	Total 2
SB	-	1	1	1	**1**	1	1	1	1	**1**	**1**	**1**	**1**	**1**	1	**1**	1	1	17	7
JA	1	-															1		2	0
BW	1		-		1											1			3	0
GB	1			-	1														2	0
MB	1		1	1	-	1	1	1	1							1		1	**9**	**2**
TJ	1				1	-													2	0
Mb	1				1		-	1											3	0
Sb	1				1		1	-											3	0
FD	1				1				-										2	0
DD	1									-	1	1				1			**4**	**4**
DP	1									1	-	1		1		1			**5**	**5**
AP	1									1	1	-	1	1		1			**6**	**6**
GL	1											1	-	1		1			**4**	**4**
JL	1									1	1	1	1	-		1			**5**	**5**
Mk	1														-				1	0
SF	1		1		1					1	1	1	1	1		-			**8**	**7**
JP	1	1															-		2	0
SL	1				1													-	2	0
Total 1	17	2	3	2	**9**	2	3	3	2	**4**	**5**	**6**	**4**	**5**	1	**8**	2	2		
Total 2	**7**	0	0	0	**2**	0	0	0	0	**4**	**5**	**6**	**4**	**5**	0	**7**	0	0		

Table 1: Matrix of relationhips in the personal network of Simon Boss

This reveals a cluster or clique of significant actors, though intensity and direction are still not evident (figure 3).
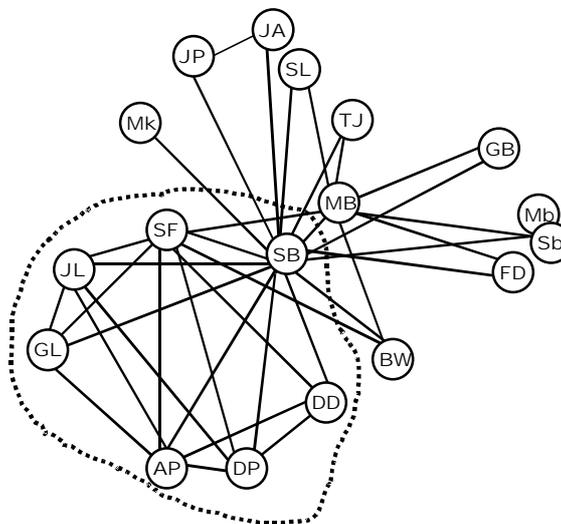

Figure 3: Social network analysis and cliques

The clique, highlighted in figure 3, gives an indication of more complex relationships within a sub-group of those that make up the personal network of Simon Boss that at first appear to be a place where ideas are 'tested out' with trusted others (Dwyer, 2000).

However, each line in the network represents a unique relationship of different intensities, for different purposes, some might be transitory whilst others will last for a lifetime, some may be significant in terms of learning whilst others not (Curran and Blackburn, 1994). It is these variations that cannot easily be mapped or charted that hold the essence or subtlety of the value of the relationship or combination of relationships to the decision-making process of the small firm owner-manager.

The importance or value of these relationships was captured during the second interview. Here, Simon described the role of the actors within his network of personal relationships at particular 'life or death' decision points for the firm. Initially, Simon was reluctant to admit to the involvement of a wider network, arguing that entrepreneurs are continually managing crises, and that it is the innate ability of the entrepreneur that gives them the skills to overcome such crises. This suggested a cognitive isolated decision-making process where success was dependent on Simon's innate ability rather than the quality of the personal network. An indication of the early dialogue, emphasising the entrepreneur as an 'isolated monad', is listed below.

> "This is my job, to make decisions, others depend on me to make the right decisions"

> "Someone has to identify it's the right thing to do. Once you have decided it's the right thing to do, you've sorted it out."

> "My hunches usually prove right, otherwise I wouldn't be successful."

> "I was quick to see his potential and gave him opportunities to develop."

Later exchanges around a particular critical incident, an attempted take-over, further illuminated the role of the wider network in Simon's decision-making process. Simon had turned down an offer from a large building firm to buy his company, retaining him as managing director, even though the capital that such a development would bring was much needed for the expansion of the business. Simon wanted to retain autonomy and independence and believed that the company offered considerably more potential for profitable growth. He solved this problem by raising capital through the sale of non-voting 'B' shares to his major customer.

Initially, Simon suggested that he alone had come to this decision. Further discussion, however, brought forward more detailed responses. Simon recognised the role of his former-wife (SF), though he regarded her support as simply helping him through his thought processes - 'bouncing his ideas off her', rather than contributing ideas or solutions. He later revealed that he had had a short discussion with a fellow commuter on the London-Manchester shuttle, who had pointed out this way of raising capital without losing control. Moreover, Simon had checked to this idea with Gerard Lucas (Tax Inspector) and David Duncan (Solicitor), before making proposals to Barry Wright at Build-Best-Inc, his major customer. Sophie, Gerard and David are contained within the cluster or clique of significant actors. An indication of the dialogue, emphasising the social aspects of decision-making, are listed below.

> "I probably talked it through with my wife, I can't really remember it's a while back.
>
> But generally, it's a bit like talking to yourself."
>
> "I met this guy on the train and he gave me the idea. He'd had a similar problem."
>
> "I tend to check these things out with Gerard and David Duncan."
>
> "I had ongoing discussions with Barry Wright."

Figure 4 shows how Simon Boss slowly reveals the roles of the actors in this particular decision, as he slowly 'peels back' the layers.

FIGURE 4: 'PEELING THE ONION'
OWNER-MANAGER REFLECTIONS ON HIS
DECISION-MAKING PROCESS

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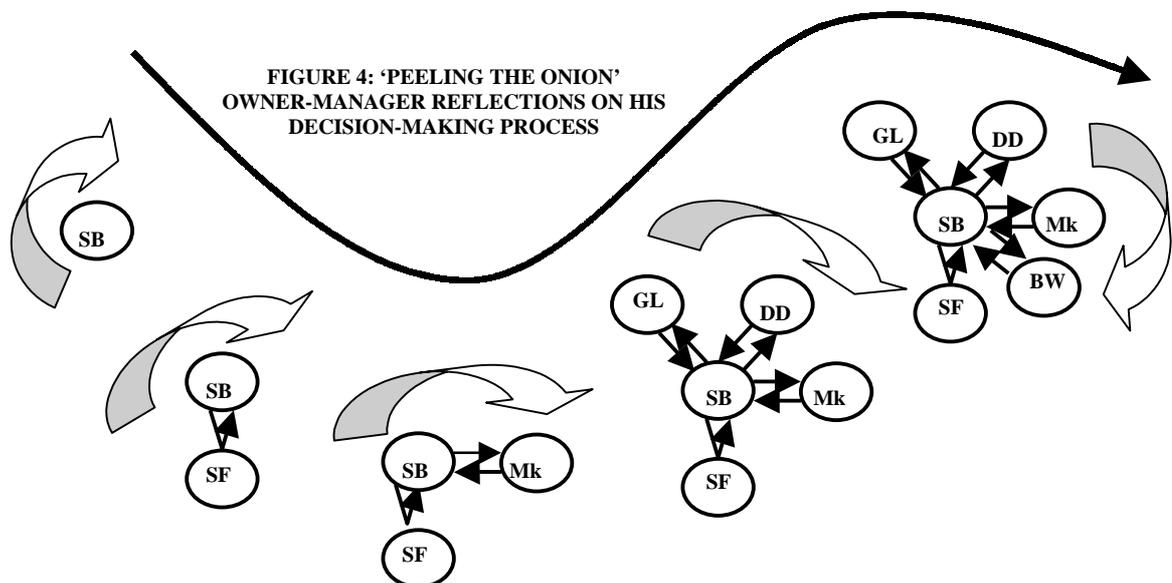
Concluding Comments

These preliminary findings infer a social dynamic in owner-manager learning, though the significance of this influence has yet to be revealed. The network of relationships highlighted by Simon Boss with regard to the significant incident fits with Dwyer's (2000) description of relationships and their use. Milan (Mk), a businessman who had been through the same situation as Simon (social comparison), had offered him reassurance from a position of knowledge. Sophie (SF), his Wife, had offered emotional support. David (DD) and Gerard (GL) had offered reassurance based on their expertise and the level of trust that had developed between them and Simon.

Although these early findings would seem to indicate that learning through networks does play a role in the decision-making process of Simon Boss, giving a richer more complete picture, there has to be a cautionary note.

Simon may have used subjective rationality when explaining how a problem was solved, developing in retrospect 'a pattern' that appears rational to him and that supports the decision made. Therefore, the 'course of events', as such, may simply be the owner-manager's subjective interpretation. He may be describing, to the best of his ability, these 'course of events' that took place prior to the decision being made. However, his ability to remember complex social events may be limited by the manner in which he remembers and the length of time since the event/s took place (Tenbrunsel *et al.*, 1999).

Furthermore, Simon might be perpetuating a story line for his own 'benefit' or perhaps he believes this is the impression an entrepreneur should give, or it is the impression the interviewer would expect (Alvesson, 1999; Perren and Atkin, 1997). This is suggested in the following extract: "Something springs to mind . . . Most entrepreneurs are inveterate gamblers . . . It's like talking to yourself . . . It just gives you a breathing space . . . It's a bit of a mess, a stand-off really." Perren and Atkin (1997) argue that these metaphors-in-use portray meaning, meaning that Alvesson (1999) describes as the dialectics of the research interview, where the interviewee might be performing an impression management exercise. Finally, one cannot ignore "the researcher's own biases and ideology" (Janesick, 1994: 212).

Access to the wider-network in the pilot-study has now been granted, and interviews have been scheduled to take place shortly (figure 5).
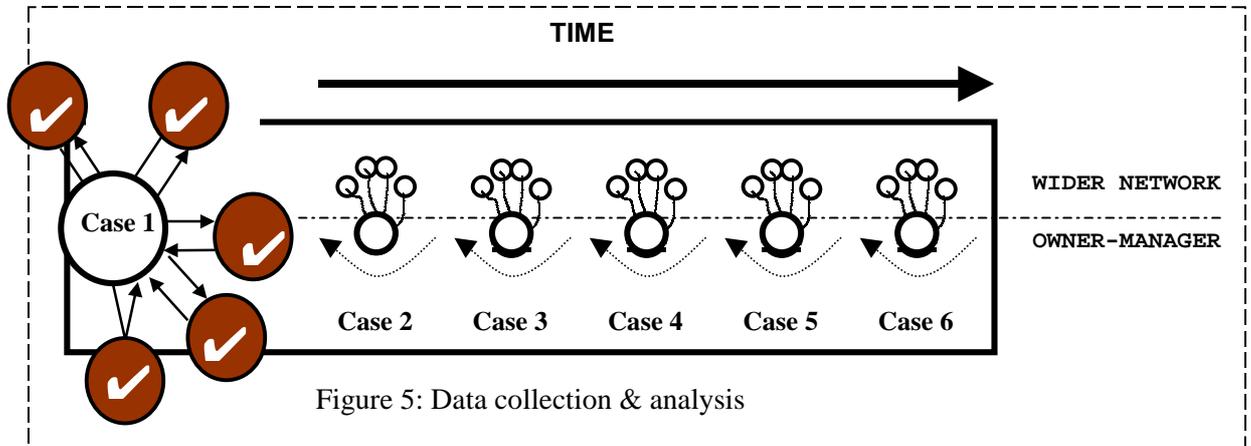

Figure 5: Data collection & analysis

Furthermore, the developments of any framework encompassing all aspects of learning influence needs considerable work, adapting or possibly replacing existing models of learning. Although Vidich and Lyman (1994: 42) argue that the 'general' is present in the particular, as we are all creatures of our own social and cultural pasts, any broader understanding of learning in the small firm context based on this explorative study would be at best unhelpful.

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Appendix 1 - Pilot Study, Interview 1: Key Points

Interview 1. – 6th October 1999

The Industry
Simon Boss stated that there are two main factors that have influenced, and continue to affect the craft joinery business. Firstly, low barriers to entry have spawned numerous micro joinery firms that operate out of garden sheds, garages or lock-ups and undercut the established businesses. Secondly, the building industry has started to cost their joinery workshops, creating separate joinery businesses and introducing competitive tendering, in order to be more competitive and save money. This has meant that there are many large contracts available that traditionally the building industry would have done internally.

The Opportunity
This, Simon argued, has created the opportunity for entrepreneurs in the industry to grow their businesses. He suggested that the key to success for these growing businesses within this diverse and competitive business environment is threefold: quality of service, quality of product and, interestingly, quality of relationships, arguing that service and product innovations were outcomes of a process, dependent on the quality of an owner-manager's relationships. Yet he later stated that there was no formal society, business group or forum through which the joinery firms communicate with each other. Nor was he currently a member of any society or business group (e.g. Chamber of Commerce, Roundtable, Rotary). Nor did he use any Government small firm support initiatives (e.g. Business Links, Training and Enterprise Councils). Nor had he attended any training or management development courses since starting his business in 1979.

The Company
WoodAdictCo was founded twenty years ago, and is, according to Simon, one of the largest joinery based building companies in the Northwest, continuing to grow year on year.[1] Contacts vary from a garden gate to a multi-million pound building contract. Large contracts come predominantly through their key customer Build-Best-Inc.

At the time of the first interview, there were forty-one employees on a site broken-down into four work centres and an office. The machine shop had four employees, the five workshops had thirty employees, there were three labourers working across the site, three administrators in the office, and Murray the workshop manager. The three staff highlighted by Simon as key personnel were Tony Williams, who manages the beer work shop, Trefor Jones, who has a pivotal position in the machine workshop, and Murray Bonner the workshop manager and junior partner.

Relationships
The company was founded when Simon decided to leave his job and set up in business for himself, taking his apprentice at that time, Murray Bonner, with him as the newly formed company's sole employee. As the company grew Murray's job became more office-based and he left to start his own business, preferring to "get-his-hands-dirty" in Simon's words. He left WoodAdictCo on good terms and the two carried on a successful business and social relationship, regularly subcontracting work to each other. Murray rejoined the business in 1988 as a junior partner and workshop manager leaving Simon free to develop the business more strategically.
In 1990, WoodAdictCo reached an agreement with its major customer, Build-Best-Inc of Norton Green, which was a leading player in the Leisure Industry, to issue to them none voting B-shares in the company.[2] Build-Best-Inc price jobs throughout the United Kingdom and usually supply around 70% of WoodAdictCo's business (although this has been as low as 50 percent). Build-Best-Inc started off very small and has grown very quickly into a £XXXm turnover company.

Build-Best-Inc and WoodAdictCo depend on each other for their success, it is a reciprocally beneficial relationship. Simon argues that:

> **"It is essential in the one-off joinery business that you have someone you can talk to, and share problems. Successful entrepreneurs are able to develop good personal relationships and make good convincing arguments."**

The suggestion being that the longer you are in a business or industry the more contacts you make, and the more opportunities come your way. These opportunities come about by developing relationships with previous work colleagues, customers, suppliers, the bank manager, neighbours, parents of children's friends etc., evidenced by the Build-Best-Inc and Murray examples. He highlighted that these relationships *tend* to be a network of friends or at least those whom you get on with socially. However, this does not exclude those whom may be of value to the owner-manager in terms of decision-making but excluded socially. Simon stated later that:

> **"It's interpersonal wherever you deal."**

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[1] Growth in terms of size of site, turnover and numbers employed. However, numbers employed does fluctuate through the year. Simon Boss views unskilled workers as a flexible fringe to be trimmed back when times are hard.
[2] Build-Best-Inc needed a share-holding in a large joinery firm in order to better market its services, and Simon Boss wanted to create closer ties with the firm's major customer to strengthen the relationship and guarantee orders.

Appendix 2 - Pilot Study, Interview 2: Key Points

Interview 2. – 20th October 1999

<u>**Critical Incident Technique**</u>
Simon was asked to give details of any significant problems or incidents that he viewed were critical to the success of the enterprise. Simon replied by stating that small firm owner-managers are continually managing crises, and that it is the innate ability of the entrepreneur that gives him the skills to overcome such crises. This suggested a cognitive isolated decision-making process where success is dependent on the innate ability of the owner-manager rather than the quality of the network, or does Simon believe such cognitive/ meta-qualities (Burgoyne and Stuart, 1977; Kolb, 1984) include an owner-manager's ability to handle and develop these networks of relationships? There were four examples that were discussed at varying lengths: a question of cash-flow, a departing employee, a disciplinary issue, and raising capital. It was this final significant incident that gave an insight into the social aspects of Simon's decision-making process.

<u>**The Critical Incident - Raising Capital**</u>
In 19XX, Simon Boss was looking for investors in order that he could expand the business. He received an offer to buy a substantial stake in WoodAdictCo from a large Building company (BigBuildingCo). Simon turned down the offer because he wanted to retain autonomy and independence. ***He ended up selling non-voting B-shares to his major customers, Build-Best-Inc. etc. etc.***

1.   The Isolated Monad
When asked if he had involved anyone in this decision, he initially suggested that he alone had come to this decision. Further questioning brought forward responses that were more thoughtful.

2.   The Wife
He stated "I probably talked it through with my wife, I can't really remember it's a while back. But generally, it's a bit like talking to yourself . . . but my part in the business is much about development and having ideas and always has been". Although Simon recognises the role of his former-wife (SF), he regards such support as simply helping him through his thought process rather than offering new solutions. One could say he was 'bouncing his ideas off her'.

3.   The Commuter
With further questioning, Simon revealed that a short discussion with a fellow commuter on the London-Manchester shuttle had been an essential learning experience. The fellow commuter (Mk) spoke of introducing non-voting B-shares as a way of maintaining control and influence in the firm whilst raising capital and binding closer relationships with key dependants. At the time, Simon thought that this could be the answer to his problem. He could raise capital and develop closer links, with say a key supplier or customer, without losing any control.

4. The Clique
Simon checked this out with Gerard Lucas (GL) (his tax inspector friend) and David Duncan (DD) (his solicitor) before making proposals to Barry Wright at Build-Best-Inc (his key customer).

Appendix 3 - Pilot Study, Interview 3: Key Points

Interview 3. – 10th November 1999

At the third interview a different approach was taken in order to explore Simon's personal relationships in more detail, rather than confront him with questions related to *significant problems*. The researcher had hoped to link this understanding of his personal network[3] to a specific decision. However, it was apparent that a deeper level of trust was needed in order to facilitate further disclosure about these significant problems, how they were solved and how decisions were made.

Simon was asked to describe the actors within his network in order that these relationships could be drawn and some understanding of how he drew upon this resource could be eluded to. Some of the actors and the details of the relationship are taken from the earlier interviews.

The key actors were as follows:

ACTOR	RELATIONSHIP	RELATIONSHIP DETAILS
Joe Askew (JA)	Bank Manager 1979-1995	Simon spoke of having a very close relationship with his bank manager, who was initially introduced to him by his father. He has dealt with two managers since founding his company. He believes that his over draft facility of £XXXX could not have been achieved without a close personal tie. More recently the 'BusyBankPLC' have defined his business as Middle-sized and moved his account to a regional centre. Still keeps in touch with Joe Askew and James Pritchard.
James Pritchard	Bank Manager 1995-1999	
Stuart Leamer	Account Manager 1999 -	
George Ball (GB)	BuildStrongCo	Murray Bonner has a farm near Macclesfield. His closest neighbour owns a major building company. Coincidentally an ex-employee of Murray's worked for this building company. A combination of these relationships nurtured a more formalised business relationship. The geographic closeness has helped maintain this relationship.
Maurice Bright (Mb) & Suzy Bright (Sb)	Back-UpCo	WoodAdictCo use Back-UpCo a company in Leeds. This relationship came about because Suzy Bright, the wife of the owner-manager, kept dropping in, over a twelve-month period, to ask if they needed any work sub-contracting. She 'hassled' Simon until he agreed to sub-contract some work to them. However, Simon said it had proven to be a useful relationship because their main business is cyclical and our sub-contracting fills their slack time and they take only a minimal margin.
Murray Bonner (MB)	Manager	See main text
Fred Davies (FD)	Architect	Simon was recently contacted by Fred Davies, a local architect whom he has known for years, in order to price a job for a bar area. Once Simon realised this job was for Ladybarn Leisure, a major new player in leisure industry and a company he had not worked with before, he decided to personally go down to the site and make direct contact with the people at Ladybarn. There may be an opportunity here not to be missed.
David Duncan (DD)	Solicitor	Simon has known David since his early twenties. He can't remember when they met. They get on well and trust each other implicitly.

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[3] Networks are defined as the 'complete set of relationships' at the individual level. These personal networks include suppliers, customers, competitors, family, friends, colleagues, accountants, bank managers etc. These include all actors and is not restricted to, though does not exclude, 'experiences at work', 'work-related networks' or 'economic relationships' (Hendry, 1995, Nohria *et al.*, 1992).

ACTOR	RELATIONSHIP	RELATIONSHIP DETAILS
Ms Sophie Francis (SF) (formerly Boss)	Ex-Wife	His wife (ex-wife) Sophie was and continues to be a close friend and "personnel" advisor. She works as a personnel officer for a well-known confectionery company. He sees her skills as invaluable.
Trefor Jones (TJ)	Machine Shop Supervisor	Simon tells me he's a little too dependent on Trefor's technical skills. Would be a great loss to the business if he were to go. However, believes Trefor lacks self-confidence and is unlikely to look elsewhere for another position.
Milan Kordic (MK)	Owner-Manager of an International import-export Business	A one-off meeting in business class on a British Airways shuttle travelling from London to Manchester. Milan spoke of introducing non-voting B-shares as a way of maintaining control and influence in the firm whilst raising capital and binding closer relationships with key dependants.
Jack Lambert (JL)	Best Friend	Known Jack since childhood. He has moved around a great deal. He has lived abroad for many years but they are regularly in touch. Jack puts everything in perspective.
Gerard Lucas (GL)	Personal Friend (1st) and Tax Inspector (2nd) * * Can these be so clearly separated?	Long-standing friend from School. Renewed their friendship after accidental meeting in local pub and have kept in touch since. Not unusual to meet up once a month to mix a little business and pleasure. Simon sees this as free and objective advice. Simon revealed that he had discussed the Build-Best-Inc share deal with Gerard, who had agreed with his proposal.
Andrew Poole (AP)	Poole, Meadows & Son Accountants	Recommended by tax inspector friend. He knew a little about the company as he had always lived locally. He didn't want someone too old. Andrew Poole was also the brother-in-law of his best friend, Jack Lambert.
David Poole (DP)	David Poole and Co. - Insurance Brokers (local	Recommended by Andrew Poole. Simon had gone to school with David. David was in the year above. David was married to his best friend's sister.
Barry Wright (BW)	Build-Best-Inc	Simon has close personal relationships with both the directors of Build-Best-Inc. He meets Barry Wright (senior director) twice a month to discuss the business (these are viewed by both parties as a business/ social occasion). The relationship has developed over the last twenty years.

This paper examines how organizational learning processes affect the enactment of international opportunities. Building on the internationalization process theory, we explore the relationship between...Â Based on in-depth interviews with owner-managers of small knowledge-intensive business services firms, results show that (1) knowledge acquisition for international opportunity enactment comes from various sources and means; (2) knowledge institutionalization can follow four different paths, but sometimes lapses; (3) learning outcomes are not always positive; and (4) as firms grow, knowledge management and diffusion processes increase in complexity.