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## Managing to make markets: Marketization and the conceptualization work of strategic nets in the life science sector

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### ABSTRACT

This paper presents one of the first studies to identify and explain the marketization work of a strategic net. Through a study of the Stevenage Bioscience Catalyst – a strategic net formed to support the marketization of Life Science Discoveries – we generate insights into the everyday work that makes marketization happen. Marketization is understood as the process that enables the conceptualisation, production and exchange of goods. Our findings focus on one specific form of marketization work found to be core to the strategic net: *conceptualisation work*. Three forms of conceptualisation work are identified: conceptualising actors' roles, conceptualising markets and conceptualising goods. These manifest as routinized, recursive practices. Our analysis reveals how these practices gather together multiple forms of scientific, technical and market knowledge to generate new market devices that transform market rules and conventions, and introduce new methods and instruments of valuation that change the market. In contrast to extant studies that claim a strategic net's activities influence markets; our findings position the *conceptualisation work* of the strategic net as constitutive of markets and the broader system of provision for 'healthcare' and 'health futures'.

### 1. Introduction

When technologies advance and innovations emerge, firms collaborate to generate new markets to accommodate them (Aarikka-Stenroos & Sandberg, 2012). In this paper, we ask: *what kinds of conceptualisation work are performed by a strategic net to bring about changes to markets and their broader systems of provision?* Strategic nets have been described as intentionally formed networks created for a specific strategic purpose (Möller & Rajala, 2007). This literature suggests that managers develop strategic nets to collectively re-imagine, co-ordinate and manage change (Adner & Kapoor, 2010; Möller & Halinen, 1999; Möller, Rajala, & Svahn, 2005). Möller and Svahn (2006) draw on the industrial networks (cf. Håkansson & Waluszewski, 2002), strategic management, dynamic capabilities and organisational learning literatures (cf. Zollo & Winter, 2002) to argue that strategic nets differ in their governance from other forms of network because they constitute deliberate efforts to learn how to create value collectively: the more uncertain the value creation system, the more demanding the management of the network. In other words, uncertainty – and hence the demands on managers – increase when technological understanding advances beyond the experience of markets (Knight, Pfeiffer, & Scott, 2015). Thus, managers need to develop capabilities that bridge different *communities of practice* (Lave & Wenger, 1991) – connecting

specialist forms of technical and professional knowledge – to generate new and more holistic forms of knowing and acting (Möller, 2010). In this regard, understanding how markets are collectively conceptualised and represented seems central to understanding how strategic nets set agendas and work out how to act. Yet the strategic nets literature says relatively little about these practices and processes. To understand more we turn to the marketization literature.

*Marketization* has been defined as the process that enables the conceptualisation, production and exchange of goods (Araujo & Pels, 2015). In the marketization literature, researchers cite efforts to transform market structures, introduce market devices, alter market behaviour, and reconstitute market agents as the outcomes of co-ordinated efforts of actor-networks (Doganova & Karnøe, 2015; Kjellberg, Azimont, & Reid, 2015; Onyas & Ryan, 2015). They recognise that to transform and innovate markets, actors must work to create new market rules and conventions, and valuation methods and practices through the introduction, presentation and circulation of new forms of scientific, technical and market knowledge (Çalışkan & Callon, 2010). While, traditionally, the marketing literature has focused on enabling exchange between buyers and suppliers, explaining how managers align product characteristics with customer demands (Baker & Sinkula, 2002) and persuade unknowing potential market actors to value innovative offerings (Jaworski, Kohli, & Sahay, 2000), exchange is only a

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part of the marketization process. A focus on exchange neglects the both the conceptualisation and production work needed to constitute, innovate and reconfigure market systems, and the broader system of provision configures connections *between* markets (Fine, 2002).

We argue that there are strong complementarities between the strategic nets literature, which makes use of concepts such as capabilities, learning, activities and managing in networks (see, Knight et al., 2015; Möller & Rajala, 2007; Möller et al., 2005), and the actor-network-theory informed marketization literature which explicates the unfolding practices and materialities that constitute markets (see, Araujo, 2007; Kjellberg et al., 2015). Yet these two bodies of literature are relatively silent on the work done to conceptualise and represent markets and their broader systems of provision (see Möller, 2010; Pollock & Campagnolo, 2015 on agenda setting and matrix building respectively as a notable exception). By bringing these literatures into dialogue, we are better equipped to explore how managers collaborate across organisational boundaries, work strategically and manage to conceptualise and make markets. As Möller (2010: 369) observes, “more empirical insights are required of the practices that companies are using in agenda construction and communication. This is an urgent issue...”. Indeed, we know little of the material artefacts that are implicated in this work or how this work becomes transformative for the way markets are performed.

In this paper, we represent findings from an eighteen month study of *marketization work* of a strategic net - the Stevenage Bioscience Catalyst (SBC) - in a Life Sciences context, where the focus is on conceptualising and producing goods from living organisms for medical interventions for improved healthcare outcomes (cf. Magner, 2002). In such contexts, there is clear potential for deliberate, purposive and strategic interventions for market transformation (cf. Harrison, Holmen, & Pedersen, 2010). In this paper, we understand *work* to be the strategic and deliberate practices performed by market actors to shape markets (Cochoy & Dubuisson-Quellier, 2013); and *practices* to be the “routinized way in which bodies are moved, objects are handled, subjects are treated, things are described and the world is understood” (Reckwitz, 2002: 250). Drawing on both the marketization and strategic nets literature, we conceptualise and explain the work SBC does to reimagine and make markets. We refer to this particular form of marketization work as *conceptualisation work*. Adopting a performative view, we study how SBC disrupt and problematize extant market practices through the conceptualisation work that they do. In so doing, we identify the disruptive conceptualisation practices that transform market practices and devices.

## 2. Literature review

### 2.1. Strategic networks & strategic nets

Strategizing in networks and the formation of strategic networks has been widely discussed in the marketing and management literature. Networks set up with a specific strategic intent have been referred to as networks of innovation (Chesbrough, 2006; Freytag & Young, 2014; Leydesdorff & Meyer, 2006), business ecosystems (Rong, Wu, Shi, & Guo, 2015), value nets (Parolini, 1999) and strategic nets (Möller & Rajala, 2007). Möller and Rajala (2007) describe the phenomena of *emerging strategic nets* as a value system *in-the-making*, that calculates what is of value and to whom. In the biotech context, the value of science is not always apparent and, if it is, may not be realisable because of technical kick-backs, molecular technology misfires or other risks in the innovation process (cf. Callon, 1991; Fernald, Pennings, & Claassen, 2015; Rong et al., 2015). While not investigating the process of marketization specifically, this body of work provides in-depth insights into the role and the management of strategic networks for the commercialization of science.

An important theme in the strategic networks literature is the relationship between strategic networks and the commercialization of

science. In this literature commercialisation is understood as the exploitation of scientific invention with the objective of reaping financial regards (Perkmann et al., 2013). For Chiesa and Frattini (2011) many of the challenges in commercialization emerge from the novelty of innovations which complicate the adoption of new solutions and raise adoption barriers. For other scholars it is the capacity of firms to develop and manage innovation without strategic networks that presents a problem (Aarikka-Stenroos & Sandberg, 2012; Story, Hart, & O'Malley, 2009). In a recent review paper, Aarikka-Stenroos, Sandberg, and Lehtimäki (2014) develop a framework capturing the role of networks in the process of commercialization, showing how the indirect and unintentional contributions of actors support the creation of markets for innovations.

Some scholars arguing for the deliberate and strategic development of such networks have referred to them as *ecosystems*, describing them as “a group of companies – and other entities including individuals... - that interacts and shares a set of dependencies as it produces the goods, technologies and services customers need”, (Zahra & Nambisan, 2012: 220), and “an independent economic community with different stakeholders, including direct industrial players, government agencies, industry associations, competitors and customers, who mutually benefit each other and face similar outcomes”, (Rong et al., 2015: 294). Rong et al. (2015) describe the efforts of a UK-based microprocessor innovator to enter the Chinese market, where high product uncertainty and limited network resources presented significant barriers to action. By incubating complementary partners, identifying lead partners and integrating other ecosystem partners, the firm developed a working ecosystem operating across multiple Chinese markets to constitute a system of provision situated in China. A key point here is the recognition that for science to be commercialised and for innovation to be successful, the broader system of provision that is constituted by many and varied inter-related markets, needs to be taken into account and *managed* in some way.

These definitions of strategic networks and ecosystems, have similarities with Möller and Rajala's (2007) conceptualisation of strategic nets. For Möller and Rajala's (2007) strategic nets are understood as an intentionally formed network, created for a specific strategic purpose and incorporating a finite number of members. We adopt this definition of strategic nets in this paper. This conceptualisation enables us to focus our study on common interests and the valuable technical and market knowledge that underlies collaborative moves. As we have seen, strategic nets are understood to contribute towards the creation of entirely new business fields and markets (Möller, 2010; Möller & Svahn, 2009), and provide a focal point of resources, required for commercialization (Aarikka-Stenroos & Sandberg, 2012). Two pertinent issues are consistently foregrounded in association with strategic nets: their structure and management.

The structure of strategic nets has been subject to extensive research attention. Harrison et al. (2010) describe different forms of strategic net initiatives, including building a strategic supply network and developing a market entry strategy. Similarly, Möller et al. (2005: 1277) argue that strategic nets are not necessarily confined to ‘horizontal’ or ‘vertical’ relationships; where horizontal relationships take the form of competition alliances; resource and capability development alliances; market and channel access/cooperation alliances; “networking forums”—company or institutionally driven. And vertical relationships take the form of supplier nets, channel and customer nets and vertically integrated value systems. Strategic nets may also be multidimensional, taking the form of complex business nets that require the knowledge and developmental capabilities of multiple actors. Importantly, the value-creating characteristics of these networks require distinct managerial capabilities (Möller & Halinen, 1999; Möller & Svahn, 2006).

The managerial work performed in strategic nets, though widely recognised as a pertinent and pressing topic, has received surprisingly little empirical attention. Möller's (2010) theoretical exploration of the managerial work done in strategic nets, considers the role of sense-making and agenda construction in emerging business networks. In so

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