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Network strategy in the New Zealand wine industry: how firms in an industry understand and use their business relationships

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Abstract

Network strategy in the New Zealand wine industry: how firms in an industry understand and use their business relationships

This theory-building study offers new theoretical explanations for how and why companies within a case industry use relationships in their strategies. Using qualitative data from multiple case studies within the New Zealand wine industry, the thesis captures and explains the strategic heterogeneity of diverse patterns of relationships and network interactions and how these are used strategically. Drawing on strategic management and business network theory, it emphasises how firms value their relationships in strategy, that is, how they contribute to strategy formation process and realisation outcomes. The study builds new interpretations and extends theory through in-depth exploration, providing two extensive typologies of relationships, one categorised according to the range of relationships, their functions, content and contribution to strategy, and another according to strategies and how relationships are used in their realisation. A model of relationship drivers in strategy is then developed, tested, and refined to show the purposes and outcomes of relationships and clarify the processes and conditions under which they arise and are used within an industry. The data support converging assumptions in strategic management and business network theory on the connectedness of firms in business relationships and the embeddedness of economic action in ongoing ties within social structures. Concepts of intentionality and emergence are used to show that emergence primarily arises out of intentionality.

Understanding of relationships was based on the historically collective nature of the industry, on personal values, experience or approaches to relationships, on firm level strategy, especially decisions around grow, buy or connect options, and whether the firm aimed to control resources and activities internally or used relationships to achieve strategic goals. Firms focused on (in order of priority): resource-based input requirements, activity-based capability related strategies and actor-based values and these inputs operated at three levels which, singly or in combination, drove the diverse use of relationships: firm level strategy influences, relationship level influences and industry environment level influences. Two frameworks emerge which have strong explanatory power. One models how firms understanding and value placed on relationships is integrated into strategy processes. Another integrates concepts in a new way to show the main pathways through ways of understanding relationship development and use in strategy.

This thesis is dedicated to the cherished memory of

John Harrison Rea BA (Cant) MA (Lanc)

14 October 1952 – 22 May 1998

and to our sons

Jack and Harry

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