Network Position and Identity: A Language-Based Perspective on Strategizing

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Abstract

This article explores processes of strategizing within business networks by showing how managers employ sensemaking to cope with network paradoxes. It takes the linguistic turn to analyze how participants discursively construct their organizations’ identities and positions within a ‘designed’ network context. In doing so, the paper attempts to answer the research question posed so provocatively over a decade ago by Håkansson and Ford (2002): by exploring how companies interact in business networks. Our contribution is to show how firms interact by taking a language-based perspective on strategy to help understand the links between network, organizational and micro-levels of social construction. An in-depth discussion of a case study is presented, with particular emphasis on the identity-constructing processes affecting (and affected by) the positioning and strategizing of various network actors. We conclude by reflecting on the theoretical and practical contributions of our analysis, the latter focusing on tensions in Indigenous business development.

Keywords: Network position and identity; strategizing in networks; linguistic turn; network paradoxes; business development
Introduction

This paper explores processes of strategizing within business networks. In considering the relationship between network change and identity, it shows how managers employ sensemaking to cope with some network paradoxes. The study takes the linguistic turn to analyze how participants discursively construct their organizations’ positions within a ‘designed’ network context. Specifically, we draw upon the case context of the Western Australia mining sector to highlight how multi-national corporations (MNCs) interact with Indigenous SMEs (small-to-medium sized enterprises). In doing so, we attempt to answer the research question posed so provocatively over a decade ago by Håkansson and Ford (2002): by exploring how companies interact in business networks. Our contribution confirms that a language-based perspective on strategy helps to answer this question by understanding the links between network, organizational and micro-levels of processes of social construction (cf. Mantere, 2013).

Our study follows an industrial network conceptual perspective (Anderson, Håkansson & Johanson, 1994; Araujo & Easton, 1996) in considering the strategies of large firms and SMEs. Like Abrahamsen, Henneberg and Naude (2012, p. 259), we adopt an industrial network approach as “this framework stresses the need to analyse the management of long-term buyer-seller relationships within complex network structures, rather than focusing on short-term purchasing decisions”. The industrial network view can reveal changes in different, but linked, parts of a network better than conventional organizational theory or marketing approaches (Halinen, Salmo & Havila, 1999). As Håkansson and Snehota (2000, p. 79) explain, “Companies are embedded in multidimensional ways into their counterparts [and] into their counterparts’ contexts”. The notion of an embedded ‘position’ is highly pertinent to our study. According to Easton (1992, p. 15), “Positions in networks are primarily concerned with the nature of network connections. Thus they provide a language to talk about network changes”. Changes in the position of one organization will change the positions of other network actors. Such changes can be linked to strategy, whereby firms may attempt to enter or exit an established network, and defend or change existing positions (Mattssson 1984). While we acknowledge that some positioning strategies can entail the maintenance of one’s current network position (Harrison, Holmen & Pedersen, 2010) we share Mattsson’s (1987) view that almost all strategies involve a degree of network position
change. Whatever the degree of change desired by an actor, positioning strategies are about consciously influencing actors closely positioned to the focal firm (Harrison & Prenkert, 2009).

We also draw upon the work of IMP (Industrial Marketing and Purchasing) Group scholars who have extended theories of organizational (firm-level) identity to industrial network thinking (Huemer, 2004). The concept of identity tries to capture the perceived attractiveness of a firm as an exchange partner (Hald, Cordón & Vollmann, 2009). Moreover, for Gadde, Huemer and Håkansson (2003, p. 362), a key part of a firm’s strategic network position is determined from how that firm’s identity is constructed in interactions and viewed by other network actors. While a firm’s position in a network will affect its ability to interact, so too do the rules and norms which exist within the network and which act to govern exchange between actors (Ellis & Mayer, 2001). Anderson, Havila, Anderson & Halinen (1998) suggest that, in order to understand network change, researchers must consider how an organization will act in a role; in other words, how an actor interprets their position and chooses to enact or perform it within accepted norms. Taking this notion further, Abrahamsen et al. (2012) explain that we need to analyze how role interpretations are viewed and shared by other actors in the network. As we explain below, however, we have adopted the notion of identity rather than the broadly similar, and equally legitimate, idea of role interpretation. This is because identity has been recognized to be significant in prior studies of development and CSR (corporate social responsibility) strategies (Long, 2001; Huemer, 2010), strategies which, as we shall see, are pertinent to the industrial context we examine.

The rest of the paper is structured as follows. After outlining some key conceptualizations of network position and identity, we explain what it means to take a language-based perspective on strategy, or more specifically, ‘strategizing’, within the paradoxical world of industrial networks (Håkansson & Ford, 2002). Then the contextual background will be presented, with particular emphasis on the situation faced by Indigenous actors, and on the strategies that are enacted by other organizations within the case sector. Following an explanation of our research design, an in-depth discussion of the case study will be presented, with a focus on the identity-constructing processes affecting (and affected by) the positioning and strategizing of various network actors. Finally, we draw some conclusions and reflect upon the theoretical and practical contributions of our analysis.
Network Position and Identity

Gadde and Håkansson (2001) argue that identity is determined by a company’s position in the network. Identity is interrelated with network structure and process as it captures the perceived attractiveness or repulsiveness of a firm as an exchange partner due to its unique set of connections (Hald et al., 2009). Managers representing organizations, especially those that see themselves as central network hub firms, will typically try to establish a kind of ‘inter-organizational rationality’ (Astley & Zammuto, 1992). In this way, according to the perceptions of participants, the social construction of a ‘network position’ places an organization in relation to other actors in a network context and is thought to form a framework for agency (Johanson & Mattsson, 1992).

The perceived understanding held by an actor of the surrounding network will affect any attempts to change their network position. This subjective understanding represents the perception of the actor’s ‘network role’ (Abrahamsen et al., 2012). These authors contend that network changes depend on an actor’s ability to construct a degree of common role understanding with their network counterparts. The ability to achieve such shared meaning can be a challenge, as how focal actors understand their network counterparts varies, thus influencing the type of strategic initiative undertaken (Harrison et al., 2010). Any resulting change in networks can be seen as ‘confined’ or ‘connected’ (Halinen et al., 1999). The former refers to change within a dyadic relationship; but since change in one relationship often extends to others and thus affects the whole network, we must also recognize the latter, connected form of change.

In considering actor behavior relative to network position and role, the concept of identity within the network is also useful. This is particularly relevant to the context of our study since, as Huemer and Cox (2007) point out, perceptions of actors’ identities in MNC-Indigenous SME interactions can help to create legitimacy through mutual respect and recognition of interdependencies. Indeed, Huemer (2010, p. 265) proposes that “organizational identities warrant closer attention since they influence CSR strategies”. While at the individual level, identity is commonly recognized as a set of meanings applied to the self in a social role, this understanding can also be applied at the organizational or network
level. Organizational identity as described by Weick (1995) is the collectively held frame through which an organization’s members make sense of their world.

Identity is used to communicate a company’s orientations to other firms in the network, as well as the competencies and resources that may allow it to perform a particular role (Anderson et al. 1994). Managers therefore seek to construct desirable identities to achieve organizational goals through the network. An individual or organizational actor’s identity can be used to convey legitimacy and authority by showing that it adheres to the shared norms, values and definitions that exist specific to that network (Gadde & Håkansson, 2001). Moreover, in attempting to position itself, an organization can simultaneously construct an identity for the network (which, of course, is but one of several networks) in which it participates.

For some scholars, the term ‘network identity’ refers to how firms see themselves in the network and to how their organization is seen by other network actors and members of other networks (Anderson et al 1994). In this paper we have also adopted the more focused conceptualization of Huemer, Håkansson and Prenkert (2009, p. 56) who coin the term ‘identities in networks’ to capture the combination of external and internal factors at play in the development of what they term a particular firm’s “position and identity”. For us, the notion of network identity can most helpfully be applied to the network in which a firm is embedded. Thus, the identities in networks concept can be view as ‘nested’ within the somewhat broader network identity concept (although we acknowledge that the literature often conflates the two notions at the organizational level).

Positions can be perceptually as much as materially-based. This means that, as Johanson and Mattsson (1992, p. 213) put it, interactions between positions can be “a matter of intentions and interpretations of the actors”. In forming their interpretations, managers are ceaselessly engaged in sensemaking, and their actions derive from these sensemaking processes (Weick, 1995). Therefore, sensemaking can involve the social construction of actors’ identities and positions, thus shaping and changing networks and organizations. As Håkansson and Johanson (1993, p. 42) point out, a key factor in this process is likely to be the “actor’s network ‘theories’”; that is, their perceptions about the present relations between actors as well as their expectations and intentions. Moreover, each actor’s network theory has
the potential to be communicated to other actors and thus influence their respective actions. One important way in which meaning can be communicated is, of course, via language.

**Language and Paradox in Networks**

Mantere (2013) argues that a language-based perspective helps us to understand links between network, organizational and micro-level views on strategy. Taking the linguistic turn entails recognizing that language does not merely mirror reality; it also helps to constitute social reality (cf. Lowe, Ellis & Purchase, 2008; Vaara, 2010). After Wittgenstein (1951), Mantere (2013, p. 80) defines organizational strategy as “a language game that governs the use of the strategy vocabulary at the level of organizations”. Strategic terms can be used at other levels of analysis such as in the speech of individual managers at the micro level. The language-based view also extends the notion of strategic management to one that embraces strategy as distributed across networks (Håkansson & Snehota, 1989). This allows us to examine the organizational network as a language game in itself, with linguistic labor (i.e. processes of social construction) being distributed between actors. It also facilitates a focus on the level of the organization and an exploration of the degree of resemblances across network actors and their language games.

As language games constitute social interaction, they enable meaningful forms of this interaction to take place. They also regulate behavior by setting norms around what is seen as the ‘proper’ use of words, words that can underpin subsequent actions. This can result in a paradox where the existence of organizational strategy may itself be a cause of poor performance; for instance, when ‘too much strategy’ can culminate in inertia (Weick, 1987).

On a more positive note, Mantere (2013, p. 17) observes that language use can inculcate a sense of commitment among organizational (and network) members “in their rule-following within the strategy language game ... Through the predictability it endows on social interaction, a division of linguistic labor may reinforce ontological security, which again enables strategic agency”.

Mantere’s conclusions resonate with Håkansson and Ford’s (2002) assertion that a number of paradoxes are intrinsic to the nature of industrial networks. They argue that one
paradox is that, while the development of links between actors gives opportunities to actor nodes, the existence of these links also imposes restrictions upon them. This means the only way an organization can achieve change is through the network, a process that entails convincing other actors of the benefits of that change. Actors may be convinced by a persuasive linguistic argument. From this a second paradox is developed: that a network is both a way to influence and be influenced. As a result, claim Håkansson and Ford (2002, p. 137), “the ‘strategizing’ task is about identifying the scope for action, within existing and potential relationships, and about operating effectively with others within the internal and external constraints that limit that scope”. This co-determination of actors in a network makes it important for each firm to manage all of its interactions with great care, and for each individual manager to interact ‘self-consciously’. A third network paradox results from the observation that the more controlled and managed (or ‘designed’) a network becomes, the less effective it may become. This can stem from the network becoming more of a hierarchy with less ability to embrace potentially important relationships that may be developing in different directions. To avoid this happening, Håkansson and Ford (2002) recommend companies adopt strategies that seek to manage ‘in’ the network while trying to modify their own network position.

The ‘identities in networks’ approach (Huemer et al., 2009) builds explicitly on these paradoxes as it recognises the tension between ‘inside-out’ identity constructions exerted via firm-level control and coincidental ‘outside-in’ influences from a firm’s network of relationships influencing changes in network position. Identities in networks can develop from the dynamic interplay between managerial ambition and external influence: indeed it may be argued that successful organizations in industrial networks are those that can maintain “a balance between being in control while also becoming influenced by others” (Huemer et al., 2009, p. 69).

In exploring processes of strategizing and managing in networks, we should clarify that we are not aiming to formulate a new generic theory of network change. Instead, we seek to understand some of the social and discursive practices enacted and interpreted by network actors in the making and remaking of their organizational world(s) and those of others. As Long (2001, p. 49) points out, an actor-orientated perspective “offers valuable insights into processes of social construction and reconstruction. It also enables one to conceptualize how
small-scale interactional settings... interlock with wider frameworks and networks of relations”.

By privileging the analysis of actors’ discourse (or language use) we do not mean to neglect material or economic resources, but to show how less materially tangible dimensions such as managerial perceptions, organizational strategies and identities can affect networks. The notion of identity is key since “an important, often neglected element” in network studies is “the identity-constructing processes inherent in the pursuit of livelihoods. This is especially relevant since [such] strategies entail the building of relationships with others whose life-worlds and statuses may differ markedly” (Long, 2001, p, 55). The network we analyze in this study reflects just such a set of disparate actors, actors whose processes of identity-construction reveal much about the strategizing process within industrial networks.

The case of the Western Australia mining sector

The foregoing conceptual notions are pertinent to the study of economic development amongst Indigenous groups, (Imas, Wilson & Weston, 2012; Peredo & Anderson, 2006) and can present unique managerial challenges for MNCs that seek to interact with Indigenous people. In Western Australia (WA), firms in the mining industry have taken an active role in engaging Indigenous owned companies and in doing so have implemented strategies which can be viewed as a reaction to their perceived CSR. Some of these strategies have resulted in Indigenous businesses becoming embedded in a particular manner within the industrial network. The study of inter-firm relationships in this context offers valuable insights into some of the tensions which exist as organizations strategize within (and, indeed, attempt to manage) a business network.

It is important to acknowledge the current situation faced by many Indigenous Australians and to recognize why the need for economic ‘development’ is often espoused. Indigenous Australians are, in many areas, the most disadvantaged group in the country across important socio-economic and quality-of-life indicators (SCRGSP 2009). Areas of particular concern include low levels of education attainment within the conventional curricula and higher rates of long-term unemployment within the mainstream economy (ATO, 2009; Jordan & Marvec, 2010). Such are the lack of work opportunities, welfare
dependency is considered to be a problem, while some communities, particularly those in remote areas, are often reliant on Government supported social security and funded initiatives from the philanthropic sector (Pearson, 2000; SCRGSP, 2009). From an identity-constructing perspective, the commonplace problematizing of the position of Indigenous Australians within contemporary society affects how Indigenous businesses are perceived by other network actors. Indeed, many establishment commentators in Australia now advocate economic development, specifically engagement with the mainstream economy through employment and Indigenous businesses ownership, as a pathway to improving livelihoods in Indigenous communities (Pearson, 2000; Pearson & Helms, 2013).

A reported 81% of the 100 leading companies that form the Business Council of Australia (BCA) have implemented Indigenous initiatives, and, indeed, all BCA members in the mining industry have done so (BCA, 2011). The mining sector is highly active in this area as major companies have recognized the need for Indigenous land rights commitments as part of their ‘license to operate’ (Esteves et al., 2010; MCA, 2011). A major contributing factor is the growing recognition of Indigenous people as a distinct and important (although not necessarily powerful) ‘stakeholder’ group, thereby effectively re-positioning the Indigenous community. The situation is made more complex due to the fact that land used in mining operations is often land to which Indigenous people hold a cultural, spiritual and historical connection (Coronado & Fallon, 2010). Indigenous groups now have certain rights associated with traditional ownership of the land and some negotiating power over any developments that occur (O’Faircheallaigh, 2006; Parsons, 2008). Given this complexity, it is perhaps unsurprising that the identification of Indigenous people as stakeholders by mining companies developed only after a drawn out period of industry-wide resistance to native title claims; and even in the present day, different interpretations of responsibilities and good practise exist across the sector (Crawley & Sinclair, 2003).

From an instrumental CSR perspective, it is in the interests of the organization to address stakeholders who have the potential to affect its performance. As a business strategy, CSR activity is a way for mining firms to construct their own identities as somehow benevolent and, ultimately, as a way of minimizing costs (Kapelus, 2002; Welcomer et al., 2003). Mitchell, Agle and Wood (1997) suggest that managers differentiate among stakeholders based on their power, legitimacy and urgency. As Banerjee (2000) points out, however, the problem with this model of determining stakeholders is that it is often only
framed from a perspective of economic rationalism, which functions like a form of ideological discourse. Thus, the prevalent model of Indigenous engagement that exists within the mining industry is to encourage active participation at a commercial level. If we accept this ‘network theory’ as a potential way forward, then we should note that prior research has identified a deeper understanding of the Indigenous business context to be integral in promoting economic development. Indigenous-owned businesses are often best positioned to deliver positive outcomes to their own communities (Hindle & Moroz, 2010; Peredo & Anderson, 2006).

Nevertheless, as Hindle and Lansdowne (2005) recognize, there is a need to appreciate the dynamic interactions of Indigenous world-views and traditions with the discourse of commercial development. For instance, reciprocal family obligations and a culture of obligatory sharing can challenge more widely accepted common business practices if they contradict competitive, capitalist orientations (ATO 2009, CoA 2008). Therefore, providing gainful employment for family members is a key priority for many Indigenous business owners (Fuller, Howard & Cummings, 2002). Indigenous people often have less access to the social capital networks that support and encourage participation in business enterprises (Hindle, 2005, Foley, 2008). Partnerships between Indigenous and non-Indigenous organizations, whether with MNCs or third-party contractors, play a prominent role in the development of Indigenous entrepreneurship. However, collaboration can sometimes prove difficult and some Indigenous people may be wary of committing to a Western model of business relationships (Peredo & Anderson, 2006). This caution may position them as a puzzling ‘other’ to managers representing MNCs.

Thus, Indigenous SMEs face numerous challenges in establishing a credible identity within the mining sector. They have a comparably weaker resource base which can affect key functional areas such as finance, marketing and management (Hisrich, 1989). This is acknowledged within the mining industry context, and this weakened position creates an information gap between small and large companies with regards to tendering opportunities and complying with necessary procedures and cost frameworks (Esteves et al., 2010). All in all, we can characterize the mining sector in WA as comprising actors possessing what can be markedly different world-views, identities and positions. How then, to paraphrase Håkansson and Ford (2002), do companies interact in this business network?
Research Design

The research question necessitates a design that accounts for contextual nuances and remains culturally appropriate with respect to Indigenous participants. In this case the design was deemed appropriate following a rigorous university ethics approval process and the ongoing input of Indigenous participants and advisors. A case study approach was taken which utilized both qualitative semi-structured interviews and secondary data analysis. This latter element provides a degree of data-based triangulation as corporate texts such as websites, brochures and reports were scrutinized. Hindle and Landsdowne (2005) and Foley (2008) take a similar approach in studying Indigenous entrepreneurs in Australia; moreover, this is a common design in network research investigating complex issues (Huemer, 2004; Halinen & Törnroos, 2005). Hoang and Antoncic (2003) have also called for more qualitative, inductive studies in the area of network-based research in entrepreneurship. The unit of analysis for this research is at the network level, focusing on what might be characterized in terms of ‘network identity’ as the network of Indigenous contractors and their mining clients in WA. Having said this, the fine-grained analysis of much of the paper is at the ‘identity in networks’ level, where network positions for organizations are being discursively constructed in the accounts of individual participants.

Initially, several Indigenous-owned organizations in the mining sector were approached through referrals, personal contacts or internet searches. Semi-structured, in-depth interviews were conducted with owners, managers and other relevant individuals within the business and in most cases follow-up interviews were also conducted to build upon initial insights. Interviews focused upon the development of the organization and on particular interactions the individual or organization had with other entities, be it on a professional or personal level. Through participants identifying important actors in their networks, a snowballing effect was possible and respondents (both Indigenous and non-Indigenous actors) from partner or client companies were also approached to gain a more comprehensive network perspective. This was a contextually appropriate interpretation of the name generator technique, utilized in network research to develop network pictures (Marsden, 2005; Henneberg, Mouzas & Naudé, 2006). The research focused on Indigenous companies located in urban areas either in the capital city of Perth or smaller regional cities in mining regions. This distinguishes the study from a large portion of existing Indigenous
entrepreneurship research that concentrates or rural or remote areas with a bias towards community-based corporations and is a valuable contribution in itself as this context is underrepresented (Foley, 2006). In addition to the ‘voice’ our study gives to participants from Indigenous companies, interviews were also conducted with representatives of four major mining companies and two large contracting companies, as well as six government, private sector and NGO agencies involved in developing Indigenous businesses. In accordance with the agreed upon research protocol, all individual and company names have been de-identified.

In total, 27 interviews were completed with 24 representatives of 16 different organizations. To respect the wishes of particular participants, some interviews were conducted with two company representatives present. Eleven of the participants, representing nine independent firms were from Indigenous-owned small businesses based primarily in Perth with some operating in regional towns. These businesses were for-profit and not part of a community organization. The definition of Indigenous-small business is that used by the Australian Taxation Office: a non-employing or employing business with less than twenty employees; at least one-half Indigenous owned and managed; not part of an Aboriginal corporation incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act (CATSI) (2006) or a state association act. As in Foley (2006), the common law definition of Australian Aboriginality was applied.

Our focus is on the interview-based accounts of managers using a combination of thematic and discourse analysis. Thematic analysis identified network characteristics in terms of words or phrases relating to structure and process. This captured the network positions and identities being portrayed in the interview data. Data was thematically coded into categories that exemplified network concepts portrayed by the existing literature and was interpreted as representations of strategizing and identity construction. The discourse analysis approach looked beyond the surface of the data and attempts to interpret the underlying sense-making motives and tensions. Discourse analysis also ‘unpacks’ the discursive constructions of network participants and appreciates how these micro-level practices may help to perform network relations (Lowe, Ellis & Purchase, 2008). Adopting the methodological approach outlined by Ellis and Hopkinson (2010), we used the concept of the ‘interpretive repertoire’ to facilitate the study of discursive agency on the part of participants. Repertoires are recurrently used systems of terms viewed as building blocks that speakers use strategically in
explaining, justifying, excusing, etc. (Potter & Wetherell, 1987). They effectively function as ‘scripts’ (Welch & Wilkinson, 2002) that can facilitate and/or restrict actors’ sense-making. Repertoires can be identified through the examination of certain re-occurring words, metaphors, figures of speech and grammar.

To allocate talk (typically sentences but sometimes whole paragraphs) to particular repertoires, transcripts were analyzed using a coding approach which, to a degree, drew upon grounded theory (Strauss & Corbin, 1998). Our approach was not ‘pure’ grounded theory, however, as it did have preconceptions and categories from the literature that were applied both to the data gathering and analysis. Thus, a combination of a priori codes from prior studies and in vivo codes were derived from the data, but with an emphasis on participant-generated meanings. All three researchers compared the coding of initial interview transcripts to ensure a high degree of inter-researcher consistency. Examples of our discourse analysis are provided in Table 1 which illustrates some of the tensions that exist within the mining sector at different levels of analysis. These quotes capture the key positionings attempted by the use of various repertoires. Of particular interest epistemologically is how the fifth speaker portrays identity construction as a strategic choice that is achieved via linguistic labor.

Coding was facilitated by the use of the QSR*NVivo computer software package (e.g. Bringer et al., 2004). Although the package is a powerful data handling and retrieval tool, it does not perform interpretive coding or analysis – this key task is left to the researchers. Nevertheless, NVivo allowed us to look for any patterns within repertoire occurrences, thus capturing the linguistic labors of various network actors. NVivo presents the opportunity to conduct pattern searches relatively easily via a variety of simple textual and more complex matrix ‘search’ commands. This allowed us to get an overview of the data so that we had a clear idea of their coverage and scope, taking us beyond an impressionistic view.

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Findings and Discussion

Here we present our interpretations of the data in four sections. Although they are necessarily discussed in a linear order in the paper, in reality the themes in each are
interrelated. Nevertheless, the order in which we present them allows us to build our analytical arguments systematically as we progress. First we explore the effects of company strategies on network structure and process; second, we analyze the positions of Indigenous companies and mining firms in the network; third, we highlight the identity-related repertoires drawn on as organizations attempt to position themselves; and fourth, we discuss the effectiveness of Indigenous engagement strategies as a tool for network change.

**Effects of Company Strategies on Network Structure and Process**

Through the implementation of CSR plans relating to Indigenous businesses, the major mining companies have in effect established a distinct *sub-network* of the broader mining network (captured discursively in Table 1). This sub-network has its own rules and priorities through which Indigenous ‘content’ in tenders becomes more valuable. Specific contracts or portions of work are allocated or reserved for these relationships depending on the capacity and experience of Indigenous companies, the ability to break up elements of tenders and the location of the work, i.e. if it is to take place on traditional lands subject to Native Title agreements. This acts to mitigate any increases in cost or decreases in efficiency associated with using smaller, less experienced Indigenous businesses. This appears to be a collaborative network, with non-Indigenous companies willing to adapt their strategies and procedures to partner with smaller Indigenous firms and to recognize the cultural differences that exist. Note how this mining company manager constructs the identity of his firm and of other ‘non-Aboriginal’ companies by portraying their strategizing in a positive light. Note too how this speaker explicitly embraces a vocabulary (i.e. ‘playing a part’) consistent with a ‘role interpretation’ view of network dynamics (Abrahamsen et al, 2012):

“*So we give favorable weighting for Aboriginal businesses and we also have non-Aboriginal businesses play their part through having Indigenous engagement strategies, so either helping develop skills through training and employment or sub-contracting to Aboriginal businesses and in some cases mentoring.*”

The aforementioned Indigenous engagement policies have resulted in notable differences in the network characteristics between the Indigenous contracting arena and the mainstream mining industry. This suggests that the new sub-network has a different identity which manifests itself in a number of ways. First, the increased value attributed to having Indigenous content in tenders has allowed Indigenous companies to become more
competitive. It has also increased the attractiveness of Indigenous companies as commercial partners for non-Indigenous firms. Second, this has encouraged positional change with the network structure: Indigenous companies now have more direct ties with the major mining companies and therefore occupy a more central position (cf. Wasserman and Faust, 1994) than would otherwise be the case for small, newly established companies within such a network. Third, some major mining companies now have dedicated teams focusing on Indigenous contracting, allowing for easier access and personalized support, a development which was recognized by one Indigenous business manager:

“If I was a non-Indigenous business trying to speak to BHP or FMG [large mining firms] or anybody else, I suspect I would find it a lot more difficult because there isn’t that one person you could ring.”

Fourth, this increased centrality and range of connections (Reagans and McEvily, 2003) of the Indigenous companies is also associated with distinct network behaviors, namely with respect to tie direction and power. While in the mainstream mining network, smaller companies would seek out larger ones for subcontracting opportunities, in this instance larger mining contracting companies are actively pursuing smaller Indigenous companies. This represents a strategy to establish partnership or subcontracting arrangements so that the contractors can access certain contracts being awarded by the major mining firms. Fifth, this also affects the power balance, as the value of having an Indigenous partner may be the difference between winning and losing a contract. This is exemplified in this quote from an Indigenous business manager:

“All the guys who worked on site, the polywelders, and us, pretty much when Steve decided to walk away from it he created Northern Fields and the contract was no longer valid after that year because there was no Indigenous ownership, they had no Indigenous content.”

Finally, legislative and political power can be derived from legal agreements concerning traditional lands. This increases the Indigenous companies’ level of power in partnerships and enhances their network position, effectively embedding them into a particular project, as shown in this example used by the director of an Indigenous business:
“State Roads were convinced by myself to put in their tender a requirement for Aboriginal economic participation in the project [...] Anyone that went into the agreement would have to sign an agreement with the Yaraka Group through Gwenalarya”

**Positions of Indigenous Companies and Mining Companies**

The position of *Indigenous companies* sees them acting as a bridging tie between the industry and the community. This stems from Indigenous businesses’ inherent indigeneity as well as the cultural legitimacy and strong social ties that they possess (see Table 1). Such a position helps to strengthen their relationship with the mining companies as such ties are generally preferred for bridging structural holes in networks (Leonard & Onyx, 2003). From a symbolic standpoint, mining companies that engage Indigenous companies can be seen to be supporting a key stakeholder group and in certain cases this fulfills requirements of legally-binding land use agreements. From a practical perspective, the social ties that Indigenous companies have within the Indigenous community allow them to access workers to fill vacancies in mining companies and non-Indigenous subcontracting firms. This point is made by an Indigenous business owner:

“They [non-Indigenous competitors] can’t even get Indigenous people, so when they get a contract to provide Indigenous apprentices, they actually get them from us.”

The Indigenous business owner or manager as an individual can also be an important bridging tie, especially if they are involved in the political aspects of their community. This can be helpful when a mining company, in awarding a commercial contract for their business, may attempt to gain these Indigenous owners’ support in a non-related matter, like land ownership.

In as much as the Indigenous entrepreneur acts as an important structural bridge, the Indigenous contracting manager representing the *mining company* can also be seen to occupy a similar position, albeit from the other side of the relationship. They act as a gatekeeper and point of contact for Indigenous businesses. Their role is to support Indigenous companies win contracts in the mining industry and meet entry requirements by assisting them to develop their capabilities. In the other direction, the Indigenous contracting managers are responsible for enforcing the obligations that come from Indigenous engagement plans. This entails
internally promoting the value of having relations with Indigenous business. It also involves directly linking other contractors to Indigenous businesses to help them meet their required targets for Indigenous content. This is evident in a quote from an Indigenous contracting manager:

“So that is my role, I am basically the business development manager because if I hadn’t done that, they [Indigenous SMEs] are not going to know a TechBuild [third party contractor]; they are not going to know anyone. So we foster, or basically I foster those relationships and bring them together.”

This example also shows the self-identity construction attempted by the speaker as he shifts from ‘we’ to ‘I’. This micro-level of construction may reflect the changing demographics of MNCs as they employ people with greater awareness of relational issues. Such behavior acts to promote network cohesion by increasing inter-connectivity amongst those actors operating within this sub-network. Higher levels of network cohesion are associated with the development of group norms and mutual identification (Reagans and McEvily 2003). This assimilation is beneficial to the major mining companies as it works to install Indigenous people as a stakeholder for all organizations in the network, not only those directly involved with Indigenous land access issues. This positioning in turn reduces the Indigenous companies’ commercial reliance and the direct CSR pressures on the mining company itself.

**Identity and Discursive Positioning in the Network**

Within the overarching contextual environment in which the network operates, another layer of identity construction and organizational positioning is evident. As we have seen, the need exists for Indigenous SMEs to prove their legitimacy and to show that they can assume network norms, while also helping shape them. Key to this strategizing are the interpretive repertoires utilized in discursive positioning. The interview data revealed two contrasting sets of repertoires drawn on by Indigenous business managers, one of connection to the Indigenous community (either a specific group or in general); and the other of distance from the Indigenous community (see Table 1) and affiliation with Western business values and practices. This paradox is similar to the tension identified by Huemer (2012) with Indigenous groups embracing modern commercial fish farming methods that appear to be in conflict with traditional Indigenous values.
Repertoires of Connection

At the center of the mining companies’ rationale for implementing Indigenous engagement strategies is their claimed desire for economic development to take place in Indigenous communities. There is an expectation that these ideals are shared by all actors, such that community-focused motivations are encouraged within the sub-network. In acknowledging this, Indigenous businesses seek to construct their identity in ways that show their connection to the Indigenous community. This occurs in two main ways; first by showing that they are a part of the Indigenous community and are therefore deserving of the support offered within mining companies’ engagement strategies. Note how one Indigenous business owner describes the competitive advantage of her company:

“I know for a fact that none of the other facilities management companies has the ability to partner with another TO [traditional owner] business because there aren’t any and we already have the capacity, we have already proven that we can put people into jobs.”

The second discursive move is to show that they too are supporting economic development in the Indigenous community and in doing so constructing their organizational identity as being driven by apparently altruistic motivations of community development. It is noteworthy just how often this trait was referred to and used in accounts of company behavior. This was done by showing a commitment to employing Indigenous people and an acceptance of non-profit making relationships, as these two examples from Indigenous managers illustrate:

“So another one of our personal interests is to make sure or to provide as many opportunities for the local Indigenous people as possible. ”

“There is no incentive, no economic incentive there, other than to do the right thing to assist [...] so I said ‘yeah ok, have it at cost’. In fact we are probably out of pocket because of uniforms, inductions, training and that is not a problem.”

Repertoires of Distance
Indigenous business managers are also challenged to construct an identity that suggests capability and competency. This allows them to present an image to the rest of the network that they can also operate in accordance with Western business principles. Here we encounter a paradox: as the overall network identity presents itself as a collaborative association of actors working towards Indigenous economic development, there is an assumption that Indigenous people are lacking in capacity and in need of development assistance. Indigenous organizations have to therefore moderate their Indigenous identity from which they claim their legitimacy, by simultaneously *distancing* themselves from their community to show they share Western values. This can be achieved through showing that their network position is not solely due to being Indigenous. Note how a third party contracting manager represents the protagonist of this account as a ‘story’ in himself, using this narrative-based metaphor to champion this Aboriginal man’s efforts, and thereby implicitly contrasting him with other Indigenous people:

> “Frank Russell is a great story. Frank did it without anyone saying ‘you are an Aboriginal man, we will look after you’, he never played that card, he just did the hard yards.”

Another common way this manifests itself is in Indigenous business managers showing an aversion to seeking support from the Government. Participants’ narratives perpetuated the notion that welfare dependency is a major problem in the Indigenous community, as is the stereotype that Indigenous people take advantage of government handouts (Hollinsworth, 1992). This was captured in this Indigenous manager’s assertion:

> “...as opposed to going cap in hand to some government agency to create another program. To me it is another form of welfarism and we need to break that model.”

Indigenous companies may also show their alignment with the values of non-Indigenous companies by engaging in ‘othering’ of the Indigenous community. Some managers sought to distance themselves from the problems stereotypically associated with the Indigenous community and also elements within it that are in opposition to the prevalent model of economic development. This is evident as one Indigenous business owner discusses another Indigenous group who had a disagreement over supposed financial irregularities with the same mining company that they were currently working with. We may see how, despite
the qualification of the speaker over the ambivalent nature of ‘stories’, this group is
nevertheless ‘othered’ in his discursive work:

“We don’t know the ins and outs, I know that they [another Indigenous community]
were given 300 grand and I don’t know what happened to that but there are two sides
to every story. We tend to stay away; we don’t get involved because it has nothing to
do with us.”

**Indigenous Engagement Plans as Network Strategizing**

While we recognize the positive material outcomes of Indigenous engagement strategies in
the Australian mining sector, in this section we wish to reflect on how this strategizing affects
Indigenous stakeholders. At this point in time in the progress of Indigenous rights, it seems to
be generally accepted that Indigenous people demand attention and engagement by the
mining companies. MNCs have acknowledged this and have established units within their
organizations to focus on Indigenous land access issues, employment and business
contracting. Our findings show that these units are often positioned within the firms’
community relations or Indigenous affairs divisions, indicating the inherent CSR value of
Indigenous contracting and employment strategies beyond the purely commercial benefits.

The positioning of Indigenous businesses takes place through an alignment of values
amongst actors and an acceptance of the norms that exist within the network, or specifically
the sub-network relating to Indigenous contracting. In their discourse we see Indigenous
actors responding to the established value system as best they can. It is, however, a design
that can be argued to best suit the interests of the mining companies, based as it is on Western
concepts of development (Banerjee, 2000). As conveyed by Banerjee and Tedmanson (2010),
the notion of self-determination in this context is being informed by colonial practices, or a
need to embrace the ‘whitefella work model’. Parsons (2008) suggests that embracing the
opportunities offered under this work model can require compromising one’s accustomed
routines. Throughout the process of identity formulation, the positive benefits of this form of
development are continually reinforced along with the previously mentioned notions that
Indigenous people are somehow lacking in capacity. This discursive work suggests they must
therefore desire what could be seen as a form of economic colonization. This tension was
shown as one Indigenous participant explained the goals of his business:
“There are a lot of Aboriginal people out there that are keen as mustard to do something. Don’t necessarily have the education or qualifications to get a job on their own but with a bit of assistance and particularly working with their own people they feel comfortable.”

Despite what may be its best intentions, the post-colonial elements of this strategy are evident, as it functions by only rewarding or acknowledging one form of development. As a CSR strategy that seeks to manage corporate stakeholders and reduce the economic risk they pose to production and company performance, this can be seen to effective, since it may help to minimize so-called ‘gridlock’ issues (Welcomer et al, 2003). This strategy has identity-construction effects that help to position the mining companies and their Indigenous subcontractors, as well as positing a new network identity. Cumulatively, these constructions amplify the positive benefits of this model of development and in doing so silence any opposition or alternative models of development that may exist. This is evident in a quote by an Indigenous contracting manager representing one of the major mining companies, regarding the opportunity presented to Indigenous groups in a ‘take it or leave it’ style whereby no alternatives are given:

“They know that if they don’t take this up, I am going to take it to another Native Title group and so they have to demonstrate that they are going to be able to do it.”

Parsons (2008) sees this as a way to homogenize Indigenous people so as to reduce the voice of the local Indigenous groups who legally have the right to object to mining development. Despite the bridging positions constructed for (and by) Indigenous SMEs, Coronado and Fallon (2010, p 678) suggest that CSR is actually, “discursively maneuvered by mining companies in order to strategically distance themselves from Indigenous people who occupy the land in which they operate”. Any opposition can be positioned as damaging the opportunities of other Indigenous people who wish to engage with this model of development. It has been recognized that the rights of Indigenous groups to object to mining in Australia are quite limited and, compared to other countries, the requirements placed on mining companies by the Government with regards to Indigenous engagement are minimal (O’Faircheallaigh, 2006). In their CSR strategies companies arguably appear to seek to do what is needed to avoid intervention by the Government (Kapelus, 2002). They also
effectively ‘manage’ the network to ensure they maintain access to key resources such as labour, capacity, local knowledge and, ultimately, the land on which they mine.

**Conclusions**

In exploring how firms interact within a particular business network, we have shown that actors’ strategies have been both confined and connected (Halinen et al., 1999) in their scope. This strategizing simultaneously restructures immediate relationships and the wider web of dependencies in the mining network. These dependencies appear to rest on the network theories (Håkansson and Johanson, 1993) held by both mining companies and entrepreneurial Indigenous SMEs. Actors’ theories attach value to classic Western capitalistic notions of economic exchange as well as the unique human resource represented by Indigenous owners and workers, a resource that is accessible to the mining sector via its relationships with Indigenous SMEs. Notwithstanding the power/resource differentials between actors noted in this case, buying into the network theories that circulate within the network at least allows both sets of actors to construct their identities in line with their strategic aims. This language game thus reinforces ontological security, which enables strategic agency (Mantere, 2013).

In considering the relationship between network change and identity, this article contributes by showing how managers employ sensemaking to cope with network paradoxes (Håkansson & Ford, 2002). We have taken the linguistic turn to analyze how participants utilize a variety of interpretive repertoires to discursively construct legitimacy and reaffirm their organization’s identities and positions within the network (Gadde, Huemer & Håkansson, 2003; Huemer et al., 2009). Our study has highlighted how strategies employed by powerful network actors can have a significant impact on network structures and processes and install non-conventional motivations and values to achieve economic goals. The construction of organizational identities by managers from both Indigenous and non-Indigenous companies forms a key element of network change in the WA mining sector. A considerable amount of discursive labor takes place in negotiating the cross-cultural complexities and adhering to the shifting behavioral norms which are so much part of any new network identity. This supports the premise of Håkansson and Ford’s (2002) first network paradox; in other words, we may see that, whatever their individual aims, actors can only achieve change through their network connections. Yet, coincidentally, this confirms the
view of the ‘identities in networks’ approach which arguably suggest there may be rather more managerial leverage in processes of organizational re-positioning than the classical IMP approach (cf. Huemer et al, 2009).

This can be seen where the network changes as articulated by participants have created a new entity that almost acts as a ‘strategically constructed’ sub-network within the mainstream mining industry. As such, it appears to represent a successful process of network ‘design’ by mining MNCs. Interestingly, at the ‘network identity’ level, this seems to contradict Håkansson and Ford’s (2002) third paradox by representing what is arguably an effective network. In this way, a seemingly conventional business network can be restructured by more nuanced strategic corporate agendas that seek to overcome opposition from Indigenous people. At the same time, less powerful actors can be seen to engage in strategizing of their own, thereby attempting to influence as well as being influenced (cf. Håkansson and Ford’s second paradox). For instance, the struggle for a salient identity within the network is shown by the simultaneous use of repertoires of connection to and distancing from Indigenous ‘others’ by Indigenous business owners. By their discursive positioning they are influencing the perceived importance of Indigenous content per se, and are being influenced by the perceptions of other actors in the network about the extent of indigeneity they portray. These micro-level processes of linguistic labour effectively distribute strategy across the network, serving to structure it in particular ways. The case shows how notions of identity and strategizing are linked, and how the resulting discursive positioning is made manifest via inter-organizational interactions. Yet, in such a complex area incorporating issues of commerce, power, culture, land rights and colonialism, it is almost impossible to conceive a model of interaction that is beneficial to all parties involved (Peredo and Anderson, 2006).

Managerial and Theoretical Implications

In terms of managerial implications, we have explored business development within a network context that reflects other situation where MNCs encounter Indigenous SMEs. Thus our findings should resonate with stakeholders in industries including copper mining in Papua New Guinea (Kirsch, 2003) and the mining of precious metals in sub-Saharan African economies (Haselip and Hilson, 2005) plus the oil industry in Nigeria (E. Ite, 2004), as well
as salmon farming in Canada (Huemer, 2012) and Chile (Huemer 2010). As such, managers representing commercial stakeholders like MNCs, Indigenous SMEs and third party contractors in these sectors may all gain from interacting more self-consciously, as suggested by Håkansson and Ford's (2002) second network paradox. An ‘identities in networks’ view suggests that these actors face a difficult balancing act: too great a focus on control may mean that the specific developments taking place in different geographical contexts are ignored; but on the other hand, firms can also face the risk of becoming over-sensitized by the endless stimulus of the emerging networks in which they exist, thereby neglecting to shape their organizational identity sufficiently from within (Huemer et al., 2009, p. 70). From the governmental stakeholder’s perspective, as Easton (1992, p19) points out, there are policy implications of a network approach which recognizes that an industrial policy intervention, “must take into account the relationship among the target firms”. This study hopes to provide a better understanding of the tensions that can underpin relationships within networks comprising MNCs and Indigenous SMEs, thereby facilitating improved decision-making over development issues in the future.

Our main theoretical contribution has been to show how firms interact by taking a language-based perspective on strategy to help understand the links between network, organizational and micro-levels of processes of social construction (Mantere, 2013). Having said this, like Abrahamsen et al’s (2012) sensitive methodological reflections, we acknowledge that we have confined our study to analyzing managerial perceptions or discourses at a single point in time. It is possible that a longitudinal research design may have enhanced our understanding of these processes of network position change. We must also recognize that we have primarily studied actors’ discursive practices within interviews. Although the discourse construction of meaning is thought to underpin agency, these discourses may not necessarily be representative of actual changes in the network. As Mantere (2013) points out, stated intentions can belie real ones, and even the most detailed strategic plan may be rather a naive ideal, or simply a tactic to influence other stakeholders.

Nevertheless, taking a discursive perspective has allowed us to unpack certain linguistic terms salient to this case context and others like it where MNCs attempt to ‘manage’ their interactions with Indigenous communities. From the tensions inherent in the identity construction of Indigenous SMEs at the ‘identities in networks’ level, it could be argued that Håkansson and Ford’s (2002) third paradox actually has some resonance. In
particular, we might question the ‘social engineering’ side of development, which has its origins in the post-Enlightenment fervor for progress and modernity. However well-intentioned by policy makers and managerial decision-makers in the network, this can construct the identities of individuals and communities as ‘underdeveloped’ despite the fact they do not always see themselves in these terms (Escobar, 1995). Acknowledgment of these tensions suggests that policy implementation should not just be a top-down process since change initiatives may also come from ‘below’. Thus perhaps a key methodological contribution of our study is a reminder for network scholars to look carefully at emergent forms of interaction, enacted strategies and the types of discourse present in specific contexts. We do not claim that this is an easy research topic for managers to engage with, but we believe it to be central to understanding the intended and unintended results of strategizing within industrial networks.

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References


Table 1: Discourse analysis: exemplar interpretive repertoires

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<thead>
<tr>
<th>Interpretive repertoire</th>
<th>Example of talk</th>
<th>Level of analysis</th>
<th>Social construction</th>
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<tbody>
<tr>
<td>1. Alternative network</td>
<td>“We didn’t fit” and they didn’t want us to compete with some of the big companies. But they [mining firms] wanted us to be able to have access to work and so they just thought, ‘We will give you your own’ and they put us in a special little box and said, ‘I can use you for that’” – Indigenous business owner</td>
<td>Network identity</td>
<td>Creation of ‘special’ sub-network</td>
</tr>
<tr>
<td>2. Network theory (or logic)</td>
<td>“There are enough people in this area, this industry; you can even just about call it a sector now, that people are just making bucket loads of money from it, absolutely bucket loads of money” – Indigenous business owner</td>
<td>Network identity</td>
<td>Recognition of sub-network as ‘sector’</td>
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<td>3. Obligatory relationships</td>
<td>“So they have all got targets on their projects that they have to meet for Indigenous engagement and so they have a certain amount that they have to spend on an Aboriginal business” – Third party contracting manager</td>
<td>Network identity</td>
<td>Network underpinned by type of relationship</td>
</tr>
<tr>
<td>4. Exchange relationships</td>
<td>“We simply see Oasis as an Aboriginal business providing a service that we know our contractors require” – Mining company manager</td>
<td>Network identity</td>
<td>Network underpinned by type of relationship</td>
</tr>
<tr>
<td>5. Indigeneity as competitive strategy</td>
<td>“In some instances we will be going in as an Indigenous business and competing on that basis, and in other instances we will go in as an I.T. business […] Whether we want to be perceived as an I.T. company or an Indigenous company, I think there is</td>
<td>Identity in networks</td>
<td>Identity as a ‘story’</td>
</tr>
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<th>6. Claims of connection</th>
<th>“As an Indigenous person we live the life that they [Aboriginal workers] do, so we understand what all the barriers are. And [...] we already understand where they are coming from and I am able to talk directly with them” – Indigenous business owner</th>
<th>Identity in networks</th>
<th>Indigenous SME as also possessing technical resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Claims of distance</td>
<td>“Some Aboriginal businesses are saying, ‘It is going to cost you $5000 because we need to recruit one person for you’ and you think, ‘What the hell, what are they? Painted in gold and diamonds?’ [...] Respect breaks down, because the Aboriginal organization knows they can tell this company a whole range of things to get money from them” – Indigenous business owner</td>
<td>Identity in networks</td>
<td>Legitimacy &amp; communication expertise</td>
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<td></td>
<td></td>
<td>Network identity</td>
<td>The Aboriginal community as ‘other’</td>
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<td>Network underpinned by type of relationship</td>
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