



The emergence of an inter-organizational business net and  
development of a managerial sensemaking framework

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## ABSTRACT

### **The emergence of an inter-organizational business net and development of a managerial sensemaking framework**

A business net is a deliberately developed set of connected actors that is created for a particular purpose. A strategic or focal net is formed intentionally and includes a restricted group of firms, whereas a network refers to boundary-less, decentralized “macro networks” (Möller & Svahn 2003 p. 213). The emergence of an inter-organizational business net, net management and development of a managerial sensemaking framework involves continuous change. Change is described by Van de Ven and Poole (1995, p. 512) as “an empirical observation of difference in form, quality, or state over time...”. The business net changes through relationships. Change implemented by one actor in the net affects all other net participants and eventually other network actors. As a result, managers are required to contend with network change in addition to understanding how to initiate change. Furthermore, previous understanding of the network was stability-change, and empirically the long term industrial network displayed stability. However, increasingly the network is understood to operate in a continuous state of change and renewal.

With increased globalization and interconnectedness between firms, the need for managers to work together in an inter-organizational business net and within the network is heightened. A sensemaking framework is developed through ongoing interactions between actors in a business net. Subsequently, ‘working together’, rather than just ‘working with’, firms in a net may involve the development of shared understandings between individuals involved in relationships in the net and a sensemaking framework between managers. An inter-organizational framework operates as shared perspectives or views of reality between individuals that facilitate development of common beliefs through which interactions and the relationship between firms is understood by managers and employees. The development of a shared framework influences identification and evaluation of opportunities and hence managerial decision-making. When two firms interact in a business relationship some form of a shared framework may develop. However, there is limited research on inter-organizational sensemaking and less on how sensemaking concerning network change occurs between firms.

The development of a framework enables the social interpretation of events that are pivotal to sensemaking. This research examines the development processes of an inter-organizational sensemaking framework. A case study of a government initiative to develop a local music industry cluster displays how the net framework is developed by managers. The qualitative interview data was organized according to three distinct groups: (1) business/musicians/artists, (2) government, and (3) knowledge institutions/facilitators. Results indicate that during the initial stages of net development there was a strongly perceived need for a shared framework and common understanding of the purpose and goals of the network. The categories of ‘framework’, ‘shared vision’, ‘other’ and ‘foresight’ were identified as key factors in the emergence of an inter-organizational business net and development of a managerial sensemaking framework. Further, the theoretical outcome of this thesis proposes that foresight precedes the emergence of a shared vision which is then followed by development and enactment of a managerial sensemaking framework. These concepts are interconnected and indicate a hierarchical iterative process over time.

**Keywords:** business net, network, framework, foresight, inter-organizational sensemaking

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