

THE BIG IDEAS

for a changing world

Embeddedness and Localised Learning

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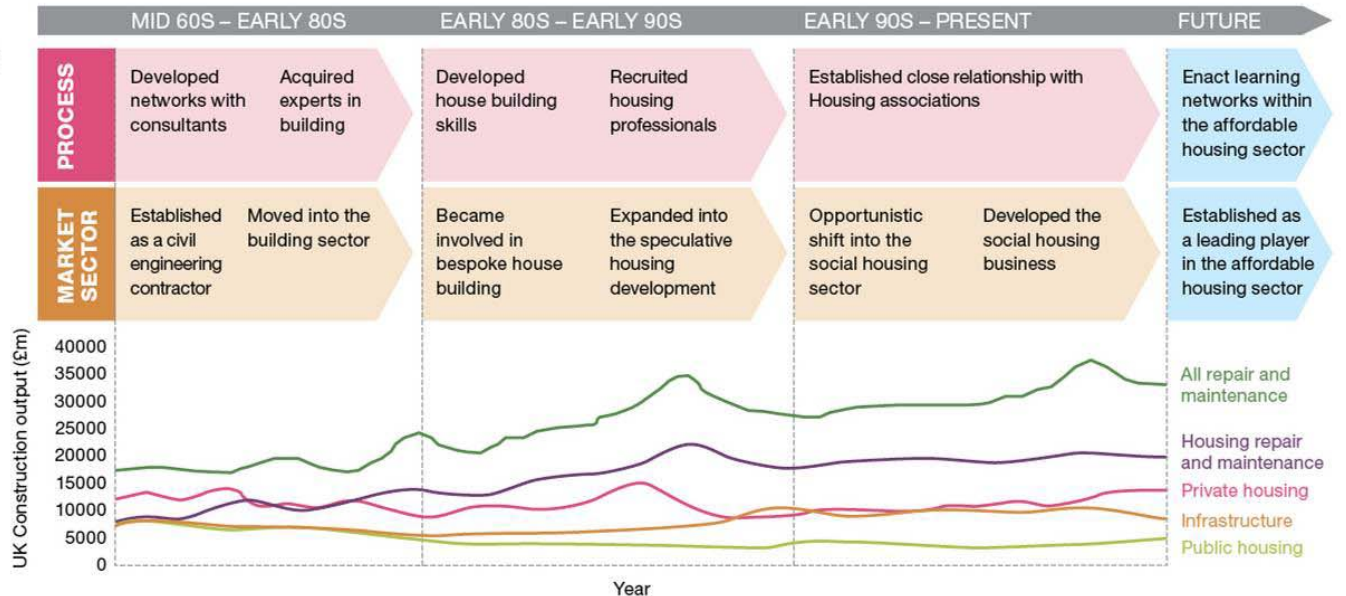
Research approach

- ➔ Sought to access how competitiveness is enacted in regional contracting firms.
- ➔ Multiple case studies.
- ➔ Empirical data interrogated using a range of theoretical lenses.
- ➔ New theories mobilised to make sense of emergent findings.
- ➔ Each case study comprised multiple methods replicated across different business units; cross-checked with financial data from Companies House and longitudinal trend analysis.

Understanding Path Dependency

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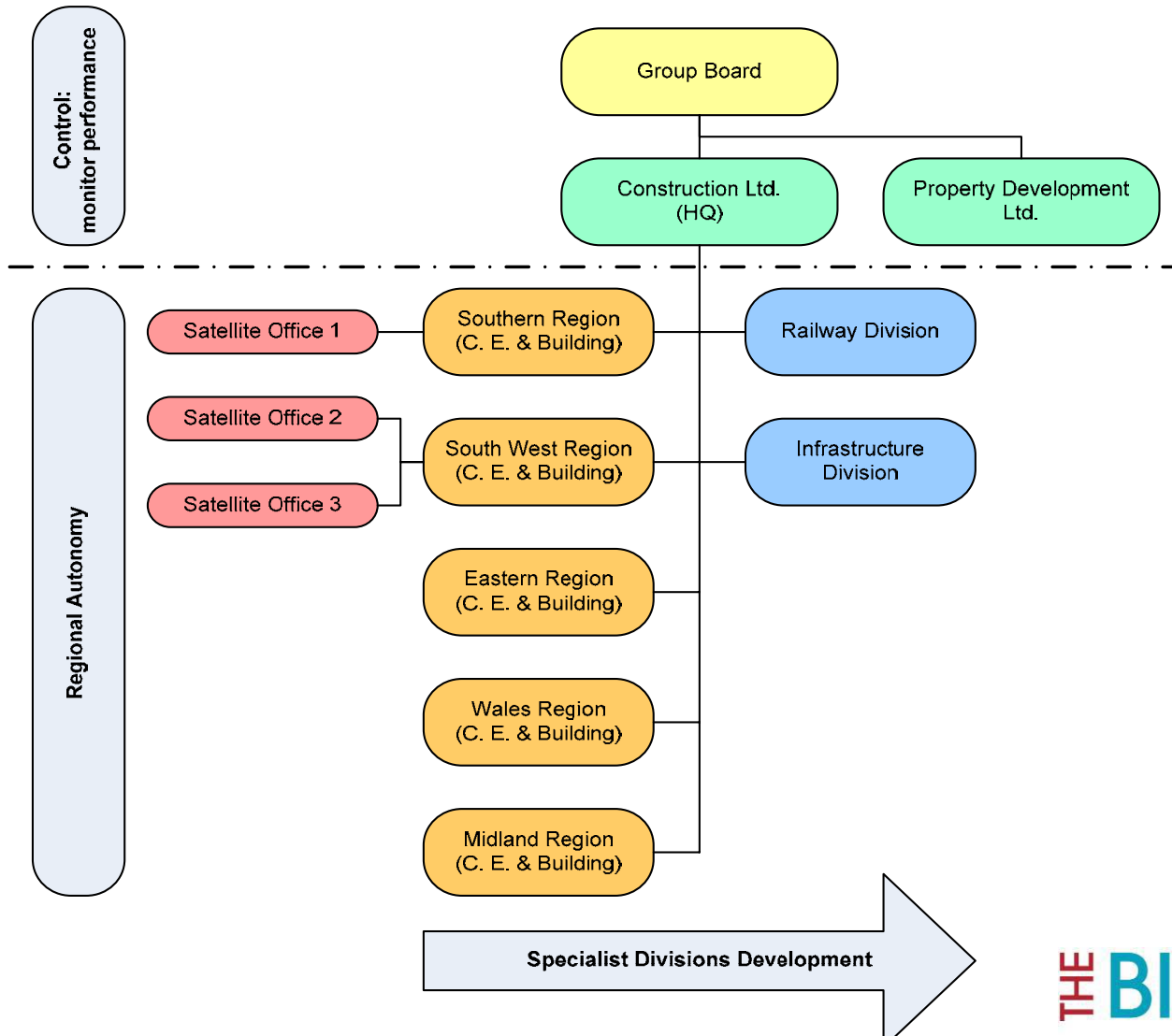
A historical analysis revealed how this regional contractor evolved its capabilities in affordable housing in response to national output trends



Emergent themes

- ➔ Reputation
- ➔ History matters
- ➔ Building of capabilities
- ➔ Continuously evolving structures
- ➔ Client relationships and localised networks
- ➔ Opportunistic behaviour and serendipity

Evolving structure



Key findings

- ➔ Strategy as a collective endeavour enacted by a semi-cohesive groups of individuals.
- ➔ Strategy as situated activity.
- ➔ Path dependency.
- ➔ Balancing recursiveness and adaptation.
- ➔ Surprisingly, none the above are currently reflected within the industry improvement agenda.

Case Study Evidence

- ➔ The aim of the Big Ideas project has been to develop a 'fresh perspective' of competitiveness in construction.
- ➔ Our case studies have revealed the complexities and emergent nature of how firms approach strategy and remain competitive.
- ➔ This is highly dependent on the ways firms have operated within specific, local contexts and leveraged specific opportunities.

- ➔ Little evidence in practice to support the rhetoric of competitiveness as based on efficiency and productivity.
- ➔ Continuity and engagement with local and specific markets and networks are key.
- ➔ We have also identified new discourses and policies of localisation, especially at regional level.
- ➔ Of key importance are the need to engage with local communities and adapt to local needs.

The Big Idea

- ➔ We see these as a shift away from the currently accepted discourse of competitiveness.
- ➔ These emerging discourses in fact represent and mobilise new and alternative ways for construction firms to be competitive.
- ➔ Overall, we believe this reaffirms the need to rethink competitiveness in terms of engagement with localised contexts, beyond instrumentalism and goal-orientation.

Old Thinking vs New Thinking

→ Acontextual	vs	Contextual
→ Generic	vs	Local
→ Prescriptive	vs	Supportive
→ Short-Term	vs	Ongoing
→ Goal Oriented	vs	Process Based
→ Productivity	vs	Continuity
→ Efficiency	vs	Engagement
→ Leanness	vs	Embeddedness
→ Client Based Value	vs	Societal Contributions

Embeddedness

- ➔ This shift can be positioned alongside emerging research and literature on the concept of embeddedness.
- ➔ This argues that being embedded in specific local contexts (whether geographical or specialism-based) provides opportunities not accessible to those outside.

Embeddedness

- ➔ The idea of embeddedness emphasises the importance of local contexts and the social networks which constitute them.
- ➔ It has also been argued that it is through being / becoming embedded that competitiveness can be sustained.
- ➔ Issues such as developing the ability to recognise opportunities and gaining credibility are central to this process

Localised Learning

- ➔ There is no simple method for becoming embedded, and no generic consequences.
- ➔ The emphasis is rather placed upon localised learning; developing tacit skills, resources and capabilities within local (and social) networks.
- ➔ This extends beyond the single firm into collaborative networks.
- ➔ There is no ideal end-point for becoming embedded; it is better understood as an ongoing process.
- ➔ Firms remain competitive through a continuous process of enacting embeddedness.

Entrepreneurialism

- ➔ *“It’s all about people” (sic)...*
- ➔ But current thinking departs from focusing on individuals, to understanding entrepreneurialism as a process.
- ➔ Opportunities emerge through being embedded within localised networks.
- ➔ Few such opportunities are open to others who are not similarly embedded.

Over-embeddedness

- ➔ But embeddedness should not be presented as a panacea...
- ➔ There are clear dangers in becoming over-embedded:
 - ➔ Too much reliance on limited number of relational ties
 - ➔ Risk of losing key individuals
 - ➔ Vision can become too entrenched and resistant to change

Control and coordination

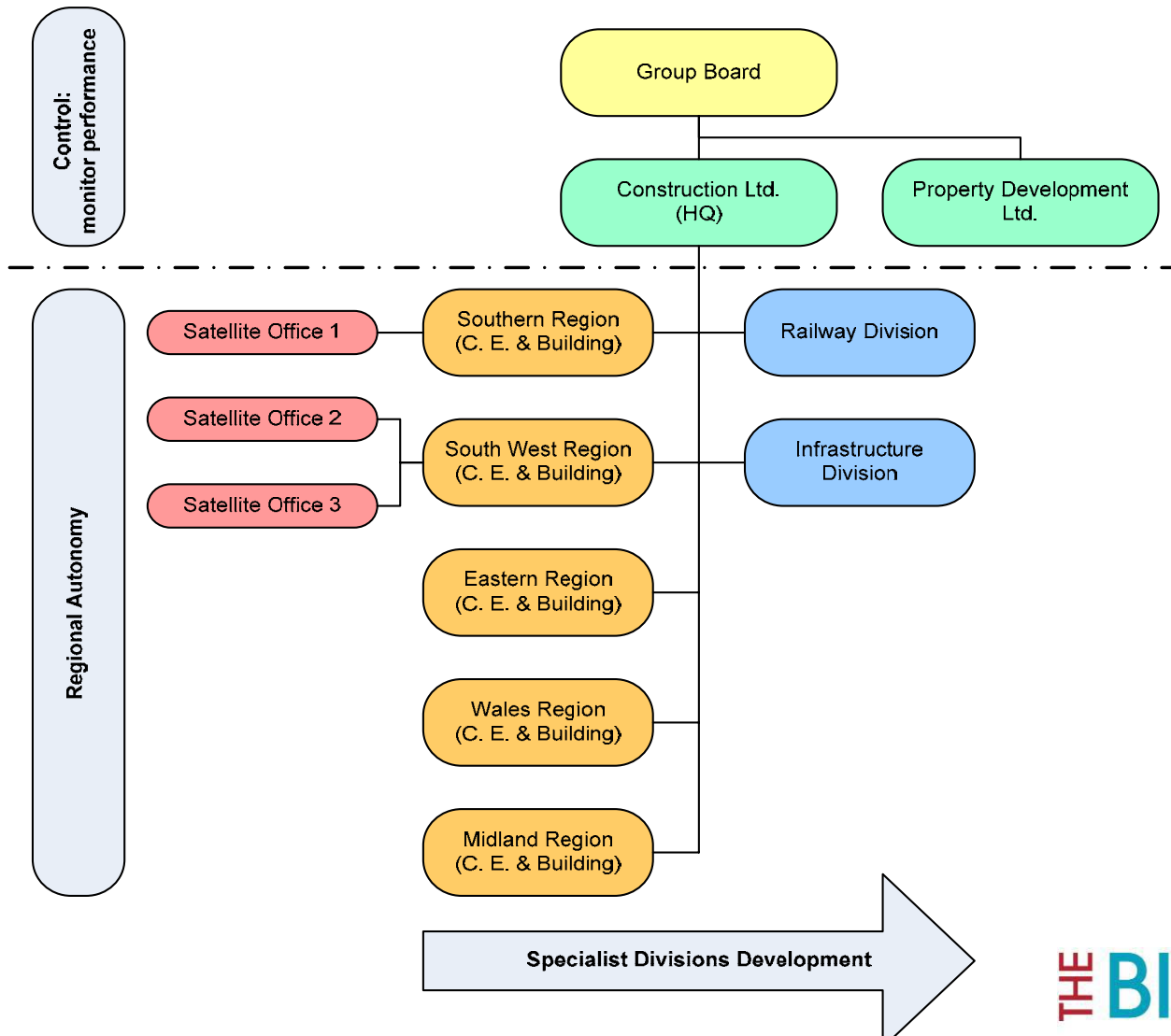
- ➔ **Financial controls:** HQ assigns financial targets, monitors performance
- ➔ **Control systems:** non-financial targets.
- ➔ **Control by strategy:** fit with the corporate strategy, limits to risk exposure
- ➔ **Personalized control:** ensuring behaviour of local managers accord to accepted norms
- ➔ **Identity control:** through recruitment, training and rotation of staff.

'Constraining the tiger'

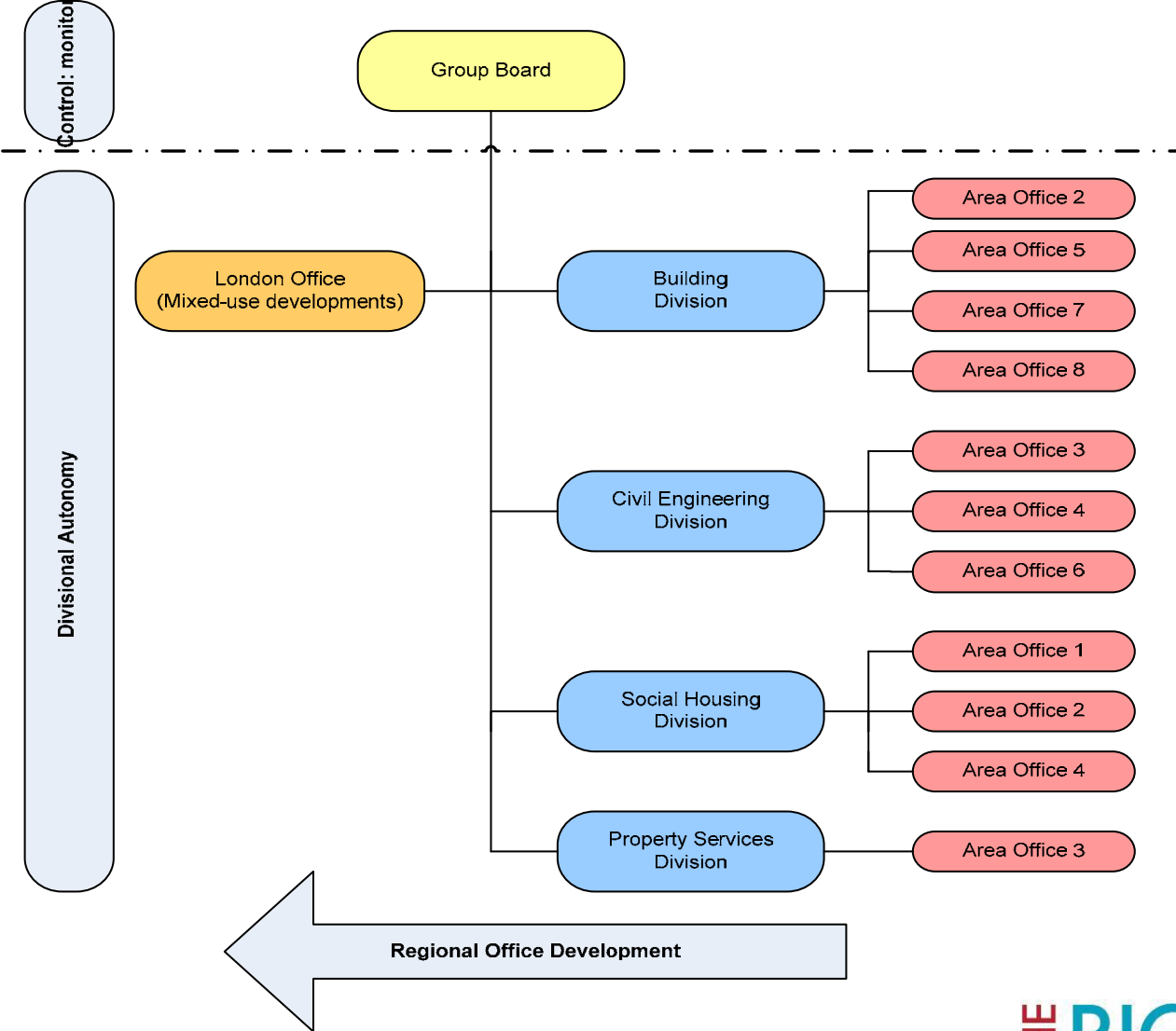
- ➔ Notions normally held to be the engines of competitiveness are in fact constraining devices:
 - Performance targets
 - Best practice recipes
 - KPIs
 - Corporate policies
 - Recruitment
 - Brand identity



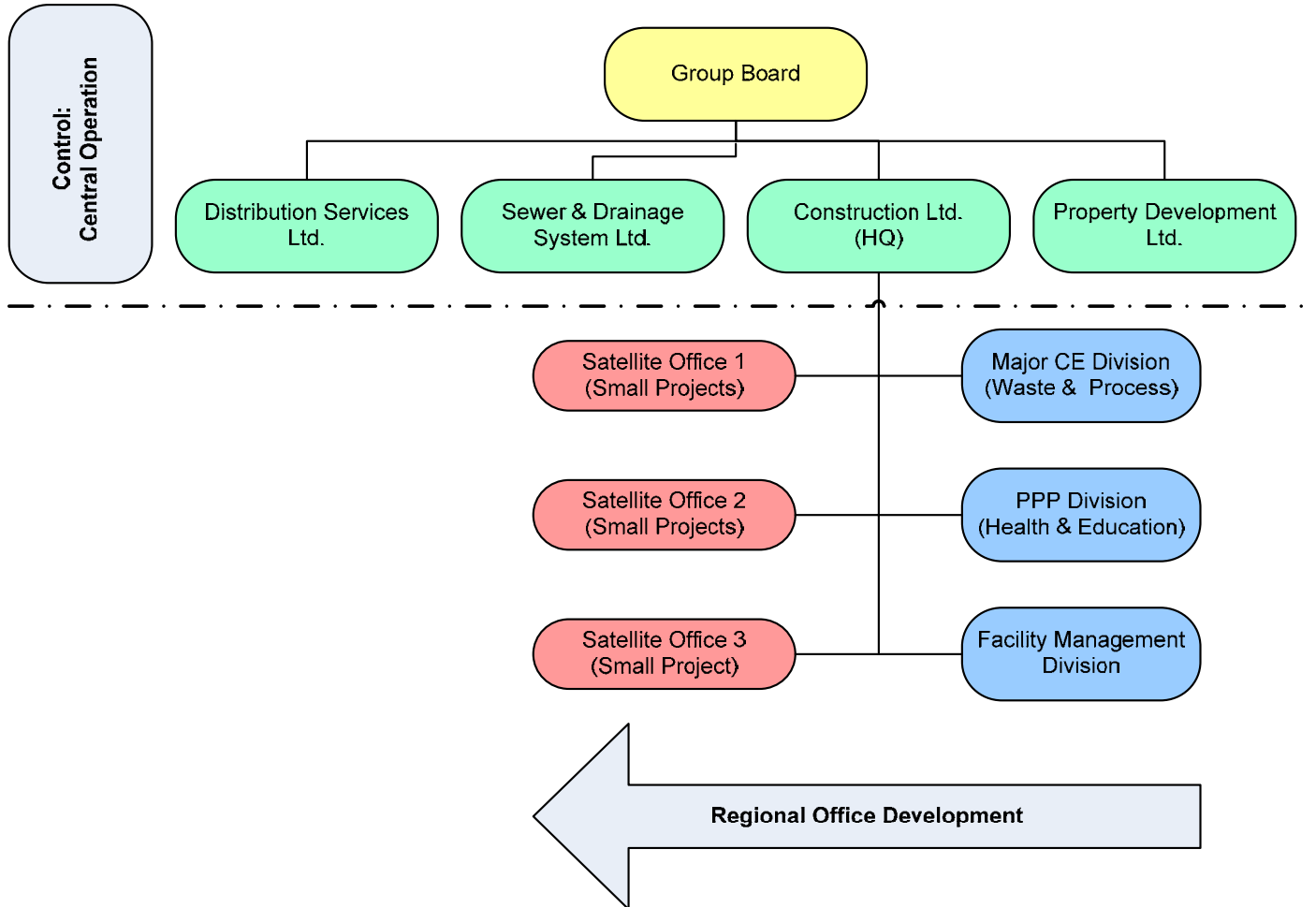
Forest's evolving structure



Southern's evolving structure



Northern's evolving structure



Primary engines of competitiveness

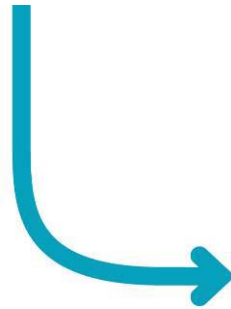
- ➔ Embeddedness and localised learning.
- ➔ Non-imitable and non-substitutable, i.e. they cannot easily be copied by others.
- ➔ Unique capabilities are not rooted solely in the business unit, but spread across networks of relational ties.

Company health check

1. Does company structure facilitate localised learning?
2. Are business units embedded within localised markets?
3. Are there appropriate training mechanisms to support processes of embeddedness?
4. Are appropriate control mechanisms in place to 'constrain the tiger'?
5. Is there a scanning system to detect learning that can be projected into other localised contexts?

Acknowledgement

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a fresh perspective
on company
competitiveness in the
UK construction sector