Evaluating the Success of a SME Manufacturing Network in the Waikato - A Social Capital Approach

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Abstract
Despite the proliferation of SME manufacturing networks in recent years, there is little to define what constitutes success. Many benefits have been documented, however the area is somewhat fragmented. Other research in this area focuses on the form and structure or the drivers of these networks, often ignoring the critical success factors. There is a need for a stronger theoretical foundation in the area of SME network success. This research project proposes that SME network success, at least in the earlier stages, can be evaluated through a framework based on social capital theory. This is because some research suggests that success factors in the earlier stages of network development are likely to be based on more tacit factors including the building of trust networks and knowledge transfer between participants. This is assumed to lead to future economic gains through joint projects and capability enhancement.

A network for SMEs was initiated in 2005 in the food processing and packaging industry in the Waikato, known as Engineering Waikato. With no injection of funding from any external source, the network has evolved purely on the drive of the participants to achieve the critical success factors defined by them, including sustainable economic benefits. Some findings from two evaluation exercises in this network are presented: the first was completed after one year and the second, currently underway, after two years. The results indicate a general increase in social capital in the network that strongly contributes to the achievement of these critical success factors.

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