

# **DEVELOPING SUSTAINABLE LEARNING NETWORKS: ASSESSING THE BEHAVIOUR AND PERCEPTIONS OF ENTREPRENEURS**

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## **ABSTRACT**

The importance of networking for entrepreneurs has long been recognised by academics and practitioners as a key component in assisting business innovation and development (Donckels and Lambrecht, 1997). Regional economic value can be enhanced by developing and increasing social communication, networks and the networking of entrepreneurs. Hence it can be argued that networking is an important entrepreneurial activity which provides access to information, opinion and advice ensuring a constant flow of up to date industrial knowledge. Entrepreneur’s personal networks and external relations are therefore a critical resource (Lechner and Dowling, 2003) in overcoming barriers associated with growth and development.

The SLNIW<sup>2</sup> project aims to create and develop business learning networks to enhance regional economic value by establishing networks and creating a platform for knowledge sharing in which entrepreneurial orientated SME owners come together and self learn. Supporting SME’s through the establishment and expansion of social networks helps to create a trusting environment that facilitates the effective transfer of business based knowledge and experience. The SLNIW project is a longitudinal study conducted over a three year period in which three learning networks have been established in Southeast Ireland consisting of all male, all female and mixed gender network participants. Through direct participant observation using a mixed method approach each network was observed over a 12 month period in order to observe and gather data on the formation and development of each network. Specifically the current study aims to (1) observe the development and behaviour of entrepreneurial learning networks, to (2) assess individual network member opinions on the development of entrepreneurial learning networks and to (3) provide insight into the conditions required for long term sustainability of entrepreneurial learning networks. Hence, the current study will bridge a gap in the entrepreneurial networking literature fundamentally providing insight and direction for the future establishment of learning networks and providing guidance for the establishment of sustainable learning networks.

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## **CONTRIBUTION TO LITERATURE**

Networking is an activity in which entrepreneurially oriented SME owners build and manage personal relationships with specific individuals in their surroundings (Carson, Cromie, McGowan, and Hill, 1995). The key concept of networking is co-operation among businesses, firms and entrepreneurs. Empirical research has demonstrated that there is an association between networking and growth (Lechner and Dowling, 2003; Chell and Baine, 2000,) and no firm regardless of its size and potential can survive or continually innovate without access to an external network of contacts and relationships (Gunasekara, 2004; DeBresson and Amesse, 1991). Furthermore entrepreneurs must engage with each other and learn from each other in order to survive and compete (Bessant and Tsekouras, 2001), as shared learning is well documented as a pre-requisite for competitive advantage (Kiely and Armistead, 2005). In addition, research contends that businesses engaging in networking activities report higher levels of success in achieving both their business goals and greater gross sales (Miller and Besser, 2005). Thus, the networking literature instructs on the value and necessity for business networking however, it fails to identify when and why certain networks become lasting and sustainable and why others ultimately fail. Networks and specifically learning networks while useful and valuable often tend to disband or eventually run their course. The objective of establishing and observing the SLNIW networks is to determine their course of development through direct participant observation. The division of the entrepreneurs into an all male, all female and mixed gender network is to gather insight and understanding into the differences in networking with respect to gender, collaboration, network loyalty and network performance. Fundamentally, in observing the networks through a longitudinal study strives to bridge a literature gap on a best practice approach for establishing sustainable and lasting entrepreneurial learning networks.

## **METHODOLOGY**

A mixed method approach was employed to (1) observe the development and behaviour of entrepreneurial learning networks, to (2) assess individual network member opinions on the development of entrepreneurial learning networks, and to (3) provide insight into the conditions required for long term sustainability of entrepreneurial learning networks. The primary methodology employed over the duration of the project is direct participant observation. The approach adopted consists of repeated participant observations and measures of actual behaviour along with self reported measures obtained from network participants. Thus, the application of a mixed method longitudinal study affords the repeat measurement of both network members and observers views and opinions of their respective networks. Actual network member's behaviour was scored during network meeting using a structured qualitative approach where observers noted personal observations and behaviours within structured categories and a structured quantitative approach, noting the frequency of group behaviours based on the Bales (1950) 12 category interaction scale. Self reported measures were obtained from network participants using single item universal measures on a five point Likert type rating scales.

## FINDINGS

Observed behaviour results demonstrate apparent high levels of tension release in all networks (male, female, mixed) during the early stages of network development. As networks developed, observed tension release significantly reduced in the male network with the female network reporting considerably higher levels of tension release. In contrast, the male network displayed a significant spike in the number of recorded anxiety behaviours once they transitioned from being facilitated to self-facilitating. In terms of agreement behaviours, all networks demonstrated high levels during early formation and development. In addition as networks developed, lower levels of agreement were observed. Interestingly, high levels of disagreement apparent during early stage development, significantly decreased as networks became more cohesive, purpose driven and objective focused.

The number of observed suggestions made in each network declined following initial network meetings. However, the female network quickly recovered reporting a higher number of information suggestion behaviours than other networks, with the male network the slowest to recover. Similarly, the female network demonstrated a greater number of information sharing behaviours between members than the male or mixed network. In general, observed behaviours across all networks identified the highest number of positive behaviours in the female network and the highest number of negative behaviours in the male network.

Variable	Male Network	Female Network	Mixed Network
Level of Collaboration <sup>1</sup>	3.36	4.56	3.85
Propensity to Remain Part of the Network <sup>2</sup>	3.55	4.56	4.15
Perceived Network Performance <sup>3</sup>	3.45	4.67	3.69
Cell Size	(11)	(9)	(13)

<sup>1</sup> Item measured on a 5 point scale from 1 (do not collaborate) to 5 (collaborate a lot)  
<sup>2</sup> Item measured on a 5 point scale from 1 (not likely) to 5 (very likely)  
<sup>3</sup> Item measured on a 5 point scale from 1 (poor) to 5 (excellent)

**Table 1. Mean Self Reported Measure Scores**

Self reported measures obtained from actual network members (N=33) offer support for the results obtained from observed behaviours (Table 1). The female network reported the greatest levels of collaboration (M=4.56), propensity to remain part of (M=4.56), and perceived network performance (M=4.67). In contrast, the male network reported the lowest levels of collaboration (M=3.36), propensity to remain part of (M=3.55), and perceived network performance (M=3.45).

## IMPLICATIONS

Results obtained from directly observing actual business networks and individual participants indicate where the greatest number of positive behaviours exist is in networks which demonstrated higher levels of tension release, agreement, suggestions and information sharing. Similarly individuals involved in such networks reported greater levels of collaboration, loyalty and perceived network performance. Findings indicate that where networks are cohesive,

become purpose driven and objective focused develop a comparative advantage thus, affording a greater chance of creating a sustainable network. Furthermore, such results have implications for intermediary organisations, academics and policy makers in the context of guidance and instruction in the establishment and facilitation of business learning networks.

This paper makes a significant theoretical contribution. Firstly, this paper adds to the literature on network formation by identifying the important factors necessary to create sustainable learning networks. Secondly, by employing a mixed method longitudinal study this paper validates the effectiveness of structured qualitative observation (via Bales and direct personal observations) and self reported measures on entrepreneurial networking behaviour thus, bridging the literature gap on best practice approaches to examining entrepreneurial networks. Finally, the findings demonstrated in this paper have implications for researchers, practitioners, policy makers, enterprise support agencies, and entrepreneurs involved in networking.

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