How networks foster innovation: a case study of a regional festival

Joanne Mackellar

Southern Cross University

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How Networks Foster Innovation

- a case study of a regional festival

Joanne Mackellar BBus Tourism (Hons)
School of Tourism and Hospitality
Southern Cross University

Submitted for: Master of Business by Research

Date: 15 June 2004
Statement of Authentication

The work presented in this thesis is, to the best of my knowledge, based on raw data collected by me except as fully acknowledged in the text. The work is original in content except where referenced, and I hereby declare that I have not previously submitted this material, in whole or in part, for a degree at this or any other institution.

Signature of Candidate

-------------------------------------------------------------

Joanne Mackellar

Signature of Supervisor

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Dean Carson
Acknowledgements

I would like to acknowledge my supporting colleagues who have assisted my mind and spirit throughout the production of this thesis. In particular, I note the ideas and support of my supervisors, as well as my other colleagues at the Centre for Regional Tourism Research. The project would not be possible without the generous time and information provided by the festival coordinator, and other interview participants. Finally, the support of my family and friends has provided a tide of strength to complete the project.

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Abstract

Special events have long been regarded as a means to develop regional economies and communities. Traditional assessment of events emphasises economic, environmental and social analysis with little regard to the development of businesses participating in the event. While it is acknowledged that businesses may develop products and services through a number of strategies, it is suggested that this may also occur through effective networks which are able to foster innovation. This study utilises network analysis to identify and examine the inter-organisational coordination between businesses resulting from the development of a regional festival. From this analysis the study also aims to identify types of innovations that occur as a result of participation in the event. Finally, the study aims to discover how and why innovations occur as a result of being involved in a festival network.

Using the Northern Rivers Herb Festival, in Lismore, Australia, the study utilises multiple case studies to identify and examine the inter-organisational network structure that developed as a result of the event. It then identifies numerous types of innovations that have occurred throughout the community as a result of that network. Innovation theory has identified networks as a vital component of innovation development. This study examines that link within the context of a regional festival and identifies some of the characteristics and processes of this network through which networks foster innovation.

The implications of the findings of this study suggest that event stakeholders and organisers can utilise network analysis as a tool to examine the relationships within their own festival network. Further, the use of network analysis allows examination of the network's capacity to innovate. Both structural and relational characteristics of the network were examined, with both elements displaying characteristics that can be managed to foster innovation. These include maximising the density, durability and weaknesses of the network to involve the right types of actors and maintain functional communications with them.

A network perspective provides a useful tool for analysing both social and economic relations within the festival network. This is a new perspective, but one that suits the festival context well. Network analysis provides a way of analysing certain outcomes of the festival, where this study has focussed on innovation. However, the adoption of a network perspective for analysis of other aspects of event management also has great potential.
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>A person participating in a social system.</td>
</tr>
<tr>
<td>ATC</td>
<td>Australian Tourist Commission</td>
</tr>
<tr>
<td>Centrality</td>
<td>The degree to which the network has a central position.</td>
</tr>
<tr>
<td>Channel</td>
<td>Channels link together actors and nodes.</td>
</tr>
<tr>
<td>Density</td>
<td>Density often refers to the 'completeness' of the network.</td>
</tr>
<tr>
<td>DSARD</td>
<td>Department of State and Regional Development</td>
</tr>
<tr>
<td>Durability</td>
<td>The extent to which the network endures over time with similar participants.</td>
</tr>
<tr>
<td>Festival</td>
<td>A sacred or profane time of celebration, celebrating a notable person, harvest or important product - often marked by special observances.</td>
</tr>
<tr>
<td>Innovation</td>
<td>The sequence of activities by which a new element is introduced into a social unit, with the intention of benefiting the unit, some part of it, or the wider society.</td>
</tr>
<tr>
<td>Institutions</td>
<td>A systems of innovation related term referring to sets of common habits, rules, routines or established practices regulate the interactions between individuals and/or groups</td>
</tr>
<tr>
<td>Inter-organisational network</td>
<td>More than two organisations linked through networking relationships such as alliances, consortia, or subcontracting amongst others.</td>
</tr>
<tr>
<td>IOC</td>
<td>Inter-organisational Coordination</td>
</tr>
<tr>
<td>LCC</td>
<td>Lismore City Council</td>
</tr>
<tr>
<td>LUO</td>
<td>Lismore Unlimited Opportunities</td>
</tr>
<tr>
<td>NRHF</td>
<td>Northern Rivers Herb Festival</td>
</tr>
<tr>
<td>Social network</td>
<td>Two or more social actors linked by relationships for a common purpose.</td>
</tr>
<tr>
<td>TNSW</td>
<td>Tourism New South Wales</td>
</tr>
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Chapter One – Introduction to the Study
1.1 Introduction

The roles of festivals in regional communities can be diverse and multi-dimensional. The potential for a festival to act as a catalyst for the development of social capital, as well as for business development, is often acknowledged, and yet the area is not well researched. The dominant themes of researched material relate to direct economic benefits to the community (Crompton et al.:2001, Getz:1997, Crompton and McKay:1997) or to direct social impacts of an event (Getz:1997, Neve:2000; Delamare et al.:2001, Reid:2003, Felenstein and Fleischer:2003, Fredline and Faulkner:2002). A ‘festival network’, as examined in this study, is a new concept. The importance of this concept is in the ability to examine the social and business relationships that occur in the staging of a festival through the use of network analysis, thereby combining some elements of social and economic analysis. Network analysis allows the researcher to depict the interactions between individuals and to explain the relations between them where a ‘network’ is defined as, ‘the structure of ties among the actors in a social system’ Nohria and Eccles (1992:288).

While efficient and functioning networks hold the potential to produce a range of outcomes, including increased flexibility, responsiveness and improved resource sharing (Lorenzoni and Baden Fuller:1995), this study aims to explore just one important outcome. This study examines the propensity for innovation to arise from the network created as a result of staging a festival. In achieving this, the study will identify particular characteristics of the network that have made these innovations possible. These may include, for example, the centrality of the network structure, the types of actors in the network (suppliers, stall-holders, local government) and/or the relationship of network ties (social/business, formal/informal). The study also aims to identify the processes that assist innovation in this context. These may include, for example, institutions such as formal association meetings, festival website information, networking events and resource and information sharing activities.

The proposed inter-relatedness of the concepts of innovation, networks and festivals is illustrated in Figure 1.1 where each element interacts with the others forming a catalyst for further innovation, networking and the development of
festivals. A later analysis examines each concept on its own and then examines the links between each concept.

**Figure 1.1 – Inter-related Elements of the Study**

In order to demonstrate the relationship between these elements and examine the structure and relations of a network, the Northern Rivers Herb Festival (NRHF) was chosen as a case study. The festival is a relatively new event to the northern rivers region of New South Wales, Australia, having been staged in Lismore for three years. It has a mix of arts and industry events and activities that appear to have created an environment that is conducive to innovation. The festival coordinator was increasingly aware of innovations emerging as a result of the festival but was unable to document them in any complete form.

In previous years, market research had been commissioned by the festival coordinator and carried out by the Centre for Regional Tourism Research at Southern Cross University to examine market segments, evaluate products and services and provide suggestions for improving the festival. However, the research was not able to identify specific innovations that were occurring from the festival, nor did it identify how and why these innovations were occurring. The previous market research followed established patterns of research collecting data from participating businesses on their economic returns over the festival. However,
some businesses indicated that there were further benefits that may occur as a result of the exposure and customer contact they were receiving, although they couldn’t estimate or quantify what these benefits would be. Further, some businesses felt they benefited from being ‘involved’ in the event, but not necessarily in any financial terms. How could this other ‘social’ dimension be examined?

Similar challenges in assessing the indirect economic and social impact of events have faced other researchers and event stakeholders. This issue is examined further in the following section, identifying the effects of festivals on regional communities and reviewing previous work in assessing these impacts. Accordingly, this section provides further background as to the purpose of this study.

1.2 Festivals and Regional Communities

According to Getz (1991) the definition of a festival cannot capture all the meanings from various world cultures and from differing management and economic perspectives. What may appear to an event organiser to be a festival may appear to the audience to be more accurately described as a fair, carnival or ceremony. For the purpose of this research, the work of Falassi (1987) provides a practical base from which research can be performed. Falassi drew on various definitions of a festival to define it as:

a) a sacred or profane time of celebration, marked by special observances; b) the annual celebration of a notable person or event, or the harvest of an important product; c) a cultural event consisting of a series of performances of works in the fine arts, often devoted to a single artist or genre; d) a fair; e) generic gaiety, conviviality, cheerfulness.

Falassi (1987:2)

It is also noted that Falassi’s definition described above, utilises the word ‘event’ interchangeably with the concept of a festival, especially as referring to a cultural event or notable event. For the purpose of this research the words festival and event are also used in this way.

Additionally, the staging of special events in regional areas can assist in achieving a number of important objectives for the local community and economy. Social objectives, such as improving community pride and promoting local culture, are assisted by economic objectives such as increasing employment and generating
revenue for the regional economy. These important positive impacts, as explored by Allen et al. (2002), are often reduced by negative impacts such as increased crime and pollution that can attract unwanted publicity and political embarrassment.

Using festivals as a catalyst for community growth and prosperity is not a new concept and has been widely recognised by government authorities and tourism researchers for a number of years. Writers such as Ritchie (1984:2) discuss events as an opportunity to ‘showcase the region’ or to ‘secure high prominence in the tourism marketplace for a short, well defined period of time’. The reasons for staging special events often extend beyond simply showcasing the region or celebrating local culture. In an extensive study of over 700 festival coordinators, the potential reasons for staging a festival were examined by Mayfield and Crompton (1995). The results demonstrated the following eight generic reasons for staging festivals by non-profit and government entities:

- Recreation/socialisation
- Culture/education
- Tourism
- Internal revenue generation
- Natural resources
- Agriculture
- External revenue generation
- Community pride

The results of this study have been reflected in other research which has examined the benefits of staging festivals (Burns et al:1986) and the potential impacts of festivals on communities (Ritchie:1984).

Subsequently, the potential for benefits for regional centres has been highlighted in the policies of local, state and federal governments around Australia for many years culminating in the ATC’s Year of the Australian Festivals in 1996. Since that time, funding programs remain focussed on developing festivals as a means to drive tourist numbers and associated economic activity in a region, and as discussed below, addresses social benefits as a somewhat secondary concern. As a result of these policy developments, the majority of research has responded by following a similar path through examination of the economic impacts of festivals.

Within this economic evaluation, the role of business networks has not yet been identified. Assessment of economic value is almost solely based upon visitor expenditure, often making use of multipliers to extend the direct expenditure beyond the obvious direct benefits. Often however, the extension of indirect benefits to the business community is not an area of research that is well identified or well researched.

The second area of research that is predominant in the literature examines the social impacts of an event, examining the effects of an event on the host community and its lifestyle and enjoyment of a place (Getz:1997, Neve:2000, Delamare et al.:2001, Fredline and Faulkner:2002). The focus of these studies is on the impacts of the event on the local community in a social sense, rarely incorporating the benefits of ‘business networking’ as a form of social engagement and social cohesion.

While it is commonly observed that a regional event provides a community with economic, social and cultural advantages, research into business development opportunities provided by inter-organisational linkages has been neglected, with only a few studies available (O’Sullivan and Jackson:2002, Muthaly et al.:2000) . This is a surprising omission when the purpose of an event is often to bring together the local community to celebrate a region’s sense of place. The community, however, is often thought of as comprising performers, school children, local arts groups and other not-for–profit organisations. In reality, the community is made up of a rich network of businesses, as well as social groups, who also ‘come together’ for the purpose of the festival. A typology of festival stakeholders has been suggested by Allen et al (2001:52) that assist with this study, where these organisations and individuals can include participants and spectators, the host organisation, the host community, sponsors, media and co-workers.
It is suggested by the author that these individuals and organisations form the basis of a festival network. While networks can take a multitude of forms, Ebers (1997:4) suggests simply that if more than two organisations are linked through such networking relationships as alliances, consortia, subcontracting, outsourcing or other cooperative arrangements they constitute an inter-organisational network.

The collaboration within the festival environment offers a unique opportunity to do business, where months of planning result in a one-off opportunity to present a product or service, test new ideas and interact with new and existing customers. This environment also offers the opportunity for spontaneous interaction between businesses and an opportunity to see the products and services of other businesses who may be competitors or allies.

The business networks resulting from, or contributing to, a festival’s development are an entity in themselves that hold potential as economic activators and catalysts for social change. Networks have been clearly identified in the literature as being linked to innovation: the forum where information is shared, costs are reduced and new technologies are pursued (Cox et al.:2003, Tracey and Clark:2003, Bower:1993, Kandampully:2002). In this respect innovation has been defined as, ‘the sequence of activities by which a new element is introduced into a social unit, with the intention of benefiting the unit, some part of it, or the wider society’ (King 1992:91).

The focus of this study is on those businesses and organisations that see a festival as an opportunity for business development and innovation. This could occur through product development, publicity and exposure, sponsorship and importantly the opportunity for the development of a greater ‘network’ of business contacts.

As such, the study aims to explain how and why innovation occurs as a result of the festival network. Implicit in this statement is the understanding that the study seeks to examine the development of innovation that bring it to the market/social unit. It does not imply that the study will examine the use of the festival network
for the purpose of diffusion of innovation. The study was further guided by the development of the following research objectives.

1.3 Research Objectives

This study has been guided by four research objectives examining the inter-relatedness of the three primary areas of study; those being festivals, network analysis and innovation.

1. To identify the characteristics of a network that has formed as a result of the development and staging of the NRHF where analysis can be made of the network actors and the channels/ties, centrality, durability and density of the network structure.

2. To identify the types of innovations that have been developed as a result of the festival network identified in objective one.

3. To identify any predominant processes or important elements of the network that has facilitated the development of these innovations.

4. To examine how and why innovation occurs as a result of network activity in the context of staging the NRHF.
1.4 Structure of the Thesis

The study continues, in Chapter Two, with a review of literature examining the types of coordination prevalent in collaborative action. The review utilises a framework of inter-organisational coordination provided by Alexander (1995) and examines the role of networks as an important coordinating mechanism for developing and staging a festival. The literature review continues by examining the characteristics of networks and the use of network analysis as a suitable technique for examining the inter-relatedness of organisations contributing to the festival. Further exploration of inter-organisational networks reveals that innovation is a valid and important outcome of effective networks and as such, the concept of innovation is explored.

Chapter Three examines innovation across a range of theories and contexts and highlights a typology which can later be used in analysis of results. The links between networks and innovation are highlighted with reference to other significant studies in this field.

The methodology for the study is provided in Chapter Four, describing the steps taken for collecting and analysing data within multiple case studies. Further, the chapter identifies the process of network analysis in describing and analysing the relationships occurring within the festival network resulting in innovation.

Chapter Five provides the results of the ten case studies, preceded by background information on the Northern Rivers Herb Festival. Each case provides analysis of a node of the network where actors are examined for their position and network activities, as well as for the innovations that have occurred. Chapter Six provides cross-case analysis leading to an overview of the whole network for the Northern River Herb Festival.

In the final chapter a summary of findings is presented, followed by a discussion of implications for event managers and event stakeholders. The contribution to knowledge shows contributions to both empirical and methodological knowledge has been made. Finally suggestions for further research are provided and conclusions drawn.
1.5 Conclusion

This chapter has provided an introduction to the study, including a summary of the background to festival research and the opportunity for employing a network approach to examine social and economic relationships. The concept of a festival network has been introduced as a method by which to examine the relations between festival stakeholders. While these relations offer the potential to examine a number of outcomes, the chapter has identified innovation as the issue for examination in this study. As such the inter-relatedness of the concepts of innovation, networks and festivals have been identified as guiding the study and its four research objectives. Finally, the structure of the thesis has been provided to show the sequential process in which data is presented and analysed.
Chapter Two - Inter-Organisational Coordination and Network Analysis
2.1 Introduction

The purpose of this chapter is to review the literature on inter-organisational networks and to provide a framework within which this study can draw relevant focus towards addressing the first of the research objectives – identifying the characteristics of the NRHF network. The literature on networks is vast and deep, spanning many disciplines and applications. The purpose of this review is to identify the lines of development that have occurred in network research and to further explore those areas which will be most useful for this study. This is achieved by a brief review of all types of inter-organisational coordination and by identifying the role of networks. This is followed by an extensive review of network analysis and its development from social networks into areas of anthropology and strategic management. A typology is presented from which analysis of the NRHF network may be made and specific characteristics of networks (actors, channels, density, centrality, durability) are identified and explored by which the NRHF can be analysed. Finally, the chapter explores some of the issues which may facilitate better network outcomes, including network environments and optimised network structures.

2.2 Inter-Organisational Coordination and the Role of Networks

Any complex project within a community requires coordination between individuals and organisations in order to achieve its objectives. The study of this type of coordination has led to a plethora of research across many disciplines, including health-care, transport, natural resource management and corporate strategy aiming to identify types of inter-organisational coordination (IOC) and the outcomes of cooperative behaviour. The studies have also identified barriers to IOC and supporting contexts in which IOC can produce the best outcomes.

To illustrate the wide scope of IOC activity, Alexander (1995) extensively studied coordination between organisations, from dyadic partnerships to complex networks, proposing a theoretical framework in which types of IOC can be identified. His work examined the types of coordination structures, processes and strategies which enable businesses to work together. These include informal links of a network, the formal links of partnerships and alliances and the management
programs of larger organisations. His work identifies structures that facilitate coordination between firms such as the coordinating unit or inter-organisational group. The resulting conceptual framework is presented in Figure 2.1 to demonstrate the extensive environment in which coordination between organisations can occur. It demonstrates how networks occupy a small part of that environment of interaction. It is important to this study in identifying the structures and processes that may occur outside any identified network structure.

Figure 2.1– Conceptual Framework for Inter-Organisational Coordination

![Conceptual Framework for Inter-Organisational Coordination](image)

Source: Alexander (1995:276)
Figure 2.1 demonstrates that differing IOC structures (e.g. alliance, partnership, network etc.) can be described according to a number of specific characteristics; these being coordinating tools, structures, contexts and strategies. The diagram depicts more formal relationships being characterised by more ‘concrete’ tools and strategies and less formal relationships by looser structures and mechanisms. Frameworks such as this are helpful in identifying the types of IOC used in the field of special events where many of these characteristics are visible within the variety of relationships that are formed in staging a festival. However, most relevant is the inter-organisational network structure identified by Alexander (1995:275) as being ‘a distinct form of organisation that is neither a market or hierarchy’. The inter-organisational network sits between meta-IOC structures such as the market, where there are few or no coordinating mechanisms beyond simple exchange of goods for a price, and a mandated hierarchy where coordination is affected by command, monitoring and control. In Alexander’s (1995:277) view ‘under inter-organisational networks we find informal networks, and various other kinds of mutual organisations as meso-structures: federations, associations, alliances, consortia, joint ventures and partnerships’.

In order to analyse a festival using Alexander’s framework (1995) it is first necessary to examine some of the distinct qualities of a festival that impact upon its management and coordination, these are that a festival:

a. **is designed to be of short duration** - a special event may only last for one or two days; products and services may be created or transformed to last just for this short duration and then disbanded either forever or often moved to another event or venue;

b. **requires precision timing** and high levels of coordination to ensure the event starts on time and to program;

c. **may be an annual occurrence** encouraging repetition of a coordinating structure each year which may change its coordinating strategies, tools and contexts;

d. **requires coordination from a range of industries** which may not normally work together, e.g. agricultural and arts;

e. **has a coordinating unit or person** responsible for the effective coordination/ collaboration of the surrounding organisations. The coordinating unit may be a committee or government department or the
person may be an event coordinator employed by a number of different possible agencies.

Analysis of the framework provided by Alexander (1995) and the unique qualities described above suggest that a network structure would best define the inter-organisational coordination that is occurring in a festival. This can primarily be justified by the necessity for a large range of stakeholders to participate towards a common goal in an informal environment. From performers, to government advisors and financiers, a large range of individuals and organisations may have some contribution to the coordinating effort to stage the event. However, the use of a network concept for a festival’s organisational structure is also justified by the flexibility of the network to disband after the festival and then reform again the following year. The network would make use of both formal and informal coordination tools and strategies to achieve its objectives.

While this concept of a ‘festival network’ has not been recognised previously, the foundations have been alluded to by Allen et al. (2002) who identify that special events may take the form of a ‘virtual organisation’ using a type of a network structure to engage suppliers for the festival. Allen’s analysis however is limited to the supply needs of the event organiser and is not inclusive of other parts of the network such as community, sponsors and other stakeholders.

Ebers (1997) suggests that networked firms collaborate for a number of reasons including product development, pursuing technological innovation and developing new markets. Additionally, those firms that engage in a network are increasingly competitive due to their increased responsiveness and flexibility, lower overhead costs, greater efficiency of operations, rapid decision-making and learning and innovation potential (Ebers:1997). While all of these benefits are useful for event management, it is the ability for a festival network to increase levels of learning and innovation that is of interest to this study.

Alexander’s framework (1995) is a useful starting point for understanding the possibilities for analysing a festival’s organisational structure. The framework also assists in understanding the types of strategies and coordinating mechanisms that may be expected from the results of this study. Having identified this framework,
further explanation of the structure and functioning of networks has been undertaken in the following section.

2.3 Network Analysis

The previous section provides the basis of suggesting that a network structure may exist in the case of a festival’s organisational structure. The use of network analysis offers a useful technique for analysing the structural and relational aspects of the network resulting from a regional festival. As previously discussed, the network is an important, if not central, part of the IOC environment illustrating the links that are essential in a business community for purposes of communication, strategic resource sharing and marketing. The extended power of network analysis as a researcher’s tool is recounted by Knoke and Kuklinski (1988:13) who contend that,

‘network analysis contains a further explicit premise of great consequence: The structure of relations among actors and the location of individual actors in the network have important behavioural, perceptual and attitudinal consequences both for the individual units and for the system as a whole’.

As opposed to other approaches, network analysis can ‘more faithfully capture the context of social relations within which actors participate and make behavioural decisions’ (Knoke and Kuklinski:1988:14).

The use of a social network perspective in a business context is not new, having been developed primarily by Granovetter (1974) and further explored by a plethora of authors including, but not limited to, Gulati (1998), Uzzi (1996), BarNir and Smith (2002), Brown and Konrad (2001), Ebers (1997), Ibarra (1995), Burt (1992), Ruef (2002) and Urry (2003). This perspective is important in acknowledging that the underlying foundation of a business network is in the social structure in which it is embedded. All business actions and transactions are embedded in a social environment and many of the external relations a company has are affected by this phenomenon. This is especially relevant to the study of businesses participating in festivals, where the purpose of the event is often for social reasons and the link between business activity and social interaction is often very strong.
For the purpose of network analysis, a network can be defined as ‘a specific type of relation linking a defined set of persons, objects, or events ... Different types of relations identify different networks, even when imposed on the identical set of elements’ (Knoke and Kuklinski:1988). It is one purpose of this study to show that a festival can act as a catalyst for the development of a network where a defined set of persons are linked for the purpose of staging the event. The types of relations resulting from their interactions define the structure of the network. The resulting network structure can be mapped and evaluated for its potential to facilitate certain outcomes, such as innovations.


Scott (1991) suggested that the work of the sociometric researchers, and in particular Jacob Moreno, aimed to investigate how psychological well-being is related to ‘social configurations’. In short this early work examined the patterns of inter-personal connections such as friendship and attempted to ‘map’ them on a ‘sociogram’. This technique allowed a visual illustration of the links between individuals through which information could flow. Further applications of Moreno’s theory (cited in Scott:1991) successfully combined mathematical ideas of graph theory in an attempt to quantify the illustrated relations. Cartwright and
Harary (cited in Scott:1991) made use of + and – signs to indicate positive and negative relationships and arrowheads indicated the direction of the relationship. In more recent studies, the sociogram has been developed to examine the use of personal contacts in the job search process (Granovetter:1974; Brown and Konrad:2001), the dynamics of managerial networks (Ibarra 1995), and most recently by Pavlovich (2003) in her work on tourism destination networks.

The second line of development reviewed by Scott (1991) evolved from the work of Harvard Researchers who aimed to discover techniques which could examine and analyse sub-group structures of social systems. This led to the testing and use of the important terminology of ‘cliques’ and ‘clusters’. Their studies included examination of interpersonal relations in banks and an electrical company in a way that examined the social behaviour within these environments. However, according to Scott (1991), it was not until W. Lloyd Warner undertook larger scale research in New York that network analysis was considered to become part of an anthropological study. Warner continued to work on other similar projects in various communities across the United States, investigating and identifying the existence of ‘social configurations’ and ‘sub-groups’ and ‘cliques’. He defined a clique as ‘an informal association of people among whom there is a degree of group feeling and intimacy and in which certain group norms of behaviour have been established’ (Warner and Lunt, cited in Scott:1991). His attempt to illustrate the cliques relied on the use of intersecting circles. In later years of the 1950’s, George Homans began to synthesise the work of previous Harvard colleagues to provide the framework for his own sociological theory (Scott:1991). One of Homan’s most acclaimed works was to reassess the data and present them as a ‘matrix rearrangement’ where individuals are plotted for attending specific events by an ‘x’ in a matrix. The further development of the ‘clique’ has been examined over time and in many cultural and organisational contexts including studies by Nelson (2001) and Provan and Sebastian (1998).

The final line of development suggested by Scott (1991) is that of the Manchester anthropologists whose work applied network theory to research in African communities. Their research was more interested in identifying themes of conflict, power relations and change, and it stressed the importance of total ‘networks’ of relations as opposed to the structure of sub-groups and cliques within a society.
Barnes (1954:43 cited in Scott :1991) claimed that ‘the ‘whole of social life’ could be seen as ‘a set of points some of which are joined by lines’ to form a ‘total network’ of relations. The informal sphere of interpersonal relations was to be seen as one part, a ‘partial network’ of this total network.’

A further contributor identified by Scott (1991) at this point of development was Clyde Mitchell who reworked the concept of interpersonal relations into that of ‘personal order’. This is, ‘the pattern of personal links individuals have with a set of people and the links these people have in turn among themselves’ (Mitchell 1969:10). These patterns of interaction are the sphere of network analysis. An important distinction was made in describing two types of action – one being communication between people, and the other where there is an ‘instrumental’ or purposive type of action involving the transfer of material goods and services between people. This analysis has led to the development of two differing methodologies where networks can be identified using an individual from which the networks can be explored or ‘anchored’ (This being an ‘ego-centric’ approach). Alternatively, the methodology can include identifying ‘global features’ of networks by a particular activity such as political ties, kinship obligations or friendship. (Scott:1991). In either approach the nature of the relationship is measured through the strength of certain elements these being reciprocity, intensity and durability. For example, a friendship may not be considered as durable as a kinship.

A further interesting distinction as analysed by Scott (1991), came from the work of Mitchell (1969) in discussing whether the structure of roles and status is a part of network analysis or separate from it. This discussion has continued in assessing whether the networks under examination are in fact inclusive of the roles and status or a resultant product of the network of interpersonal relations. In effect, does one cause the other’s existence and which comes first?

Up to this point, the use of algebraic models had been explored briefly with no firm models emerging. However, in the late 1970s, a new Harvard group developed mathematical methodologies to model social structures. As Scott (1991:34) explores this development he notes that ‘Although many researchers continued to work in such areas as community structure, others were interested in such phenomena as corporate interlocks and so helped to move network analysis away from its ‘residual’ focus on purely inter-personal relations’. Subsequently the work
was directed to the International Network for Social Network Analysis (INSNA) in Toronto, as well as being adopted by other scholars around the world. In particular, health care professionals and strategic management academics have adopted network analysis as a method by which to explain the relationships within their industry – or sectors within it. In relation to strategic management, these have included supply chain (Harland et al. :2004), manufacturing (Liu and Brookfield:2000; Human and Provan:2000), business positioning (Tracey and Clark:2003) and inter-organisational networks (Alter and Hage:1993, Saxenian:1991, Heraclous:2003). The wide ranging application of network analysis makes use of an equally wide range of methodologies and outputs, from purely qualitative to a variety of technical statistical analyses.

Table 2.1 below demonstrates examples across the range of applications of network theory. It highlights the wide reaching appeal of the analysis to visually illustrate connections between people, organisations and policies. The table has been constructed as a result of the preceding review of the literature and provides an alternative perspective to that produced by Liu and Brookfield (2000) where six approaches to networks are identified.

**Table 2.1 – Examples of Network Analysis within various disciplines**

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Theorist</th>
<th>Research focus (keywords)</th>
<th>Output</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sociology</td>
<td>Moreno (1939)**</td>
<td>Friendship</td>
<td>Sociogram</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cartwright and Harary (1956)**</td>
<td>Interpersonal relationships Social networks</td>
<td>Mathematical graph</td>
<td></td>
</tr>
<tr>
<td></td>
<td>George Homans (1951)**</td>
<td>Cliques or subgroups</td>
<td>Matrix re-arrangement method</td>
<td></td>
</tr>
</tbody>
</table>
Table 2.1 continued...

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Theorist</th>
<th>Research focus (keywords)</th>
<th>Output</th>
<th>Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthropology</td>
<td>Warner and Lunt (1941)**</td>
<td>Social groups and community</td>
<td>Use of intersecting circles to demonstrate cliques</td>
<td></td>
</tr>
<tr>
<td>Strategic Management</td>
<td>Gerlach M (1992)</td>
<td>Japanese corporations</td>
<td>Block Analysis</td>
<td>UCINET mapping</td>
</tr>
<tr>
<td></td>
<td>Liu and Brookfield (2000)</td>
<td>Taiwan’s machine tool industry</td>
<td>Stars, rings and tiers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provan and Sebastian (1998)</td>
<td>Health care services</td>
<td>Use of Krackplot network plotting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bower (1993)</td>
<td>Pharmaceutica l product development</td>
<td>Hand drawn sociogram</td>
<td></td>
</tr>
</tbody>
</table>

** These references cited in Scott (1991)

Since the time of Scott’s historical analysis of network theory in 1991, a number of important developments have occurred, mainly as a result of the boom in technology and the need for networking of computer systems and communication networks. It may be argued that these types of network analysis serve a new function in diverting the origins of network analysis toward less humanistic aims and toward greater emphasis on technical communication systems. As discussed by Nohria and Eccles (1992), achieving a balance between the two will be an important stage for network stakeholders in determining the effectiveness of a network.

2.4 **Inter-Organisational Networks – Towards a Typology**

The preceding overview of network analysis demonstrates the wide application of networks across a range of disciplines. The identification of the broad background of festival stakeholders in Section 1.2 suggests that inter-organisational networks will be the most relevant to this study and as such they are examined more closely in this section.
Inter-organisational networks are characterised by their purpose to share resources between businesses/organisations, however, a number of other outcomes have become apparent as summarised by Heracleous (2003) as increasing an organisation’s flexibility, efficiency, access to resources and leading to higher performance. Alter and Hage (1993) have developed an extensive typology describing these types of networks across three dimensions; competitive/obligational, competitive/promotional and symbiotic/obligational. The authors propose that inter-organisational networks can be identified and analysed within these dimensions dependent upon the level of cooperation linking the network members. For example, they may be competing in the same market and yet ‘obliged’ to cooperate in a government lobbying action. While this is a helpful approach, classifying organisations into these categories can be difficult as organisations often face multi-faceted tasks. For example, a tour operator may at times be in a symbiotic/obligational relationship with other tour operators in sharing national park resources and at other times may be in a competitive/promotional arena in attracting customers to the business. As pointed out by Alexander (1995), the work is helpful in identifying many of the characteristics of inter-organisational networks and in identifying many of the media (or objectives) of cooperation. These may include; friendship and support for solidarity, information to pursue knowledge, processing/production of goods, services or people, money in pursuit of economic objectives and power to attain political goals. Alexander (1995), Ebers and Jarillo (1998) and Alter and Hage (1993) all emphasise the important characteristic of a network as being the level of hierarchy demonstrated by its coordinating mechanism. A network can be quite a hierarchical structure, such as a tourism promotional network, inclusive of a network facilitator, or can be non-hierarchical and informal such as a local land-care group with a shared facilitation function.

An alternative typology is offered by Heracleous (2003:187) whose work is directed ‘toward orienting debates regarding the nature, potential motivations for, and consequences of networks...’. His typology, illustrated in Figure 2.2, is based on two dimensions – interdependence and durability, the combination of which determines the capacity of the network. This approach is useful in highlighting two of the more important features of a network. The first, durability, is a more
traditional element of network analysis examining the extent to which networks endure over time, with similar participants. The second dimension is interdependence, a more modern application to network analysis developed by Contractor and Lorange (1988 cited in Heracleous:2003). This dimension refers to ‘the extent to which firms in the network utilize each others outputs ... and resources’, where ‘High use of others’ resources reflects importance of inter-organisational relationships likely to be associated with dense redundant ties and the potential for high levels of trust to operate’ (Heracleous:2003:187).

The typology identifies certain types of networks based on these dimensions. Five resulting types of networks assist in further understanding some of the concepts presented in network theory and in contrasting some of these against each other. This is further explained in the descriptions below.

**Figure 2.2 – Heracleous’ Typology of Network Structures**

![Diagram of Heracleous' Typology of Network Structures]

Source: Heracleous (2003:190)
**Edge of chaos network** – organisations are highly interdependent but not for very long. No durability is required for the relationship. They are typical in embryonic industries or those that are in technological upheaval. The aims of participation include idea generation and information search.

**Embedded network** – resembles very closely the characteristics described by Granovetter (1985). These networks are highly embedded into the social environment and therefore have high levels of inter-organisational interdependence as well as high levels of durability.

**Brokered network** – includes ‘hub-and –spoke network structures’ and has medium levels of the two elements. Heracleous refers to Lorenzoni and Baden-Fuller (1995); however the concept also appears to coincide with the thinking of Hanna and Walsh (2002) who explored network structures where brokers were funded by regional governments and Perry (1996) who examines the role of intermediaries in network effectiveness.

**Atomistic network** – where there is no interdependence and no durability. Organisations are drawn together for a specific, but short, purpose - ‘for an implicit or explicit tradition’ (Heracleous 2003:187).

**Association network** – require high levels of durability as it persists with achieving objectives over time. As Heracleous (2003) suggests these activities may include lobbying government or promoting professional education, but may also include local tourism associations in their efforts to secure funding from state governments.

Heracleous (2003) is quick to point out that this typology is context specific, that an organisation can be involved in more than one network at any one time and can be changing its membership of different networks over time, depending upon the objective of the organisation.
2.5 **Conducive Network Environments**

External environments are often associated with influencing the structure and performance of organisations and economies (Porter:1996). It is then logical to propose that environmental forces affect the size, shape and effectiveness of a network. It has been established that the type of network encountered is often affected by the environment and context within which it is created (Ebers:1997). A number of studies have examined this concept in a variety of specific contexts, many of which are relevant to this study and have been explored below. The first of these studies examines the role of regional environments, where social and geographic factors influence the type and capacity of network structures. The second kind of environment described below relates to the stage of industry where certain conditions make the resource sharing functions of networks more appealing.

### 2.5.1 Networks and Regional Environments

Network structures can occur in any part of society in large cities, small country towns and in regional centres. Each geographical region may have certain characteristics that encourage or restrain network development and affect its stability and efficient functioning. There has been some research into these effects, which should be considered relevant to this study especially in relation to the effects of regional environments on network structure and function.

Ebers (1997) has summarised research into networks in regional environments which have specific characteristics relating to their formation. His major finding is that ‘pre-existing social relations among the individual in a region foster and support the development of more formal business networking relationships among organisations’ (Ebers 1997:9). Family, friendship and other social ties such as sports club membership create and sustain social networks of mutual obligation, loyalty and trust. The result of improving these values includes less formal contractual setups, better access to resources through their ‘contacts’ and reciprocity, political influence and situations where ‘social sanctioning complements economic sanctioning’ (Ebers 1997:9). He concludes that inter-organisational networks are more likely to be formed when actors can rely on dense and spatially constrained networks.
2.5.2 Networks and Stages of Industry

A further consideration in examining environments in which networks may flourish is to examine the stage of industry in which networks are prolific and most useful. To date, there is no specific study that makes this assessment, however cursory examination of individual studies demonstrates that networks may appear at any stage of industry growth, as defined by Porter (1996), through emerging industries to maturity and in decline/rejuvenation.

However, the conditions of emerging industries appear to be conducive to networks being formed and maintained. A leading author in this area, Porter (1996:623), suggests that emerging industries have a number of structural characteristics which need to be overcome by applying the right types of strategies. His structural characteristics of an emerging industry include technological uncertainty, strategic uncertainty, high initial costs but steep cost reduction, embryonic companies and spin-offs, first time buyers, short time horizon and the prominence of subsidies. While his suggested strategies do not include the use of industry networks, the use of networks may assist in reducing the high amount of uncertainty in this environment. Given that networks are structures through which knowledge can be shared and resources can be pooled, the existence of networks in these environments has been well documented, if not specifically identified. This is especially the case in relation to ‘high tech’ industries (Saxenian:1991) and biotechnological industries where the formation of networks has been common (Powell et al.:1996, Powell:1998).

However, the uses of networks in any one industry stage is not always a given. Madhavan et al. (1998:440) argue that there is an evolutionary perspective required of networks in which networks are seen to ‘evolve in response to key industry events that may either be structure-reinforcing or structure-loosening’. They propose that the networks of an emerging industry may remain similar in structure as the industry matures and possibly even declines.

Networks also have proven useful to mature industries such as the automobile manufacturing industry where ‘there has been an acknowledgement that relationships have been transformed by network relationships ... particularly driven by electronic data exchange. (Cox et al.:2003). Similarly Ebers (1997)
argues that, where businesses are downsizing and outsourcing as a method of cost reduction, networks are providing an economical alternative.

In summary, networks are not confined to a particular stage of industry growth, but may present useful strategies for overcoming the structural characteristics identified by Porter (1996) for both emerging and mature industries. These strategies may prove to be useful to the emerging herb industry in this study where the characteristics of an emerging industry can be found.

### 2.5.3 Networks and Social Capital

A further factor that has claims to influencing the establishment and maintenance of networks is the existence of varying levels of social capital. The concept of social capital is highly correlated to that of social networks – each highlighting the importance of social ties and connectivity. As Putnam (2000) explains,

> Whereas physical capital refers to physical objects and human capital refers to properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them.

The concept has been explored by a number of social theorists including Lin (2000), Cohen (2001) and Knack and Keefer (1997), to name but a few. According to Putnam (2000) the concept has been, `... independently invented at least six times over the twentieth century, each time to call attention to the ways in which our lives are made more productive by social ties'. A perspective of social capital relevant to this study is provided by Putnam (2000) where varying levels of social capital have been shown to affect the existence of more formal networks. That is, where communities are more willing to trust in each other and connect more often Putnam (2000) there are benefits in the form of increased volunteerism, and/or participation in community associations such as church groups or social/sports clubs. This simple relationship has important community outcomes as can be seen in the willingness of community members to give blood. Putnam's studies demonstrate that those who attend churches and clubs are the most likely to provide the important community resource of donated blood supplies. In essence, the relationship between social capital and networks is reciprocal - the stronger the social capital, the greater the capacity to form networks – and the stronger the
networks, the greater the capacity for improving social connectivity and social capital.

2.6 The Characteristics of Networks

Although it can be seen that network analysis has taken diverse applications, many of the original characteristics of networks continue to be recognised throughout new applications of the theory. Relational data is commonly examined through analysis of the structure of the network and includes identification of actors and the channels through which relations occur. As observed by Knoke and Kuklinski (1988:18), ‘identification of positions is a necessary but incomplete prelude in complete network analysis, which requires the subsequent appraisal of the relations connecting positions to another’. These relations are commonly examined through the constructs of density, durability and centrality. Each of the key characteristics of networks is described below with reference to other studies that have developed methodologies for examining these specific attributes.

2.6.1 Actors and Nodes

Network analysis relies upon the assumption that ‘any actor typically participates in a social system involving many other actors, who are significant reference points in one another’s decisions’ (Knoke and Kuklinski:1988). An actor then is a person participating in a social system. If that actor belongs to a social group, such as offices, gangs, social clubs, etc, these groups are referred to as nodes. Some actors are seen as ‘peripheral’ – without participating in transactions. Depending on the network, an actor may not participate for years, as in the case where a family member travels abroad, but is still considered part of that family network.

2.6.2 Positions and Status

Positions, or social roles represent a place in society often as a result of the person’s employment, e.g. teacher, bank manager or festival coordinator. A number of actors may occupy the same position (Knoke and Kuklinski:1988), where there may be a number of people who are ‘teachers’ – teachers being a position and the people being actors. Some teachers may occupy a higher status as given to them by other teachers or members of society.
‘Status’ is associated with a position that carries special rights and duties as defined by the pattern of relations with other actors in the network (Knoke and Kuklinski:1988). Positions and status are useful tools in applying a network methodology to studies of power such as those described by Brass and Burkhardt (1992) and Ibarra (1993).

### 2.6.3 Channels and Ties

Actors, nodes and positions are linked together by channels or ties which may be based on conversation, affection, friendship, kinship, authority, economic exchange, or anything else that forms the basis of a relation’ (Nohria and Eccles:1992:288). It is these ties that will determine the strength and durability of the network. The ‘strength of ties’ is an important issue to many who examine relationships between network actors. Examination of strong and weak ties is a feature of network theory that has been influenced greatly by Granovetter (1973, 1974, 1985, 1992). His concept of embeddedness explains how social networks often underpin economic action through the use of both strong and weak ties. This conceptualisation was based on his early work, (Granovetter:1974), in understanding how job-seeking networks are based on inter-relations within social networks. The implications of this article were utilised by business and strategic management scholars to explain the behaviour of organisations in certain situations where, for example, uncertainty exists about investment or market opportunities. A person resorts to ‘trusted informants’ who have dealt with the potential partner and found him or her to be trustworthy - in effect adopting a more social orientation to their business decisions. This concept, as explored further by Gulati (1998), is a primary element in explaining the formation of new alliances between firms both in a dyadic and network context, and by Greve and Salaff (2003) who makes similar findings in their study of the networking activities of entrepreneurs.

Channels are linkages between actors through which messages can be transmitted (Scott:1991). Ties are related to channels, being the indicator of the ongoing relationship between actors. Further, individual ties can be examined for strength and reciprocity by examining the frequency and direction of information. Where
ties and channels can be assessed individually, they then contribute to the network analysis when analysed as a whole in examination of the network density.

### 2.6.4 Density

Density often refers to the ‘completeness’ of the network or the extent to which all possible relations are present (Mitchell:1969). This is a popular relational element for analysis as it has important behavioural consequences for both individual actors and the network as a whole.


A second avenue of analysis is suggested by Rowan (cited in Rowley:1977) and further by Galaskiewicz and Wasserman (1989) who suggest that highly dense networks facilitate the diffusion of norms. ‘Through extensive ties between network members, actors form patterns of exchange and produce shared behavioural expectations’ (Rowan as cited in Rowley 1997:891).

A further aspect to examining density is proposed by Rowley (1997). As density increases, communication throughout the network becomes more efficient, with more members able to disseminate information. The reverse is true of less dense networks, where the transfer of information is difficult and less efficient. As a consequence to this behaviour, a dense network is also able to form a mechanism for collectively monitoring the network coordinator, as well as ‘coordinating pressure on it to match expectations’ Rowley (1997:889).

### 2.6.5 Centrality

A further level of analysis of the network structure is that of centrality –‘the degree to which there is a central core to the network’ (Alter and Hage:1993:149). This concept is important to those who are interested in the structural issues of
networks. Extensive studies such as those by Brass and Burkhardt (1992) and Alter and Hage (1993) attempt to demonstrate that differing levels of centrality have effects upon work flows – or the ‘extent to which the heaviest volume of flow passes through a central location’ (Alter and Hage 1993:149).

The consequence of gaining centrality is in gaining power, resources and information. Thus, centrality is important for issues concerning the power of an actor obtained through the network structure, rather than through the actor’s status or other attributes (Brass and Burkhardt:1992; Stevenson and Greenberg: 2000). Further to this concept is that organisations that are less central try to make connections with those more central in order to gain a number of benefits, such as status, legitimacy and resource allocation (Rowley:1997).

Other studies, such as those by Greve and Salaff (2003), demonstrate how entrepreneurs can ‘shorten the path to knowledgeable others to get what they need’.

Consequently, centrality is an issue that should be of interest to those forming a network and those becoming associated with one; but how is it gained? Brass and Burkhardt (1992:192) suggest that, ‘one’s centrality is increased by virtue of being linked to highly central others. If we assume that centrality and power are highly correlated, we can arrive at the conclusion that one’s power is increased via links with powerful others’. While this is common belief, there are some exceptions to this rule, as explored by Yamagishi et al. (1988:833), where the locus of power is determined by the type of network connections as being positive, negative or mixed, as well as by other factors apart from centrality.

2.6.6 Durability

Network durability refers to, ‘the extent to which the network persists in the longer term, and with broadly similar participants – in terms of both the structure and the content’ (Heracleous:2003: 187). Alternatively, Katz (1966 cited in Scott:1991:32) states that, ‘durability is a measure of how enduring are the underlying relations and obligations which are activated in particular transactions’.
A number of internal variables can affect the durability of a network, including the levels of reciprocity between actors, where members feel they are obligated to return favours, or actions to another member. For example, where one member has borrowed finance or materials from one member, they then feel obliged to return the favour in a similar or different way. Similarly, durability can be affected by levels of trust, where a lack of trust will prevent actors from engaging with each other in any meaningful way (Granovetter:1992; Ebers:1997, Buchan et al.:2002). Alternatively, a wide range of external variables could also affect durability, from the physical, technological or legislative environment, to a simple cessation of funding (Ebers:1997, Tracey and Clark:2003).
2.7 Optimised Network Structures

Given the characteristics of networks identified in the preceding section, is it possible to propose an ‘optimised network structure’ where the network is operating at peak performance for the given situation? Understandably, there is no one type of structure that is ideal for any situation. However, there are some general principles that may guide an examination of how well a network is achieving its objectives. The idea of an optimised network has been explored primarily within the context of achieving the optimal mix of ties (Pavlovich: 2003, Burt:1992, Uzzi:1996). As described by Pavlovich (2003:205),

An understated portfolio of ties leads to a fragmented and less competitive network and these relationships have limited repeated exchanges and less reciprocal information exchanges ... An over-embedded network however is one with too many strong ties and fewer weak tie linkages and can result in closed isomorphic processes that decrease diversity in the network.

To further this idea, Burt (1992:63) suggested that an optimised network has two design principles, those being efficiency and effectiveness. Efficiency relates to maximising the number of non-redundant contacts in the network (where non-redundant contacts are those that have contacts that continue beyond the existing network structure). The implication is that information is not sent in redundant circles and that the cost of information transfer is reduced. As Burt explains, ‘Time and energy would be better spent cultivating a new contact to un-reached people’ (1992:67). The second of Burt’s principles, effectiveness is related to the first, where once primary contacts are established, resources should be focused on preserving these contacts. He explains that; ‘Here contacts are not people on the other end of your relations; they are ports of access to clusters of people beyond. Guided by the first principle, these ports should be non-redundant so as to reach separate and therefore more diverse, social worlds of network benefits’ (1992:36). The overall strategy suggested by Burt is to reduce ‘structural holes’ within the network where potential information may flow (1992:63).

Reaching an optimal network structure requires strategies that will recognise and facilitate the existing network structures of the community, while concurrently reaching out to new ties that will not allow the network to become stagnant.
effect of these strategies on the network’s performance is related by Uzzi (1996:675);

An organization’s network position, network structure, and distribution of embedded exchange relationships shape performance such that performance reaches a threshold as embeddedness in a network increases. After that point, the positive effect of embeddedness reverses itself.

The concept of an effective network has also been approached by Nohria and Eccles (1992) in relation to the use of face-to-face interaction combined with electronic forms of network relations. In an extensive comparison between the two, the authors highlight the challenges of integrating the two forms and suggest that electronic forms of networks should be used with caution to supplement face-to-face interaction. Without any supporting research, the authors propose that ‘it may be even more critical to maintain face-to-face relationships with those individuals who can serve as bridging ties (Granovetter:1973), gatekeepers, champions, and so on. These are the relationships that provide the foundation on which the rest of the network depends’ (Nohria and Eccles 1992:305).

Additionally, the work of Human and Provan (2000) provides an interesting perspective on assisting a network to achieve its optimal performance. Their research focused on how two industry networks, ‘built legitimacy over the course of their early evolution, from the pre-network field, to initial formation and growth, and toward sustainment, culminating in the success of one and the demise of the other’ (Human and Provan: 2000:327). They also suggest that the two networks had to address ‘three conceptually distinct dimensions of legitimacy - the network as form, the network as entity, and the network as interaction’ (Human and Provan 2000:328). Their results suggest that the failure to build legitimacy across the three dimensions may lead to network collapse.

2.8 Networks and the Complexity of Time

Both a failing and a benefit of network analysis is its ability to take a snapshot of a situation at a given time. It has been long acknowledged that outputs such as sociograms provide an illustration of a network structure at a given moment. This ‘structuralist approach’ is useful for visualising the relations between actors and for understanding issues of centrality and density. Yet it is important to recognise that
networks are fluid and in a constant state of change. Changes in power relations and in new actors entering the network all cause changes in a ripple effect that can alter the formation or structure of the network. Easton (1992 cited in Pavlovich:2003) goes further to say that there is a constant pattern of changing and modification as networks adapt to changing conditions. The effect of change on networks is examined by Nohria and Eccles (1992:7), in describing how ‘networks constrain actions, and in turn are shaped by them’. Actors often change their positions, sometimes in quite aggressive ways, in trying to gain control for themselves or block control from someone else. These ideas, also explored by Madhavan et al. (1998), can be extended in an attempt to identify changes in structure as the network responds to industry events. It is also possible that evolution of networks occurs as a result of the legitimacy of the network, both in its formation and over time.

2.9 Conclusion

Network analysis has assumed prominence in recent years as its techniques and qualities adapt well to various disciplines and fields of research. The ability to illustrate and discuss the relational qualities of relationships has proven particularly useful to academics and practitioners in business, health care, public administration and biotechnology. While the techniques and applications can vary significantly, this chapter has demonstrated that a number of commonalities can be found across the majority of studies. Firstly, networks can be described through commonly used terminology referring to the network’s characteristics; these being the actors, channels, density, durability and centrality. The application of the research has assisted in explaining a number of behaviours and in some cases it has assisted in prescribing methods by which networks can operate effectively and efficiently. In the following chapter, the review adopts a focus on explaining outcomes such as why and how networks influence innovation and learning as well as power and resource sharing.
Chapter Three – Innovation; perspectives, approaches and pathways
3.1 Introduction

The study of innovation has become an increasingly large and diverse field that has applications across many industries. Scholars of economics, industrial systems and organisations have examined the application of innovation theory in an attempt to understand the phenomenon in economic environments; however, interestingly this adaptation has not been so broadly applied by scholars of social structures and sociology. This chapter outlines the theories behind innovation, both from an economic perspective and from the less developed social sphere. The chapter lends its focus to the clearly identified links between innovation and networks, as being the relevant perspective for this study. Finally, the role of the entrepreneur is identified and reviewed as being central to the development of innovation within a network structure.

3.2 Innovation Theory

As noted in previous chapters, networks can produce a number of highly desirable outcomes in resource sharing, improved efficiency and learning, among others. However, the particular interest of this study is in one of those outcomes – innovation. Before discussing the link between the two, it is first necessary to explore, in depth, the concept of innovation.

As defined by The American Heritage Dictionary of the English Language (2003) innovation is ‘The act of introducing something new’ or ‘something newly introduced’. This simple definition leads to ambiguous interpretation, as the question is posed by Johannesson et al. (2001) and others, ‘what is new, how new, and new to whom’? The concept of what is new is based on individual perception of what is ‘new’ or what is a change in customs. Individual perceptions and fields of experience and/or reference affect these ideas. In essence, what is innovative to some, may be staid and not very new to others. The list of authors discussing innovation is vast and the range of contexts equally large to include such areas as veterinary science (Kodoma:2000), water services (Matthews:1997), process plants (Hutcheson et al. :1995) and internet technology (Casper and Glimstedt:2001), to name but a few. Throughout these studies, most agree that the first real working definition was provided by Schumpeter (1954) who stated that ‘Innovations are further developments of inventions, or just bright ideas for
making them into useful products’. This definition creates more ambiguity, as the question is then posed, ‘useful to whom? What may appear to be a brilliant innovation in one culture, or industry, may appear completely useless in another. It is then a matter of subjectivity and context.

Solutions to these definitional problems have been attempted by scholars such as Slappendel (1996:107) who contends that, ‘the perception of newness is essential to the concept of innovation as it serves to differentiate innovation from change’. This appears to be an essential underpinning of the concept of innovation; however further questions are posed.

The continuous development of an idea to becoming an ‘innovation’ is a further dilemma. As recognised by numerous authors (Schumpeter:1954, King:1992, McDaniel:2000, Fagerberg:2003), the vast majority of innovations develop over time and in conjunction with other individuals, businesses and government environments. The exact point at which an innovation is conceived and or launched is thus hard to establish. The development of innovations to a marketable and economically feasible product or service often is the result of many successive innovations with a number of players and contributors. Acknowledgment of this idea has led to some further development of a working definition given by King (1992:91) that; ‘Innovation is the sequence of activities by which a new element is introduced into a social unit, with the intention of benefiting the unit, some part of it, or the wider society’. This definition appears to resolve the aforementioned dilemmas. The concept of continuous development is addressed through establishing that a sequence of activities should be present, and ‘newness’ is addressed through the intentions for benefiting the unit etc. As such, it is the definition adopted for use in this research when identifying innovations arising from the NRHF network.

This understanding of the process of innovation has also led researchers to adopt a systems approach where contributing and interacting elements can be viewed from a holistic perspective as contributing to the innovation. This approach is especially useful when examining a festival, where the innovations developed when staging the event are the obvious result of collaboration from a number of stakeholders. However, a systems based view is not the only perspective necessary to sufficiently
analyse innovation in a festival context. Innovations resulting from a festival are not solely the result of the interaction of the system, but can also result predominantly from the independent actions of entrepreneurship shown by individuals, and their relations with others within the network. A more accurate procedure may be to adopt the work of Johannessan et al. (2001:21) who, through an extensive review of the innovation literature, has identified four different approaches or orientations to innovation (an additional three to the systems approach):

- Individual-oriented – studies examine the personal attributes that make innovation more likely. These attributes include age, education, cognitive style and creativity.
- Structure oriented – focusing on the organisational attributes and structure that facilitate innovation.
- Interactive oriented – focusing on how action influences structure, government interaction and regional innovation.
- Systems of innovation oriented – focusing on interactive learning, knowledge creation and networks.

Johannessan et al. (2001:21)

It is proposed that all of these approaches be recognised when analysing innovations occurring through the network formed as a result of staging a festival. The process of network analysis involves examining all of these approaches, from the attributes and relations of individual actors and their relationships to each other, to the structure of the network itself. Innovation is likely to occur under either of these approaches and as such could require both individual and structure oriented approaches. Similarly, the nature of network analysis suggests that the network system be examined, as well as how interaction influences its structure through the juxtaposition of actors and their centrality to the festival coordinator. It is then possible that both interactive and systems oriented approaches are taken.

Although the examination of a network has demonstrated its similarity to a system, it differs in its ability to have weak or silent actors, who conceivably could have strong entrepreneurial or other personal attributes that are stimulating innovation. Therefore, examining the individual attributes and the overall system of innovation may yield greater insight than examining the system alone. Similarly, a network differs slightly from a system in that an examination of its structure can
be quite distinct, including the assessment of its density, durability and strength of
ties (an aspect that is more suited to the structure oriented approach as well as the
systems approach).

A further approach to understanding innovation has been to make use of a
typology of innovation. This method has led to a number of similar typologies,
each adjusted for use within a specific context. A number of typologies are
presented in Table 3.1 to demonstrate the similarity of the content.

**Table 3.1 - Typologies of Innovation**

<table>
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<tr>
<td>• Product innovation</td>
<td>• Product innovation</td>
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<tr>
<td>• Process innovation</td>
<td>• Process innovation</td>
<td>• Method of production</td>
</tr>
<tr>
<td>• Institutional innovation</td>
<td>• Organisational innovation</td>
<td>• Opening of a new market</td>
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<tr>
<td>• Management innovation</td>
<td>• Management innovation</td>
<td>• New source of supply of new</td>
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<td>materials</td>
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<tr>
<td>• Logistics innovation</td>
<td>• Production innovation</td>
<td>• New organization of any industry</td>
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<td></td>
<td>• Commercial/marketing</td>
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<td></td>
<td>innovation</td>
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<tr>
<td></td>
<td>• Service innovation</td>
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As shown in Table 3.1, Schumpeter (1954) was the first to present a typology of
innovation which has been refined by others based on the context in which they
are researching. The list by Hjalager (2001) draws from the preceding typologies
whilst attempting to make the framework suitable for analysing the tourism
industry – as a subset of a service industry. The approach taken by Trott (2002)
includes service as a separate element, which is an important addition, based on
the increase of service industries since the original list was created by Schumpeter
(1954). Trott (2002) also includes commercial/marketing innovations which again
have seen an increase in importance since the 1960s when marketing methods
became more refined and diverse. As Trott’s typology appears to be the most
comprehensive, a more complete version is provided below.

1) Product innovation - the development of a new or improved product.
2) Process innovation - the development of a new or improved
   manufacturing process.
3) Organisational innovation – e.g. a new venture division, new internal
   communication system, introduction of a new accounting system.
4) Management innovation - TQM systems, Business Process Re-engineering, SAP systems.
5) Production innovation – e.g. Quality circles, Just in Time manufacturing system, new production planning software, new inspection system.
6) Commercial/marketing innovation - new financing arrangements, new sales approach, e.g. direct marketing
7) Service innovation – e.g. telephone financial service

Trott (2002:14) A festival provides a number of products (food, produce and gifts) but predominantly is providing services such as entertainment, food service and information. These are supported by a ‘physical ambience’ and ‘social atmosphere’ that cannot be ignored as part of the festival ‘product mix’. The types of innovations listed above could all be identified as having potential to occur in a regional festival.

While Trott’s (2002) typology covers the service dimension, it may be considered to be deficient in examining innovations related to social development and social capital. This area of research and enquiry is observed to be separate from business and organisational studies. However, as discussed in previous sections on network analysis, the two are rarely separated; the concept of social embeddedness should be equally transferable to the field of innovation. The literature demonstrates a propensity to describe situations as a ‘social innovation’ without much analysis of the meaning or context of this term (e.g. Barraud-Didier:2002). The exception to this deficiency is Thompson (2002:412), who defines social innovations as ‘new, creative and imaginative community initiatives - led by enterprising people’.

Further to this concept, McElroy (2002:31) contends that social innovation is another form of social capital. Phrased as ‘social innovation capital’ he explains that this ‘refers to the collective manner in which whole social systems (i.e. firms) organize themselves around - and carry out the production and integration of new knowledge’. Further, Drucker (1985:159) identifies social innovation as one of the more important and necessary elements in creating a more entrepreneurial society where ‘innovation ... does not have to be technical, does not have to be a ‘thing’ altogether. Few technical innovations can compete in terms of impact with such social innovations as the newspaper or insurance’. Drucker (1985) uses his
interpretation of social innovation to include the areas of public policy and not-for-profit organisations including for example; labour relations, legislation changes, educational development and health care. To expand this way of thinking other examples where innovation is targeted at improving community capacity can include areas of sport and recreation, as well as arts and entertainment (Thompson:2002). One author with a compelling argument for social innovation is Collins (cited in Hesselbein et al.:2001) who states that it is the ‘Most powerful and profound form of innovation’.

The inclusion of social innovations would complete a typology of innovation that could be applied to the examination of festivals and as such is the one used for this study. These types of innovation include product, process, organisational, management, production, commercial/marketing, service and social innovation.

While these approaches and perspectives on typology can be useful for classifying and conceptualising innovative activity, there is clearly still some divergent discussion amongst writers as to what it is that promotes and causes innovation. As stated by Johannassen et al. (2001) ‘... in spite of the large amount of research in this area during the past fifty years, we know much less about why and how innovation occurs than what it leads to’. This is, of course, no surprise, given the immense range of industries, contexts, environments and organisations that innovation dwells within. There can be no ‘one-size-fits all’ in terms of process and development.

3.2.1 Pathways to Innovation

What has developed in place of a direct solution to identifying how innovation occurs is to examine the types of contexts, environments and organisations where innovation prospers. In this area too there is an abundance of studies with both related and unrelated findings. Some common themes include; the tendencies for innovation to develop in clusters (Cooke:2002), the effect of imitation on innovation (Fagerberg:2003) and the importance of entrepreneurship to innovation (Drucker:1985, McDaniel:2000).

Other studies of successful organisations point to specific ‘pathways’ which have led that company in that situation to innovation. One such study (Magrath and
Higgins:1992) suggests six pathways to innovation several of which successful companies may follow simultaneously. These are:

- Innovation based on core technologies;
- Innovation based on a unique remix of common operating elements;
- Innovation that satisfies unmet customer needs;
- Innovation created from pure imagination;
- Innovation based on scientific research;
- Innovation based on functional excellence.

(Magrath and Higgins:1992:13)

These pathways tend to assist an organisation in identifying the best mode of innovation to follow – the one that will give them the greatest competitive advantage. Similar studies by Drucker (1985) tend to focus on providing descriptions of ‘seven areas of opportunity’ where innovators can look for simple focused solutions to real problems including; unexpected occurrences, incongruities, process needs, industry and market changes, demographic changes, changes in perception, and new knowledge. By examining these areas, innovation can be ‘managed’ systematically and not left to random development.

A final pathway that has been identified as contributing to the potential for innovation is that of networks. Being the focus of this study, the following section provides a critical examination of this element.

3.3 Innovation and Networks

The contention that collaborative effort produces new ways of doing things has been explored within numerous contexts to demonstrate a number of increasing outcomes (for example, Alexander:1995, Heracleous 2003, Nijamp:2003). Framing the concept within the terminology of ‘networks’ and ‘innovation’ assists in identifying the processes, systems and tools of the concept which in turn may assist replication. Studies such as those by Powell (1998), Florida et al.(2002), Tracey and Clark (2003), Saxenian (1991) and Ruef (2002) have attempted to discover what it is about networks that gives them the capacity to innovate providing a number of findings as explored below.
3.3.1 Strong and weak ties

A mixture of people and positions are often necessary to create a network ripe for innovation, as discussed in the previous section on network analysis. An important insight is recognised by Tracey and Clark (2003) that ‘weak ties provide a link to other firms and networks with different ways of viewing the world, and are therefore important for the introduction of new ideas and perspectives. These ties act as bridges across which alternate information flows can travel and are crucial for innovative behaviour’. This is an important issue for festival networks, where actors can come from diverse inter-industry backgrounds, such as arts and agriculture. More traditional network structures are more effective at transmitting information between actors, but tend to be poor sources of innovation or new ideas (Tracey and Clark:2003).

A similar idea is expressed by Florida et al. (2002:20) in identifying that, relationships can become so strong that the community becomes complacent and insulated from outside information and challenges. Strong ties can also promote the sort of conformity that undermines innovation. Weak ties, on the other hand allow a basic level of information sharing and collaboration while permitting newcomers with different ideas to be accepted quickly into the social network.

An alternate view is held by Perry (1996) that strong close ties are important for innovation, that without the trust stemming from strong ties, innovation is less likely to occur. Perry (1996:77) notes that ‘network relations depend on long term personal association from which trust and reciprocal relations emerge’. Similar suggestions made by Saxenian (1991), relate to production networks, where she notes how high-trust relationships take time and effort to establish and maintain.

Many of these authors Perry (1996), Tracey and Clark (2003) as well as Ruef (2002) go further to propose that a mixture of strong and weak ties is needed for a network to have the capacity to innovate. Reliance on any source of relationships will not provide the interactions that are required for innovation to occur. Establishing the right ties is identified by Kandampully (2002:22) as providing ‘competency contributing partners’, adding to the capacity of the organisation to become innovative in the design of service delivery systems. Teece (2002) adds similar comments, suggesting that managers need to accept the existence and
capabilities of networks as a link to the capacity for innovation. A further result of this effect can be for companies to view their competitors differently as explored by Powell (1998:229) where ‘collaboration has potentially transformative effects on all participants … The presence of a dense network of collaborative ties may even alter participants perceptions of competition’.

In relation to social innovation, the work of Putnam (2000) illustrates the importance of both strong and weak ties for the development and maintenance of social capital. His work associates the decline of social capital in the USA with a lack of social relationships formed through declining participation in civic activities, where there are fewer opportunities to develop strong, or weak, ties. Similarly, Knack and Keefer (1997) describe how this lack of social interaction results in a lack of trust and correspondingly, a lack of innovative activity.

3.3.2 Centrality and access to information

Other studies identify issues of centrality as being important to a network’s ability to innovate. Teece (2000) argues that central players with strong links to suppliers and customers are better able to drive and to benefit from innovative activities. This reasoning seems to support the findings of Cox et al. (2003) who identify the link between increased innovation and the introduction of a new industrial network when looking at the ‘chilled ready meal’ industry in the UK. In this study, the authors were able to clearly identify the link as being related to extended access to information throughout his identified network. Cox et al. (2003:217) explain that ‘data generated and recorded at the point of sale on customer preferences and purchasing patterns has given British supermarkets access to information that can be utilised, in conjunction with food processors and packaging firms, to directly initiate aspects of new product development’. The authors continue that this type of innovation has led to an important competitive advantage for the organisation under study.

There is some evidence that innovation is assisted by network structures through greater access to resources related to knowledge, experience and finance. Bower (1993) makes these discoveries in the field of pharmaceuticals where two companies derive benefits from within the same network, although they have no direct relationship. The two companies have common intermediaries including...
NASDAQ financiers, from which their network connections allow new access to finance. Other outcomes that were clearly identified include indirect access to a wider range of university-based expertise and access to new partners for research and development. Thus, those companies that stay closer to the central hub of the network have greater access to these resources.

3.3.3 Regional Innovation Systems
Once the quality that gives networks the capacity to innovate is the industrial environment in which they are situated. As discussed in Section 2.5.1, Ebers (1997) identified regional environments as conducive for networks. Cooke (2002) goes further to suggest reasons for the strength in regionally based innovation systems as being that significant decision making exists at regional level, often because of the predominance of SMEs (small and medium sized enterprises), the pressure to reduce cost and improve quality drives businesses to work together, and government policies support clusters by creating economic communities.

In some cases, more formal ‘innovation networks’ exist emphasising the link between innovation and networks (Park:2001, Pyka:2002, Trott:2002, Park et al.:2003). Formed as networks between governments and industry associations, they have been formulated as a prescriptive strategy for business development and are especially prevalent within regional development strategies. Pyka (2002:154) examines similar entities in ‘the interaction between R&D labs and other innovative actors as universities and other public research institutes’ and explains their significance ‘as a means of coordination of industrial research and development processes’.

3.4 Summary
The results of these studies can be summarised in the following list of specific innovative outcomes that have resulted from increased participation in networks:

- New product development (Cox et al.:2003, Saxenian:1991);
- New knowledge of customers preferences (Cox et al.:2003);
- Access to new sources of finance (Bower:1993);
• Development of new technology (Saxenian:1991, Kandampuly:2002);
• Design of new service delivery systems (Kandampuly:2002);
• Improved entrepreneurial activity (Ruef:2002);

3.5 Networks, Innovation and Entrepreneurs

Having established the links between networks and innovation, a further question is posed as to the influence of individual actors within the network structure. Several writers have identified an increased likelihood of entrepreneurs being a part of the network (for example Larson 2000: Burt:1992). According to Nijkamp (2003:395), innovation is the, ‘creative modus operandi of an entrepreneur and induces a process of economic growth’. He argues that the existence of an entrepreneur within a network must increase the chance of innovation from the network in general and, conversely, the existence of a network from which the entrepreneur can gain resources and share risk must enhance the prospects for innovation on the part of the entrepreneur.

Studies have shown these two suggestions to be supported. Research into immigrants who stay in their own cultural networks shows that they often go on to become entrepreneurs (Woolcock:1997). This is often because they gain access to capital and access to information about new markets. However, the advantage of gaining capital through network ties in order to fund innovation is not just limited to immigrants. Other studies, such as those by Steier and Greenwood (1995) and Lipparini and Sobrero (2002), demonstrate that this is a common strategy for entrepreneurs as they rely on the trust and reciprocity they have gained by forming network ties. Studies have followed the attempts of governments to create networks for the purpose of innovation (Engelstad and Gustavsen:1993). The programs have often included strategies for the development of entrepreneurs within that network.

Others, such as Larson (2000:307), suggest that the relationship between entrepreneurs and networks is essential to the development of innovation ‘Lone firms or individuals are extremely limited in their ability to sustain innovation over time’. Related to this idea is the importance of social ties in developing and making use of trust and reciprocity, thereby reducing risk (Greve and Salaff:2003, Greve:1995).
The links between entrepreneurs, networks and innovation are strong. In particular the development of new products and new processes is assisted through access to capital and access to shared knowledge. However, it would appear that the benefits of the presence of an entrepreneur are extended to others in the network who would benefit from the innovations of the entrepreneurial business. Suppliers to that business, and other businesses that have ‘spin-offs’ would also benefit from the increase in business activity.

### 3.6 Conclusion

This chapter has sought to clarify the concept of innovation in terms of its definition and, in absence of an unambiguous solution, has observed the use of typologies of innovation presented by a number of authors. To assist further in classifying the literature a number of perspectives have been summarised into four main approaches - interactive, systems, individualist and structural innovation. Each approach identifies different constructs within which innovation can be viewed, an essential part to identifying the relevance of individual innovations. With the assistance of these literature analysis techniques, it is felt that innovation within a festival context will be able to be analysed from an interdisciplinary perspective. This is typical of the approach that is required in the study of event management where social, environmental and economic perspectives are all related to the impact of the event.

The review of literature across these approaches has found an array of studies assessing innovation in a multitude of industries, contexts and environments. An important part of this review has been in identifying networks as having an important relationship with innovation through increased knowledge and resource sharing. Further to this idea has been the identification of the inter-relationship between networks, entrepreneurship (which can be assisted by networks), and innovation (which can be assisted by entrepreneurship).
Chapter Four - Methodology
4.1 Introduction

The research employs a number of case studies from which data are collected to address the research objectives. Firstly, the cases provide characteristics of the network structure and rich data from which analysis can be made of the relational elements of the network. From this data, it is possible to construct a sociogram depicting the linkages between actors in the festival network. Secondly, the case studies also provide in-depth information on the types of innovation that have occurred through participation in the festival network. The processes and elements assisting in the development of innovation can also be identified through the individual case data, as well as through cross-case analysis. The culmination of these parts of analysis allows achievement of the final objective in explaining how and why innovation occurs from participation in a network.

The use of a case study methodology provides meaningful and insightful data that are typical in this type of qualitative research. Further, the use of case studies to collect data for network analysis is a common approach used successfully by a number of researchers including Pavlovich (2003), Madhavan et al. (1998) and Liu and Brookfield (2000) to name a few.

This chapter describes the two elements of the methodology in detail, firstly, exploring the use of the case study approach in qualitative data collection and secondly exploring the specific methodology of network analysis.

4.2 Multiple Case Studies

The case study approach is a means by which qualitative data can be gathered and analysed through a meaningful interview with participants. This combined with other observational and historical data constitutes a complete case study (Yin:1984). The case study design can make use of a single case study where unique behaviour is under investigation, or multiple studies where the researcher is looking to find similar or contrary results across cases (Yin:1984).

The use of multiple case studies for this project has allowed the researcher to extract more meaningful and content rich data from participants and to explain
relationships between networks and innovation. The following section details the process of developing the case studies and explains its application to this research.

### 4.2.1 Background – The Use of A Case Study Methodology

According to Yin (1984:16), ‘a case study is used when a “how” or “why” question is being asked about a contemporary set of events, over which the investigator has little or no control’. He further clarifies his definition thus, ‘A case study is an empirical inquiry that: investigates a contemporary phenomenon within its real-life context; when the boundaries between the phenomenon and context are not clearly evident; and in which multiple sources of evidence are used’ (Yin:1984:16).

Each of these elements has been considered for the purpose of this research. The phenomenon of innovation within a festival network is not clearly evident, although previous observation suggests its existence. Multiple sources of evidence are accessible and provide balanced sources of data for analysis.

According to Yin (1984), a case study can be used for three purposes – exploratory, descriptive or explanatory - and can be used for examining single cases or multiple case studies. In this study, multiple studies are required to provide a variety of perspectives from the stakeholders of the festival regarding the structure and functioning of the festival network. The process for choosing stakeholders is provided in the following section on network analysis. However, the reasoning for using multiple cases is similar to the example provided by Yin (1984) in which a study of school innovations would use individual ‘sites’ as the subject of individual case studies within a multiple case study design.

The use of case studies as a form of qualitative analysis is common in business disciplines such as accounting and marketing. According to Muthaly et al. (2000:141), many researchers in these disciplines have recognised that case studies are likely to ‘provide more meaningful results in examining complex relationships and transactions than research methods that are solely based on quantitative analysis’. Similarly, Driesing (1972 cited in Muthaly et al:2000:142) suggests that, ‘... while quantitative analysis can indicate certain relationships within an organization, it cannot identify the actual inner or interpersonal transactions that bring them about’. Given that qualitative research and, in
particular, case studies are well suited to examining relationships and transactions, it is not uncommon to find case studies frequently used in studies of small and medium sized businesses (Muthaly et al. :2000, Fuller and Cummings:2003, Lipparini and Sobrero: 2002) where these relationships are of a manageable size to observe and analyse. These studies are invaluable in describing the successes and failures of these enterprises where these studies are focused on the ‘how’ and ‘why’ of the business interactions and transactions.

On a similar path, the work of a number of researchers examine innovation (Larson:2000, Saxenian:1991, Thompson:2002) using the case study approach as a method of extracting rich and meaningful data on the process and significance of innovation within a small business/organisation context.

A further feature of the case study approach is its ability to deal with a full variety of evidence – documents, artefacts, interviews and observations. This strength, as proposed by Yin (1984), fits well with the context of this study where other sources of data were available to the researcher, including individual business websites, local newspapers, local council minutes, NRHF planning documents and the NRHF website. The use of these documents provided excellent support material to the individual stakeholder interviews and provided relevant contextual data for the case study.

Given the wide acceptance of the case study technique, it is perhaps surprising to find that there is no definitive list of case study designs. In his review of potential designs, de Vaus (2001) identifies 64 possible design types set amongst descriptive, explanatory, prospective and retrospective elements. With the lack of specific case study design, the research design for this project follows closely the guidelines established by Yin (1984), who suggests the use of a case study protocol to guide the case study process.

4.2.2 Case Study Protocol

The use of a case study protocol is suggested by Yin (1984:64) as a technique to ensure the reliability of results by guiding the investigator through a series of standard steps in carrying out the case study. As suggested by Yin (1984), the protocol for this study has included;
• **Overview of the case study project including research objectives** - Objectives from Chapter One of this report were reviewed in conjunction with the case study questions, observational requirements and proposed outcomes.

• **Field procedures action plan** - An action plan was developed to record observations from the festival and to identify potential case study participants. The plan also included identification of relevant web-sites and newspapers from which data could be collected. Further checklists were made for the process of data collection and its secure storage.

• **Case study questions** - Questions for use in semi structured interviews were constructed as described below.

• **Template for case study report** - A template was created to document information recorded in the interviews. The template incorporated sections based on the theoretical elements of network analysis as described later in this Chapter.

### 4.2.3 Data Collection

Following development of the case study protocol, and refinement of the case study questions, a pilot inquiry was undertaken to refine data collection techniques in terms of content and procedure (Yin:1984). The pilot study was conducted on a participant in the festival from the community node, where questions were refined for use in future interviews. Having finalised the interview questions, a series of interviews were scheduled where data were collected using tape recordings and written notes. The interviews were based around a series of ten questions that allowed open-ended responses aimed at gaining an insight into the network structure and dynamics that foster innovation. Frequently, the interviewees continued the discussions and contributed more data to the interview beyond these initial questions, often providing information in the form of stories and narratives about their experiences in the festival network. The questions shown in Table 4.1 were divided into blocks that aimed to provide data on the important elements of the study and address the research objectives. The first block of questions relates to the first research objective, identifying the characteristics of a network that has formed as a result of the development and staging of the NRHF where analysis can be made of the network actors and the channels/ties, centrality, durability and density of the network structure. The questions collect data on the
type of business or organisation that the participant works for and which node of
the network they belong to. It also established the other nodes that they connect
with and the types of channels used to make those connections. The second block
refers to the second research objective, identifying the types of innovations that
have been developed. The third block relates to objective three, to identify any
predominant processes or important elements of the network that has facilitated
the development of these innovations. In particular, the questions aim to identify
where other parties were involved in the development of the innovation and can
assist in identification of processes and elements of the network that assisted the
development. The fourth block relates to the fourth research objective asking how
and why innovations have occurred in the context of staging the NRHF.

Table 4.1 – Interview Questions

<table>
<thead>
<tr>
<th>Block One</th>
<th><strong>Interview questions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business/organisation name</td>
</tr>
<tr>
<td></td>
<td>Are you a member of any associations, networks or other collaborative organisations?</td>
</tr>
<tr>
<td></td>
<td>What were your reasons for being involved in the festival?</td>
</tr>
<tr>
<td></td>
<td>How did you receive information about the festival?</td>
</tr>
<tr>
<td></td>
<td>Did you think others received more information than you? Why?</td>
</tr>
<tr>
<td></td>
<td>Did you meet any individuals or businesses at the Herb Festival that you now do business with?</td>
</tr>
<tr>
<td></td>
<td>Have you made new contacts from the festival?</td>
</tr>
<tr>
<td></td>
<td>Do you have a network of contacts from your involvement in the festival?</td>
</tr>
<tr>
<td>Block Two</td>
<td>How many years have you attended the Herb Festival?</td>
</tr>
<tr>
<td></td>
<td>Over that time, have you developed new products and/or services?</td>
</tr>
<tr>
<td></td>
<td>Are any of these attributable to your participation in the Herb Festival?</td>
</tr>
<tr>
<td>Block Three</td>
<td>Have you worked with any other businesses or individuals in the development of these products and services?</td>
</tr>
<tr>
<td></td>
<td>Can you describe the process that you went through to create your new or changed products/services?</td>
</tr>
<tr>
<td>Block Four</td>
<td>Has your participation in the Herb Fest assisted you in any other ways? e.g. Saw competitors products, met competitors for the first time, met/spoke to new customers, increased sales, saw new ideas for business</td>
</tr>
<tr>
<td></td>
<td>Will you take anything new to the next festival?</td>
</tr>
<tr>
<td></td>
<td>Can you tell me about any obstacles that have reduced your capacity to develop these new products/services</td>
</tr>
</tbody>
</table>
4.2.4 Analysing the Case Evidence

A good strategy for analysing case data will yield priorities for what to analyse and why (Yin:1984). The use of a strategy which relies on ‘theoretical propositions’ allows the researcher to focus on relating the findings to previously established theory. In this study, the theory presented in Chapter Two and Three provides the theoretical propositions necessary to analyse the case data. Firstly, in response to the first research objective, the characteristics of the network for examination have been identified in Section 2.6 as the actors, channels, durability, density and centrality of the network. These basic characteristics allow analysis of the network structure and the ensuing relations within it. Secondly, the theory in Section 3.2 provides a typology of innovation which can be used to specifically address the second research objective identifying types of innovation. The specific links between networks and innovation as explored in Section 3.3 assists in identifying the processes and elements from which innovation has been developed within the network structure. Finally, the literature in Chapter Three indicates where the research can be focussed to discover ‘how’ and why’ innovations occur in the network context as required by objective four.

4.2.5 Presenting the Case Evidence

Separate sections have been provided for each of the ten case studies pertaining to this analysis of the NRHF, followed by a cross-case analysis as suggested by Yin (1984). Each case presents the evidence under a series of generic headings which follow a logical sequence similar to that of the research objectives. In order to make the best use of the qualitative data collected in the interviews, narratives have been used to depict information that is rich in content. As purported by Coffey and Atkinson (1996:56), ‘the use of narratives allows the participant to organize his or her thoughts into stories which in themselves can be analysed for important sections or structure’. The use of narratives has also assisted in identifying recurrent themes, facilitators and barriers to innovation that have occurred as a result of participation in the network.

4.3 Network Analysis

The use of multiple case studies described above allows data to be collected from a number of stakeholders in a festival network. These data can then be used in an
analysis of the structural and relational aspects to the network. The following section describes this process in detail, particularly with interest in establishing boundaries for data collection, sampling procedures, measurement and reliability. Knoke and Kuklinski (1988) identify the issues involved within sampling and measurement as well as those concerned with boundary specification. Following examination of the topic by Knoke and Kuklinski (1988), boundary specification is the first consideration of designing a network analysis methodology.

4.3.1 Boundary Specification

The extent to which a network extends into a social structure, community, region or country is defined by a boundary. At times, this boundary can be defined by existing lines, such as the state border, or membership of a certain association. At other times, the researcher must set the boundary based on clear criteria (Knoke and Kuklinski:1988). Similar to the idea of a research study’s ‘scope’, the boundary of a network analysis places restraint on the research so that a more manageable process can be undertaken.

Laumann et al. (1982 cited in Knokes and Kuklinski :1988), present two common approaches, that of the realist approach, where the researcher uses the boundaries set by the actors themselves (e.g. who is a part of our family), and that of the nominalist approach, where the researcher nominates the boundaries based upon his or her own conceptual framework. (e.g. ‘defining a social class as all workers having a common relation to a mode of production’) (Knoke and Kuklinski:1988:17).

For the purpose of this study the boundaries are set by a ‘realist approach’, where the Festival Coordinator has nominated who is involved in staging the festival. Otherwise, the total number of actors within the proposed network is unknown, with no exact database in existence. The communications database of the organiser is not sufficient to draw a complete population from, as it does not represent all the actors within the identified nodes. To assist with this common problem the realist approach applies a criterion of ‘mutual relevance’ (Knoke and Kuklinski :1988), where ‘only actors that are relevant to each other (as defined by the substantive question) should be included in the social network. Actors whose actions or potential actions are inconsequential, either because they have no interest in the
substantive area or because their significance is trivial, are excluded’. Therefore the actors chosen for this study were based on their propensity for participation in the NRHF as suggested by the Festival Coordinator.

4.3.2 Sampling Procedures

The nature of network analysis makes sampling procedures problematic, as the number of potential relational ties is often beyond accurate calculation. If, for example, this study was interested in how visitors found out about the festival, the communication channels could extend to thousands both locally and interstate with no accurate way of determining the total sampling population. While a number of researchers have contributed greatly to providing a sampling methodology (for example Knoke and Kuklinski :1988) there is no universal strategy. More recently, the concept of ego-centred networks has evolved with Greve and Salaff (2003) and later BarNir and Smith (2002:223) who stated that ‘the network of a focal individual is determined by the group of persons whom that individual defines as constituting the network of contacts’. While this does not present a satisfactory strategy for all network analysis, it does provide a very suitable tool for this study using the Festival Coordinator as the focal individual from whom the network can be defined and sampled. It is useful to note that the work by Greve and Salaff (2003) and BarNir and Smith (2002) examines social and business relationships in a business context - a similar field to the focus of this study.

Having established the boundary setting and sampling procedures, the actors that were relevant to each other for the purpose of staging the festival could be selected for the study’s population. The focal individual of the study is the festival coordinator who has assisted in determining the group of contacts which she defines as constituting the network of contacts. Further discussions revealed that these contacts fit well into a number of stakeholder groups as previously described by Allen et al. (2002). As shown in Figure 4.1, a simple diagram was drawn to illustrate the existence of those groups and the relationship to the Festival Coordinator.
The list of contacts provided twenty potential participants who could be interviewed for their involvement in the festival network and for their potential for innovation.

4.3.3 Stakeholders and Nodes

Making use of this original list of twenty participants, and Figure 4.1 shown above, the stakeholders identified by the Festival Coordinator could be considered actors in the festival network. This followed closely with the approach used by Rowley (1997) where stakeholders were considered as actors within the network. The list of participants was classified into these stakeholder groups derived from the event stakeholder analysis identified by Allen et al. (2002) and then adapted to the identification of a network. These stakeholder groups become the nodes of a network – each reliant on the central coordinating unit for direction and consultation towards the development and staging of the festival. It was recognised that each node would have a number of actors that were drawn together in the node by a common objective or set of behaviours.

From the initial list of twenty contacts, further screening of participants was made based upon their propensity for both networking and innovation, as evidenced by their business web-sites and their activities at the festival. Secondary research also examined their business activities in a preliminary search for network ties to other businesses in the region. Where mention was made of other linked businesses, this business was considered as having a good propensity for networking and was
therefore considered a good candidate for interview. Through this process, the list was narrowed to eighteen candidates. Two of these were unavailable for interview in the timeframe of this study and other new participants were suggested by those contacted. In all, the process provided ten interviewees, covering the majority of the nodes identified, all of which were subsequently interviewed. The nodes, stakeholders and final participants are shown in Table 4.2.

Table 4.2 - Description of Network Nodes

<table>
<thead>
<tr>
<th>Node 1 (1)</th>
<th>Stakeholder as identified by Allen (2002)</th>
<th>Final 12 participants Coded for presentation (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herb Industry Participant (e.g. grower, seller etc)</td>
<td>Supplier</td>
<td>Herb Industry Participant</td>
</tr>
<tr>
<td>Arts community</td>
<td>Performer</td>
<td>Dance Performance Coordinator</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Sponsor</td>
<td>Sponsor</td>
</tr>
<tr>
<td>Government Dept</td>
<td>Not identified</td>
<td>Lismore Events Coordinator</td>
</tr>
<tr>
<td>Tourism Industry Reps</td>
<td>Tourism Industry</td>
<td>Lismore Visitor Information Centre</td>
</tr>
<tr>
<td>Convention Organiser</td>
<td>Not identified</td>
<td>Convention Organiser</td>
</tr>
</tbody>
</table>
| Stall-holder | Stall-holders | Stall-holder A  
Stall-holder B |
| Festival Coordinator | Coordinator | Festival Coordinator  
Vendor Coordinator |
| Regional Cuisine | Not identified | Regional Cuisine Coordinator |
| Food Specialist | Not identified | Food Specialist D |

Source: Author

The third column of Table 4.2 provides the coded names for the specific participants that were selected for interview. As determined by the University’s Ethics Committee, names of individuals and businesses are not to be disclosed, with preference given to using codes such as Business A etc.

### 4.3.4 Measurement and Positioning

Measurement in network analysis attempts to gauge the nature and extent of relations between actors. Although the relations can vary in strength and form, an estimate of their existence must be made. The analysis could seek to assess the

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1 Capitalisation of the name of the node is used from this point forward for reasons of clarity.  
2 The codes are used in the text from this point forward, (including capitalisation), to identify the participant.
strength of a tie between actors, measured by the number of communications over time or the reciprocity of those communications. Measurement can be made through a number of standard research methods, such as direct observation, archival records, and survey data - all of which have their particular advantage and disadvantages in collecting accurate data from which to draw reliable inferences (Scott:1991).

Attempts to quantify the measurement of ties have been made by some researchers using a variety of mathematical and technical methods, resulting in outputs such as those discussed in Table 2.1. Often these studies are examining more technical issues, such as policy networks, where quantification of the number and types of transactions is a more straightforward process. More common, however, is the use of descriptive methods of measurement in establishing the presence and strength of channels and ties. This qualitative approach focuses less on the mere structure of interaction between actors, but instead on the content of these interactions using qualitative methods such as in-depth interviews and other less formal conversations (Borzel:1998, Urry:2003, Pavlovich:2003, Powell:1998). For example, these methods are used in describing density where Pavlovich (2003:213) explores density and the effects of strong and weak ties without specifically measuring them with any statistical packages. Instead she provides descriptive narratives and a ‘map of nodal connections’ to illustrate her findings. A very similar approach is taken for this study where density is shown by the number of connecting lines between nodes, and centrality is demonstrated by the number of main communication channels to the central coordinating unit.

The approach used by this study follows that demonstrated by Pavlovich(2003), Burt(1992), Bengtsson and Kock (1999) and Milward and Provan (1998) who combines the use of qualitative narratives and discussion with ‘visual representations’. This combination allows a visual interpretation, as well as written discussion of results. For example the strength of ties is measured by the perceived intensity of the relationship, this including the number, frequency and content of communications, the reciprocity of the relationship and the level of trust required by the two parties. This can be visually demonstrated by the thickness of the lines between two nodes as well as through the use of written narratives and transcripts.
4.3.5 **Sociograms**

To illustrate the discussion, a number of diagrams in the form of sociograms are given which assist visualisation of dimensions such as positioning of actors within the network, the channels of communication and centrality of the network. The limitations of these illustrative techniques are well understood as providing a static technique to illustrate such relations. However, in absence of a perfect technique by which to present such complex relations, the sociogram has been chosen for depicting the network in this study as it best illustrates a centralised network with a fixed number of nodes and complex system of dense channels/ties. The sociogram has been used in recent studies to indicate the development of a network and demonstrate the critical positioning of actors (Pavlovich:2003, Krackhardt:1992). These factors are also considered relevant to this study and support the choice of using this technique. The sociogram is useful in examining a number of important elements previously identified in the literature review as being relevant to network analysis, these being the actors, their ties, position and status, centrality, durability and density.

4.4 **Conclusion**

This chapter has described the elements that have been combined to design the methodology for this study. The qualitative approach to this study has involved the use of multiple case studies to collect data relating to the network relations between actors and their propensity for innovation. The chapter has described how data has been collected and analysed using a case study protocol as a guideline to ensure the accuracy and objectivity of the data collected. Further, the chapter has explained the adoption of network analysis as a tool for analysing the relations between actors and for illustrating the structure of the network as a whole. This has involved describing the elements of network analysis that include boundary specification, measurement and the use of mapping techniques such as sociograms.

The elements of multiple case studies and network analysis combine for the collection and presentation of data, as shown in the next two chapters.
Chapter Five – The Case Studies
5.1 Introduction

The ability for a network to incubate innovation can be examined in terms of each network component as well as for the network as a whole. The results and analysis of this study attempt to fulfil both these functions. Firstly, this chapter addresses the first research objective, providing an overview of the NRHF network. Further analysis of other characteristics of the network is made in the following chapter. However, at this point it is pertinent to illustrate the structural characteristics, introduce the actors and identify the channels through which the festival is coordinated. Preceding this, background information is provided on the setting, development, theme and operational structure of the event. The overview is then followed by a case-by-case analysis describing, in-depth, each node of the network in terms of its network characteristics as well its capacity for innovation.

5.2 Background on the Northern Rivers Herb Festival

5.2.1 Setting

The Northern Rivers Herb Festival (NRHF) is held in Lismore, a regional centre in northern NSW, Australia. The city of Lismore has a population of over 43,000 people employed in a diverse range of traditional and innovative industries. The region is described by the local government as an ‘unspoiled, lush and laid back pocket of northern NSW, it is a city that boasts the culture and convenience of a major regional centre as well as an extraordinarily beautiful natural environment’ (LCC:2004). In response to this image the region is attracting a number of creative and culturally attuned people into the towns and villages, both as visitors and as new residents. Festivals are a prominent part of the yearly calendar with over 250 events staged in the surrounding region every year. This cultural image is set within more established agricultural industries such as dairy and sugar cane, as well as increasing numbers of small crop farms producing a wide variety of crops, from blueberries to dandelion.

5.2.2 Development

The development of the NRHF occurred as an initiative of the local Chamber of Commerce (Lismore Unlimited Opportunities) with substantial funding and support provided by Lismore City Council, Cellulose Valley Technology Park and Southern Cross University’s School of Natural and Complementary Medicine. The
event also supported the council’s strategic direction of the region as expressed in Lismore City Council’s Economic Development Unit’s *2001 Strategic Plan (‘Herbal Medicine Research and Manufacture’ and ‘Environmental and Cultural Tourism’) (LCC:2001)*. The launch of the event in 2001 provided an opportunity for the local community to celebrate and learn more about the local region’s burgeoning herb industry with the vision of the event being to ‘promote the culture of natural living, incorporating herbs and related products, cuisine as well as environmental sustainability’ (LUO:2001).

The objectives of developing the Northern Rivers Herb Festival are consistent with those suggested by Mayfield and Crompton (1995) discussed in Chapter One where the festival can be seen as fitting all of the reasons to some degree - with an emphasis on showcasing agricultural resources, community pride and recreation/social activity.

The event has since been held annually with attendance numbers slowly rising from approximately 6000 to 10,000 and participating performers and stall-holders attracted from further afield. The festival attracts a number of visitors from local regions as well as from interstate with approx 10% of visitors being from outside the local region. The number of tourists is perhaps below expectations of council and tourism managers, and although the percentage is growing each year, the lack of tourists may be of concern to the event planners. As can be seen from the business plan (LUO:2001), increasing tourism is indeed an objective of the development of the event, although no specific indicators have been set.

### 5.2.3 Theme

The theme chosen for the festival is to ‘celebrate natural living’, where the region’s burgeoning herb industry could be showcased. Herb related businesses in health and cuisine were offered an opportunity to promote and test their products through inclusion in a number of interesting events including:

- Sustainable futures EXPO;
- Herbs, Native Foods and Essential Oils Convention;
- Skate Competition;
- Market stalls;
- Performances and entertainment (music, dance and comedy);
• Education seminars (in the use of herbs for cuisine and medicine); and
• HerbBQ – an area for hot food stalls.

These elements combine under the central theme of herbs and attract audiences for a number of reasons as identified in the event evaluations for 2001 and 2002 (CRTR:unpub.1, CRTR:unpub. 2). Patrons highlighted the reasons to attend the event as social and entertainment, educational and shopping/purchasing reasons.

In many ways, the concept of the theme of the NRHF is typical of other agri-festivals celebrating the agriculture that is endemic to a region. In Australia, these agri-festivals have evolved in regional communities to include concepts from a range of produce, including the Dongara Lobster Festival, Casino Beef Week and Margaret River Wine Festival among others. Writers such as Falassi (1987), explain the evolution of these community based events as being a natural evolution from the harvest festivals of ancient times where celebrations were staged to observe the harvest of local produce. Throughout time, these events have offered opportunities for local performers and craftspeople to create produce for display, contest and sale. Festivals continue this tradition, to celebrate a region’s agriculture, whilst also offering opportunities to agri-business and other local businesses to promote their products and services (Mackellar and Derrett: forthcoming). More professional approaches to festival management and marketing allow opportunities for businesses to be involved in areas that previously did not exist in areas such as sponsorship, waste management, security and communication.

5.2.4 Operational Structure

In 2001, the festival committee was able to secure funding to employ a Festival Coordinator who has been the focus of all operational and financial activities. The coordinator has the immense task of coordinating all the activities, entertainment, supplies and sponsors for the event. The position reports to the festival committee and to various individual sponsors such as the Chamber of Commerce and the Lismore City Council, providing regular updates on the planning for the event and gaining relevant permissions from planning authorities. Early in the planning stages for the 2003 event, the Festival Coordinator drew together a number of key volunteers who could take responsibility for different parts of the festival's
operation. These positions included Vendor Coordinator, Entertainment Coordinator and Volunteer Coordinator amongst others. The need to delegate some of these areas of event management was apparent from previous years; however, the basis of the operational structure came from the research into other festivals’ management structures. In particular the Gilroy Garlic Festival provided a sound operational model where community groups have been given the opportunity to raise money by ‘volunteering’ to coordinate parts of the festival.

5.3 An overview of the NRHF Network

An overview of the network structure is necessary at this point to provide the reader with a broad perspective of the network. It should be noted that full analysis of the network is provided in Section 6.2 where issues of density, durability and centrality are analysed in detail. The purpose of this overview is to introduce the actors of the network, and briefly discuss the channels that they use in their relationships. It is also useful at this point to illustrate the network by sociogram, so as to provide some background reference to the individual case studies following.

The network formed as a result of staging the NRHF fits well into the typology of a brokered network with a ‘hub and spoke network structure’ Heracleous (2003, Heracleous and Murray:2001). True to Heracleous’ proposal, it is characterised by intermediate interdependence and moderate durability where members are reliant on each other primarily for economic and transactional relations. Where Heracleous’ typology is focused towards business networks, the principles can be directly applied to a social/economic situation such as the festival network. A particularly relevant feature of the brokered network is the preponderance of the strategic centre to act as a coordinator of the network. In this case study the strategic centre is the Festival Coordinator as shown in Figure 5.1 where the main communication channels lead to and from the strategic centre. These channels are represented by the solid lines in the Figure. As explained in later analysis, the width of the lines varies with the strength of the relationship. The Figure thus shows that the channels through which the majority of communications are sent are with the sponsors, the convention and the media. Those with less direct communication include the herb industry and arts performers.
The network is formed both intentionally as key stakeholders are invited to take part, and informally as friends and other volunteers become involved in the preparations for the event and join stakeholder groups. Again this fits well with Heracleous’ proposal that membership to the network depends upon the ‘self interest of members to uphold compliance as long as the cost of opportunism exceeds the benefits of non compliance’ (Heracleous 2001:143). A number of differing types of businesses, individuals and community groups join the network for the purpose of the event, coordinating their efforts and resources toward one outcome. Within this festival network, information is shared and relationships are developed that should assist local businesses to develop innovations and use resources more efficiently. It is important to note that the NRHF has a number of characteristics that may influence the structure and dynamics of the festival network:

- The festival operates over two days – thereby necessitating a network that can be assembled quickly for the purpose of the event and disbanded equally as efficiently at the conclusion of the event.
- The festival is an annual event - thereby encouraging repetition of a similar network structure each year.
• By its design, the festival has a coordinating unit or person responsible for the effective coordination/collaboration of the surrounding network – thereby suggesting a ‘brokered network’ structure as discussed above.
• The festival has been designed and staged as an initiative of the local Chamber of Commerce. It is therefore not a ‘community event’ but has been somewhat imposed by regional/local authorities.
• The festival is designed to include an industry convention – this adds a unique node to the network that may not be typical of other festivals.
• The festival is one of numerous events in Lismore and the surrounding region with networks existing for all of these events.

5.3.1 Actors, Nodes, Positions and Status
As described in the methodology, the stakeholders identified by Allen et al. (2002) provided the initial basis for identifying the potential nodes for the study. Following discussions with the case study interviewees, some changes were evident to the proposed network structure. New nodes appeared as important facilitators of both the festival itself and innovation. The Regional Cuisine node and the Convention node are two examples of this. These nodes emerged from existing networks in the region and were utilised for the purpose of the festival. They provided a hub for information to flow to other parts of the network and to outside contacts. Figure 5.2 demonstrates the nodes that were first identified using Allen’s model, and the ones that were added as a result of the case study interviews.

Additionally, some nodes that were pre-identified were split into two distinct nodes based upon specific behaviours the actors displayed. For example, ‘stall-holders’ became a distinct group from the ‘herb industry’ participants. Stall-holders went through an application process existing under a set of defined guidelines given by the Festival Coordinator. Herb Industry Participants were not necessarily attending in the capacity of a stall-holder, but were there for other purposes, such as learning, sourcing supplies or buying produce. A similar observation was made of Food Specialists who drew their own classification based on their activities at the festival (providing food education seminars and tastings) and based on their more direct and important ties with the Festival Coordinator. The results are illustrated in the sociogram shown in Figure 5.2 where the shaded objects represent the stakeholder groups originally identified by Allen et al.
(2002). The unshaded objects illustrate those nodes that have emerged through the network analysis.

**Figure 5.2- Emerging Stakeholder Nodes**

Source: Author

The festival was effective in drawing a good mix of actors into the network that might assist in higher levels of innovative activity, as suggested by Tracey and Clark (2003), Perry (1996) and Ruef (2002). Weak ties were invited guests from interstate that provided creativity and new ideas into the regional herb industry. These types of actors included celebrity chefs and high profile herb industry people running successful herb based businesses. Actors with strong ties to the local community were seconded to assist in disseminating information and promoting the event. A summary table of each node is provided below (Table 5.1) showing the type of actors in each node and their function in the festival network.
<table>
<thead>
<tr>
<th>Node</th>
<th>Actors</th>
<th>Network function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festival Coordinator</td>
<td>Festival coordinator is the main actor with guidance and assistance from the festival committee.</td>
<td>Coordinate all festival activities. Promote the festival. Engage other stakeholders.</td>
</tr>
<tr>
<td>Arts performers</td>
<td>Performance artists including dancers, musicians, MC's and DJ’s.</td>
<td>To provide entertainment to the audiences &amp; involve the community in performance arts.</td>
</tr>
<tr>
<td>Sponsor</td>
<td>10 sponsors including airlines, local media, chamber of commerce, local government, herb companies and a training organisation.</td>
<td>To provide funds and other in-kind support.</td>
</tr>
<tr>
<td>Government Dept</td>
<td>Local government council and council staff specifically employed for event coordination.</td>
<td>Organise suppliers for the event; Provide access to grounds, streets, parking. Provide support for funding applications.</td>
</tr>
<tr>
<td>Tourism Industry</td>
<td>Tourism Visitor Information Centre acting on behalf of tourism operators including accommodation, tours and other visitor services.</td>
<td>Disseminate information to visitors, sell herb produce through LVIC, take bookings for accommodation.</td>
</tr>
<tr>
<td>Convention</td>
<td>Diverse group of actors involved in the convention including committee members, delegates and speakers.</td>
<td>Facilitate learning about herb industry, provide visitors to the festival, promote herb based products.</td>
</tr>
<tr>
<td>Stall-holders</td>
<td>Small businesses mostly less than 2 years old selling herb based products in cuisine and alternative medicine.</td>
<td>Supplying products to the festival audience.</td>
</tr>
<tr>
<td>Community</td>
<td>The local community is a broad based node that comprises the main audience for the festival as well as a number of volunteers who assist with crowd management on site. Local businesses that are not related to herbs are also included in this node.</td>
<td>Audience for the festival. Volunteers assist in the management of the festival including traffic control, stallholder coordination and other facets of the event.</td>
</tr>
<tr>
<td>Food specialists</td>
<td>Celebrity chefs, food educators and other ‘foodies’ with vast industry experience.</td>
<td>Provides education, experience and knowledge sharing.</td>
</tr>
<tr>
<td>Regional Cuisine</td>
<td>An established network that is funded by government and resourced by a coordinator and a number of volunteers.</td>
<td>Promote the event. Coordinate specific activities such as the ‘cook off’. Engage regional cuisine members to become participants.</td>
</tr>
<tr>
<td>Media</td>
<td>Local and national media including newspapers, radio and television.</td>
<td>Cover the festivals activities and promote the event to the wider region.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Suppliers are a small group of individual companies that provide marquees, sound equipment, signage, printing, waste disposal and all other individual supply needs.</td>
<td>Provide supplies to the festival to support all festival activities and entertainment.</td>
</tr>
<tr>
<td>Tourism New South Wales</td>
<td>State government agency responsible for developing &amp; marketing tourism</td>
<td>Provides funding for the festival.</td>
</tr>
<tr>
<td>Dept of State and Regional Development</td>
<td>State government department responsible for funding projects that will develop industry in regional centres.</td>
<td>Provides funding for the festival.</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>State government agency that provides funding, training and education in the agricultural industry.</td>
<td>Provides funding for the convention and provides speakers and information for delegates.</td>
</tr>
<tr>
<td>Native foods/ Oils etc</td>
<td>A number of other small networks were identified that took part in the convention.</td>
<td>Contribute and share knowledge at the convention.</td>
</tr>
</tbody>
</table>
5.3.2 Channels and Information Flows

The main formal mechanism to disseminate information throughout the network was through the use of an information session, where individuals were chosen from various community and industry groups to distribute information to their own networks. At the session, individuals were given an information package that contained details of the festival, including the program, site considerations, signage, parking and other logistical issues. Following this session, a plethora of individual communiqués were made to others in the network in the form of face-to-face meetings, emails, memos and phone calls. As indicated in Figure 5.1, the Festival Coordinator has at least fourteen main channels to maintain in order to facilitate the distribution of information to a wider audience. In reality, the list of individuals the coordinator speaks to would grow to hundreds. However, the Figure illustrates the nodes where the majority of individuals are found.

Other informal channels of communication are shown by the broken lines in Figure 5.1. The majority of these channels were pre-existing from other networks and dyadic relationships. However, some new relations were established as demonstrated in the following case studies. These were primarily for the purpose of designing and staging activities for the festival, but have also resulted in ongoing collaboration and innovation.

The preceding overview of the NRHF network provides background information on the structure, actors and channels of the network. The information sets the scene for the following case studies of the selected nodes. Further analysis of strength of ties, density, durability and centrality is provided in later sections.
5.4 Case Study Analysis

The following sections document ten case studies that have collected and presented data to achieve the research objectives. Each case identifies the characteristics of the selected nodes of the NRHF network in terms of its own internal characteristics, as well as for its relationship to the whole network. This data is used to fulfil the requirements of the first research objective. Secondly, the cases document the types of innovation occurring as specified in the second objective. The data required for the third research objective includes examination of the elements of the node that led to innovation as a result of staging the festival. These elements could be personal attributes pertaining to the specific actor (person or business) of the case study, or the elements could be related to relationships with other nodes in the network. Contribution to achieving the final research objective is made by examining both structural and relational aspects within each node that facilitated, and presented barriers to, innovative activity.

Each case has been structured in the following way to provide a consistent method of presenting information. Each case begins by explaining the specific methods used for collecting data for each case. For most nodes multiple methods of data collection were necessary to maintain a high level of data accuracy. Frequently, information was volunteered from various sources that added to the validity of one person’s opinion, or added to the knowledge of the characteristics of the node. In this way, multiple methods of data collection have proven a useful technique for characterising each node. This is then followed by a background of the industry sector from which the node is based. The background is kept relevant to the NRHF and is by no means a complete background to that industry. A description of the node follows in terms of a number of common characteristics relating to those reviewed in Chapter Two. They include the characteristics of the actors, their channels and ties and the node’s contribution to the density, durability and centrality of the network.

For each case a table is provided to summarise the key discussion and findings of the case. These tables are later combined into a cross-case summary table to assist with analysis of the whole network.
5.5 Case Study One - The Festival Coordinator

Consistent with the methodology of ego-centric analysis, the centre of the NRHF network was identified as being the position of Festival Coordinator and this was the starting point for network analysis of the NRHF.

Data Collection Methods

Assessing the node of the Festival Coordinator required the collection of data from a number of sources including public documents, local media and interviews. Initial interviews with the Festival Coordinator were followed with further conversations as new issues emerged regarding the structure and functions of the network. The business plan for the festival (LUO:2001) was a useful document detailing the requirements of the Festival Coordinator position, as were other public documents of the local council (LCC:2001). These various sources were used to verify and reinforce comments made by the Festival Coordinator and to fully assess the impact of the node on the network and its capacity for innovation.

Background

The Festival Coordinator is appointed by the contributing festival partners in January each year and is contracted until the end of the festival in August. This contractual management style is the cause of some consternation with both the Festival Coordinator and other members of the network as the continuity of the role is disrupted. At the time of this study the person occupying the coordinator position had been in this role for the first three years of the festival, providing a stable base for the festival’s development.

5.5.1 Characteristics of the Festival Coordinator Node as part of the NRHF network

Actors

The Festival Coordinator is the central figure for maintaining power and influence throughout the network. The high level of centrality of this position exemplifies the characteristics identified in the literature, with particular reference to the characteristics identified by Brass and Burkhardt (1992:213), where central positions are highly correlated with power and influence.

Position and Status
As the central node in the network, the Festival Coordinator is afforded the highest possible status in the network. The coordinator is appointed by a small interview panel that represents the major sponsor and other influential stakeholders. In selecting the right person, the panel looks for personal characteristics that reflect creativity, sound financial management skills, sales ability and communication skills. In other festival management models, the role is taken by a small team of coordinators who are set tasks and responsibilities. In this situation, the coordinator has sole responsibility for all aspects of the event.

**Channels and ties**

Establishing channels of communication with each node is the primary function of the Festival Coordinator position. Engaging both strong and weak ties combines the trust and association of well known colleagues with new and creative ideas from outside the region. The strongest ties are with sponsors, local government and the convention, as well as with the Regional Cuisine Coordinator and suppliers. Engaging the support of the right people is essential to staging a successful event. Weaker ties exist with food specialists, participants from the herb industry and financiers such as Tourism New South Wales and Department of State and Regional Development (DSARD). The Festival Coordinator makes use of known networks to distribute information both inside and outside the NRHF network. In particular the Festival Coordinator engaged with the Regional Cuisine Coordinator, Local Government, Lismore VIC and Convention Organisers as hubs through which she could send information through.

**Density**

The Festival Coordinator makes an enormous contribution to the density of the network. The coordinator has a large database of personal contacts in the herb industry that can be used to build cross-node communication. The coordinator envisions that her role includes encouraging networking across the network and encouraging nodes to work together in order to stage the event. She explained that, ‘bringing people together is part of the process of building the event’.

**Durability**

As previously discussed, the position of Festival Coordinator is renewed each year. This strategy has a direct and potent effect on the durability of the network by disbanding the structure each year. The removal of the coordinating unit prevents
the continuity of network activities throughout the year and may disrupt the momentum of the innovative process. It is important to note that the relationships built in one year may need to be rekindled the next, and so the Festival Coordinator considers it important to treat her relationship with all stakeholders with integrity and trust.

To overcome problems associated with disbanding the network coordinator position, the Festival Coordinator has worked with the web-site provider to create an interactive web-site that will assist in maintaining the network between festivals. Herb product updates, changes to legislation and new uses for herb products could be posted to the web-site for sharing amongst network members. This idea, however, has not been successful due to a lack of funding.

Centrality
All evidence demonstrates that the Festival Coordinator maintains the central position in the network. The coordinator maintains ultimate responsibility over the financial resources and human resources secured for the event. The coordinator has the final decision in the programming, production and contracting of suppliers and performers and, as such, has the most influence over the outcome of the event. More important to the centrality of the network is the coordinator’s role in controlling the flow of information and work.

Interestingly, however, other nodes have high levels of power over the outcome of the event and consequently over the network. Funding bodies such as DSARD, LCC and Tourism NSW have moderate levels of power and yet do not have high levels of centrality. Funding is provided, but their level of influence does not extend to decisions on the theming, program or activities of the event. Communications between the coordinator and these other organisations are short and often through a standard funding application procedure. The actors are not associated with the Festival Coordinator through social networks where other influence is possible, but do repeat their festival network transactions yearly as each festival approaches.

5.5.2 Innovation from Festival Network Participation
A festival offers the opportunity for high levels of innovative activity. Bringing together performers, businesses and industry allows the Festival Coordinator to
create an event unique to the region. The local culture and community dynamics of any region produce a new blend of festival activities and themes in that no two festivals are the same. As Thompson (2002:412) defines it, a festival is a social innovation being a, ‘new, creative and imaginative community initiative – led by enterprising people’. In a sense, every festival is a social innovation as it brings new activities, performances and products to the wider society. However in this case, social innovation has been observed in the community’s deeper understanding of the regional herb industry and its relationship to the community through food and complementary medicine, thus fitting well with the concepts of social innovation proposed by McElroy (2002) as improving social capital. However, festivals also offer important tangible innovations that are related to social innovation. It has been evident from the data collected that three specific instances of social innovation have been recognised by the coordinator and others in the network as adding to the social capital of the region.

Social Innovation 1 – New Volunteer Labour Skills
The first of these social innovations refers to the development of new volunteer labour skills. The use of an operations committee consisting of volunteers from the local region has created the opportunity to develop skills in budget management and event organisation as they manage a ‘section’ of the festival. The committee, made up of 13 members, is then overseen and managed by the Festival Coordinator. The use of volunteers from a variety of backgrounds resulted in other innovations such as one described further below by the Vendor Coordinator.

Social Innovation 2 - Job Market Development
The second specific example relates to network activity that has assisted innovation in a job creation program. In this example, the Vendor Coordinator is a volunteer whose everyday job is finding places for new traineeships. She explained how the connections made as a result of the volunteer work have assisted in finding new placements in the job market, thus:

I know I have met [stall-holders] for the festival and mentioned to them about school-based traineeships, which is what I do, and I’ve gone out there and said, why don’t we put a kid on and they’ve loved the idea because they can’t pay a full-time person. School-based is a subsidised government program and there’s part-time work available and in doing that, I then had to approach the government [agency] and say that there are all these cottage industries and
food processors and there is a real niche market on the north coast. I needed to get approval for part-time traineeships and it came through a couple of weeks ago.

The contacts gained through her volunteer work on the festival committee opened up a new range of job opportunities in cottage industries in the region.

Social Innovation 3 – Building Social Capital
The development of the NRHF has introduced a new festival to the region, giving the local community a new reason to celebrate the produce and talents of its local people. The festival offers the community an opportunity to share knowledge and experience related to various aspects of herb growing, processing and application. In particular, activities such as seminars, cook-offs and demonstrations were designed to share knowledge with the local community and visitors from outside the region. The social capital of the region is enhanced by gaining more knowledge of the activities and offerings of local farmers, producers and entrepreneurs. Other activities such as market stalls and performances by local musicians and dancers also offered an opportunity for the community to taste, test and experience local talent and produce.

Barriers to innovation through network participation
Two barriers to innovation were noted through discussions with the Festival Coordinator. Firstly, the use of one coordinator for this large network limits the potential for involving other members not known to the coordinator and therefore reduces the potential for maximising the density of the overall network. This may reduce new information coming to the network that would facilitate innovation. Secondly, the potential for ongoing innovation is lost by removing the Festival Coordinator from the network at the close of the festival.

Facilitators to innovation through network participation
The position of Festival Coordinator has a crucial role to play in facilitating the surrounding network. The strategies that the coordinator adopts to engage stakeholders from the local region and to invite special guests from outside the region will have a crucial impact on the network’s capacity to innovate. Strategies that the coordinator has adopted to foster the development of an optimised network include;
• making use of existing hubs and social networks to disseminate information;
• providing the festival committee with the guidance and responsibility to manage their own ‘section’;
• designing an ‘arena’ for local businesses to participate as stall-holders and interact with other local businesses in a social setting;
• designing activities such as the ‘Lemon Myrtle cook off’ where products and people can mix and integrate ideas and production methods;
• facilitating introductions of invited guests (such as important herb production companies) to locally based small business;
• securing sponsors to contribute to activities that are not part of their usual business (e.g. An essential oils company sponsoring performances on a musical stage).

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.2. A prominent feature of the node is the high level of centrality could have implications for suppressing innovation. Given that the Festival Coordinator is responsible for the majority of activity of the festival, including selecting and inviting guests, there is potential for the wrong person to stifle innovation through not optimising opportunities for interaction. This has not been evident in this festival. The strategies described above to encourage innovation demonstrate that the coordinator has achieved her vision of facilitating networking in the staging of the event.

**Table 5.2 - Summary Table for Festival Coordinator Node**

<table>
<thead>
<tr>
<th>Node</th>
<th>Festival Coordinator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Central coordinating unit</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to all nodes</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>Low to non existent</td>
</tr>
<tr>
<td>Centrality</td>
<td>Highest</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Social innovation - new use of volunteers, new celebration of community and produce and new job market</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Lack of resources and insecurity of position between festivals</td>
</tr>
</tbody>
</table>
| Facilitator of Innovation | Research into other festivals.  
                             | Open flexible network structure                          |
5.6 Case Study Two – Stall-holder

Stall-holders represent a variety of businesses and individuals who are presenting goods for sale at the festival. As described earlier, they are a distinct group made identifiable by their application to the Festival Coordinator to be involved in the festival and set up a market stall. As small business people, it is expected that they should place some emphasis on developing innovation especially in the areas of product innovations, but also in process and marketing. Based on findings in the literature, it is also expected that they exhibit some characteristics of small business in an emerging industry in regards to their preponderance for network activities and their reactions to uncertain markets and futures. Some of these expectations are shown to be true, while others have been restricted by barriers to network formation. These aspects among others are described further below.

Methods

A range of opinions and perspectives were sought from which to draw relevant data to describe and analyse the node. Two Stall-holders were chosen for in depth interviews.

Stall-holder A produces a small range of chilli pastes using only regional products. The business is based at home, with a strong business plan to develop into a medium-sized manufacturing business. This new business used the festival specifically to launch its new product and gain awareness of its brand.

Stall-holder B produces a beverage product that has been developed using his own source of ginger. The product has been developed locally, utilising technologies and expertise from the region and using ginger from his farm in the region. The main purpose of attending the festival is to access new local markets that otherwise would not be accessible. Secondly, the festival provides an opportunity for him to interact with customers and gain feedback on the product firsthand.

The information collected from these interviews is used together with press clippings and web-site information to form an analysis of the stall-holder node. Further in-depth interviews with the Vendor Manager and the Regional Cuisine Coordinator confirmed much of what had been gathered and added some other interesting insights into the relations, characteristics and functioning of the node.
Background

The stall-holders are a group of small businesses that are often considered as being in cottage industries. Their products are diverse and are related to the use of culinary or medicinal herbs. Stall-holders submit an application form to the Festival Coordinator who decides if they are suitable for the festival and thereby decides on their inclusion as a ‘stall-holder’. They are grouped by the organisers as fitting inside the categories;

- beverage vendors - coffee vendors, juice and drink vendors, ice-cream vendors
- herbbq food stalls - hot food stalls
- market stalls - market stalls, community and non-profit stalls

Many of the businesses are in their first few years of operation, using the festival as an important part of their product, service and brand development. Most agree that the herb industry is emerging and, as such, this opportunity for direct interaction with customers and new markets can be an essential part of their development. From an industrial sense, the businesses fit into a number of categories these being;

- drinks producer
- food producer
- gifts producer (such as soap and incense)
- medicinal herbs practitioners and producers
- culinary herbs practitioners and producers
- herb growers
- community groups

5.6.1 Characteristics of the Stall-holder Node as part of the NRHF Network

Actors

The stall-holders provide a variety of products and services to the festival including food, drinks and a wide array of herb-related produce including medicinal and cuisine supplies. Without the supply of these products, the festival would have little to offer. The node consists of over fifty individuals and small businesses who have limited interaction or collaboration during the course of their normal business activities. These individuals are actors within the Stall-holder node.
Position and Status

As described above, the position of stall-holders as a node in the network is very important. However each stall-holder (actor) does not hold a vital position to the network’s functioning. Their status is reduced by the fragmented nature of the industry and by their newness to the marketplace. They have little power as individuals and therefore have limited capacity as a group to make decisions that affect the festival. Similarly, they have limited power to influence the issuing of resources. A clear example of this inability was in 2001 when stall-holders were inconvenienced by a lack of access to water supplies, but were not sufficiently powerful to influence the management to change the design of the venue site to accommodate their needs in that year.

Their power is also reduced by the existence of substitute products (as described by Porter cited in Mintzberg et al. 1995:92) – if they make too many demands upon the coordinator, they can usually be replaced by a similar product.

Channels and ties

Stall-holders have a broad range of ties that are dependant upon their own social relationships with family and friends in the region, but also in their business dealings with other nodes. Through their activity in the festival network, important ties are developed to other nodes, including the Festival Coordinator, the Community, Herb Industry Participants, the Convention, Food Specialists, Regional Cuisine and herb industry networks such as the Lemon Myrtle Growers Cooperative, Native Foods or the Tweed Richmond Organic Growers’ Organisation.

Density

The labyrinth of ties described above stretch across the network and assist in making the network as complete as possible. As such the stall-holders have an important role in providing high levels of density in the network. Samples of these varying relations are illustrated further below.

Stall-holder A recounted important stories of his connections with his brother-in-law (who is a chef) assisting him with his own business development, as well as with collecting information from the convention,
We were unable to attend the convention because we were preparing setting up and running our stall....This year I knew my brother-in-law was going along and if I hear of something on the agenda that I know is of interest, particularly related to suppliers I’ll say ‘could you just find out what is going on in that regard’ or if there are interesting papers I’ll say, a week later, “let’s sit down and have a chat about all this and fill me in on anything I need to know.”

In this sense, the density of the network assists in disseminating industry information that is aimed at developing regional herb based products. Both stallholders interviewed accessed some information from the convention, albeit through different methods. Stall-holder B attended a seminar, while Stall-holder A sent his brother-in-law to the convention to access information on his behalf. This is strong evidence of the assumed importance of the convention to business development.

Stall-holder A also maintains relations with other businesses in the region as part of his effort to develop a true ‘regional cuisine’. Some of these connections have come about as a result of being a part of the regional cuisine network which has assisted him in making contact with macadamia growers who can provide macadamia oil. Other connections are more deep rooted in social relations, such as a close friendship with a large tea tree oil company founder in the region who regularly consults with him on the marketing and business practices, albeit on an informal and social level of interaction.

Stall-holder B, however, doesn’t maintain many links with other nodes in the network preferring to work alone and rely on his own resources. There are a number of similar participants in the herb industry personified as the ‘rugged individual’ by the Regional Cuisine Coordinator (see later analysis Section 5.11).

**Durability**

There is no formal spokesperson for the stall-holders nor is there an existing network of stall-holders. This leads to changing supply of products and services every year. This weak node in the network allows for new products to be available at each festival but may have an effect of changing the festival, from year to year.

It is important to note that the majority of stall-holders are members of other networks such as the Organic Growers Association, regional cuisine network and
the regular ‘local markets’. This leads to an interesting and diverse mixture of relationships, bringing both known and unknown actors to the network.

**Centrality**

The Stall-holder node is not highly centralised within the network. Following the application process, the Stall-holders receive information from the Festival Coordinator but are not that instrumental in providing information in return. As Stall-holders, they have little responsibility in developing the festival program and less input into the running of the festival. Their reduced level of influence is also evident by their lack of membership of the festival committee or other contributing committees.

### 5.6.2 Innovation from Festival Network Participation

Stall-holders report on developing a number of different innovations from their participation in the festival. The most prominent relate to marketing innovations in launching and selling their products.

**Marketing Innovation**

Stall-holder A described how the festival was used as a new way to launch his product into the local community, making use of the community event to launch to a local audience that have an interest in herb based products. The festival provided a new type of temporary retail outlet or shop front in which they could raise brand awareness and allow potential customers to meet with them and taste their products. A similar report is found in the testimonials of stall-holders in the event web-site: ‘Congratulations on organising such an excellent event. Not only was it a financial success for us, but also just as importantly, created excellent brand awareness for many of our products’ (Montague-Drake :2002).

**Product Innovation**

Stall-holder A has identified new sources of ingredients from people he has met through involvement with the festival. New local suppliers of chilli and olives, that will provide new ingredients for his products are an important contribution to his product development.
Further analysis of the stall-holders can be performed in terms of the barriers, facilitators and implications of the stall-holders being a part of the NRHF network and that effect upon innovation.

**Barriers to innovation through network participation**

Several barriers to network creation and maintenance were identified by the stall-holders. Firstly, lack of durability in extending the relations made from the festival was identified as potentially limiting the innovative capacity of the network, as related by Stall-holder A;

> The only contract we've had with the organisers since the NRHF was one email a week or so afterwards saying thanks for your participation – check out our web-site for photos. That’s been our only communication with them since. The web-site hasn’t been updated, which I’m a bit disappointed about ... plus I think it would be good if ... there was some subsequent follow-up just to say maintain that contact....the NRHF could be an annex of the regional cuisine website. Some continuity, something under the banner of regional cuisine would be really important.

Secondly, on the days of the event, stall-holders were kept very busy and were unable to meet, or interact, with others in the industry or from other industries. Stall-holder A notes; ‘The only time I wandered around was when time allowed it; I just touched base with some friends within the industry’. A similar problem was noted by Stall-holder B. ‘There was no time to wander around and talk to people! I was just too busy. I guess I could have found someone who may have been able to help me (with my pasteurisation problems) but there was no time to wander around’.

Similar problems arise in getting many of these stall-holders to participate in ongoing networks as noted by Stall-holder B,

> Organic growers need a network because they have no support from other agencies, and yet you can’t get there to participate because you have no time. The effort is coming from individual level....There are plenty of groups to join Tropo Organic Group, sustainability group, but no time to do that.

The final barrier to innovation is for those who would like to access information from the convention but are unable to attend. The access to industry information is highly useful to many types of innovation. It is suggested that strategies should be
in place to ensure that stall-holders can access the information if they are unable to go to the convention.

Facilitators to innovation through network participation

While time was a restriction on interaction Stall-holder A indicates how he used the event as an important opportunity for sharing information,

I met up with some people from [another local small food business] who we met at one of the regional cuisine projects and we hit it off well and a couple of other people who are in a similar situation to us but a little more advanced than us in their marketing. That’s one of the other bonuses of the regional cuisine is that networking. We don’t see ourselves as competitors even if we might be producing similar stuff, we see this as an opportunity to promote regional product. We share marketing stories. For example, [another local small food business] and ourselves have decided that Casino is not a great market and we shouldn’t be wasting our time ... this may change down the track ... little things like that we share...she told us about an outlet in Brisbane which is fantastic and we told her about how good a local outlet is that she hadn't thought of going there.

This local business is developing new distribution strategies from the interaction made possible by the festival.

As discussed in sections above, the Stall-holder node is not highly central to the network. However it does display strong density within other sections of it, particularly the convention and the Regional Cuisine nodes.

Stall-holder B stated that his lack of participation in the NRHF network (and perhaps any network) can be attributed to the fact that,

Small business owners have little time available to joining ‘groups’ ... the outcomes from associations etc is not that useful ... and really it comes down to being too busy, a lot of these things that are set up for looking at this, that and the other, I find them hobbyish. In the end you end up having to do everything for yourself and once you start down that path you think damn it I'll just keep doing everything by myself.
Conversely Stall-holder A displayed a strong relationship with the Regional Cuisine Coordinator and stressed the importance of this to the development of his business. Both stall-holders agreed that, with more time available, they could have interacted further with other stakeholders and gained more benefits from that interaction.

Even where the stall-holder is not actively involved in the network, the festival itself provides opportunities to network with customers and suppliers – even if for one or two days. Stall-holder B explains, ‘A festival is a marketplace where you can meet new customers from new target markets and test products and gain feedback’.

The festival is important to new businesses that are learning basic lessons about their markets, products and own capabilities. This may prove to be important for marketing and product innovation. This idea is explained further by the Regional Cuisine Coordinator, most businesses are fairly new businesses and some are very successful, but are still quite new. The other more established businesses have their target markets identified and have their products fairly well known or understand that their products aren’t really at this target market. This is not where they need to be. They need to promote say at Fine Foods in Sydney. We’ve got 20 companies that are big enough to do that.....You really need activities for everybody. The skills they learn in marketing and the market research they can carry out is really important at events like this. It is like taking baby steps then taking bigger ones. [You attend this festival] and then start doing it outside the region. What I have noticed with the new companies is that they base it in their town and then build wider and wider circles. Those companies that don’t do the local festival now have done it in the past and they’ve saturated their local community and now they are selling beyond that.

A summary of the node’s characteristics and relationship to innovation is provided in Table 5.3 below. The mix of known and unknown actors coming to the network all as stall-holders brings the potential for innovation and the exchange of many ideas and information. The support of the regional cuisine committee and its network entices important stall-holders to the festival and adds to the attractiveness of the content of the program. This relationship between the two
networks is an important tie to maintain as it assists in stabilising the network and supporting its structure.

**Table 5.3 - Summary Table for Stall-holder Node**

<table>
<thead>
<tr>
<th>Node</th>
<th>Stall-holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Small businesses in emerging industry</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to Festival Coordinator, community, herb industry, native foods, convention, food specialists, regional cuisine</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>High using other networks</td>
</tr>
<tr>
<td>Centrality</td>
<td>Low</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Product – new ingredients/suppliers/knowledge</td>
</tr>
<tr>
<td></td>
<td>Marketing – new markets/new marketplace</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>No existing/or continuing coordinating body</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Open marketplace for interaction</td>
</tr>
<tr>
<td></td>
<td>Common purpose/place to come together</td>
</tr>
</tbody>
</table>
5.7 Case Study Three – Sponsor/Web Site Provider

Sponsors hold a vital role in the development of a festival. They provide financial and in-kind resources that allow activities and performances to occur. The NRHF attracted ten sponsors for the 2003 event all from medium to large businesses in the local region. Sponsors have high visibility at the event and as such have opportunities to meet with other businesses and consumers. It has been shown that this interaction has presented opportunities for innovation as explained further in this case.

Methods

In order to collect data on the participation of sponsors in the festival network, a number of sources were used including sponsor web-sites and newspaper clippings. However data were primarily gained from one sponsor in an in-depth interview. Sponsor C is a web-site design company that has clients both in the local region and in metropolitan Sydney. The business became a sponsor of the festival in its first year and has repeated sponsorship in subsequent years. They provided an extensive web-site for the festival free of charge and assisted in the promotion of the festival.

5.7.1 Characteristics of the Sponsor Node as Part of the NRHF Network

Actors

Sponsors can be attracted from a range of industries but typically include media companies, transport companies and government organisations. Both individually and collectively they play an important role in the development of the festival. The reasons for sponsors to become involved in the festival are varied, however an insight is offered by Sponsor C, whose reasons to sponsor the festival were ‘philanthropic’ - to demonstrate its commitment to the development of the regional community and to showcase its capabilities to the region. Sponsor C explains, ‘it was one of those things I wanted to continue to support because it seemed like a really good thing for the local region to have and I’ve made my plans to live here for the rest of my life ... I think that’s a lot of what is behind it’. The business has no need for any promotional marketing activities as their clients are from referrals. Any activity such as sponsorship of a community event will add to that positive perception of the company.
Sponsors have a moderate level of control over the event as evidenced by the interaction between Sponsor C and the Festival Coordinator. The business noted participation in the second festival by some undesirable and somewhat extreme interest groups acting as stall-holders who, in his eyes, did not fit with the theme of the event. The business pressured the Festival Coordinator to remove them from the following year’s program or face withdrawal of sponsorship. Sponsor C was concerned that its own reputation would be tarnished if it was associated with these undesirable interest groups.

The sponsor maintains close personal contact with the coordinator as the festival develops, particularly with reference to constructing the website.

*Position and Status*

The position of sponsor is a clearly defined position as defined by their ‘sponsorship agreement’ with the festival. The agreement sets the rules of engagement with the Festival Coordinator and allows the actor to devise its own sponsorship strategies. This status becomes important to the sponsor gaining some control over the event to suit its own marketing/promotion purposes. Sponsors are considered important actors in the network and accorded high status. Without the funds and in-kind support they provide the festivals resources would be diminished. As recognition of their status, some of the sponsors had representation on the festival committee.

*Channels and ties*

Sponsor C has strong and important ties with the Festival Coordinator, but does not have any other ties with other parts of the NRHF network. Brief conversations with other sponsors reveal the existence of links for business and social purposes. This is especially true of media companies whose core business relies on having strong links with the community.

*Density*

The issue of density is an interesting one in this case. The product that the sponsor’s business provides, being an interactive web-site, facilitates the density of the network. The website allows other members of the network access to information regarding the program of events as well as contact details and general festival information. The site helps people within the network to initiate contact
with others participating in the festival and to communicate or ‘announce’ their existence in the network. For example, the website has the following areas where network members can access information about other members and the role they will play in the festival.

- contact us
- NRHF map
- herbs, native foods and oils convention
- festival program
- archives from previous festivals
- tourist information
- festival information
- sponsors
- media
- herb information
- recipes
- vendors information

The website contributes enormously to the NRHF, however, from a personal perspective, Sponsor C does not have contacts or ties within the NRHF network. Most business is sourced from outside the region and the design of the festival web-site allows for content management to be performed by those who wish to contribute information. This means the web-site provider does not need to communicate directly with any network members, apart from extensive dealings with the Festival Coordinator. This is a useful strategy for the Festival Coordinator, however, the daily coordinating activities of a network are difficult to continue through electronically mediated exchange. As strenuously argued by Nohria and Eccles (1992:289), ‘effective networks also require the kind of rich multi-dimensional robust relationships that can only be developed through face-to-face interaction’.

**Durability and the strength of weak ties**

The extent to which the network will endure beyond the life of the festival is very limited by the purpose of the sponsorship and the products of the business. Sponsors such as media companies gain their benefit over the period of the festival and its lead-up, but have no need to maintain participation in the network beyond
the finish of the festival. Their decision to be part of the next festival is arbitrary – with no obligation to recommit. They therefore become a silent or weak actor or drop from the network altogether.

Sponsor C can gain some advantage out of being part of an ongoing network. The web-site could continue to host information regarding the herb industry assisting in an important role of increasing the durability of the network. This idea forwarded by Sponsor C is under consideration by the Festival Coordinator and other network participants, but currently lacks resources and support from the entire network, interconnecting networks and local authorities.

**Centrality**

Sponsors maintain high centrality to the network structure, receiving ongoing information from the Festival Coordinator and responding accordingly to influence the design and staging of the festival. Sponsors are often invited to be part of the organising committee which is recognition of its centrality and high status.

**5.7.2 Innovation from Festival Network Participation**

Sponsor C has demonstrated that ongoing involvement with the festival has assisted in innovation for its business and for the festival itself. The web based business has designed a content management system that allows participants in the NRHF network to access information about the festival and also to contribute information to it. The content is ‘managed’ by participants in the network and not by the website manager or ‘webmaster’.

**Product Innovation**

The design of this system has come about through the past experience and knowledge of the business owner and through interaction with the Festival Coordinator. In previous years the content of the site was managed by the webmaster, which proved to be a time consuming task and one that was a burden to the sponsor’s business and to the Festival Coordinator. A solution was sought whereby the burden could be lifted from the business whilst also allowing more input from other stakeholders in the event. The result was a new content management system that has since been used to demonstrate the capability of the business to future clients. The business now uses the NRHF web-site as a
demonstration of its own capabilities, and also as a demonstration of their commitment to the region and its economy. Use of the NRHF web-site creates a high level of local credibility when pitching to local clients.

Other sponsors have indicated the festival has offered an opportunity to increase brand awareness, as another Sponsor indicated on the NRHF website, ‘Sunspirit Aromatherapy is supporting the NRHF once again in 2002 with sponsorship. It has been an excellent way for Sunspirit to increase brand awareness and encouraging people to use essential oils and become more educated on health and wellbeing’.(Rogers:2002)

**Barriers to innovation through network participation**

Barriers to the efficient running of the network may include a lack of participation by sponsors in the design and staging of the festival – and in leveraging business from their own participation in the event. Sponsor C indicated they were ‘too busy’ to interact with other potential clients or those who could contribute to their business. While he could see the potential for being further involved, time constraints are a barrier to participating further in the network and developing further innovations with other network members.

A second barrier that can be identified from this case study is the potential for Sponsors to restrict access to the network by certain radical community groups which they perceive as detracting from their image.

**Facilitators to innovation through network participation**

The development of the web-site by Sponsor C provides the potential for innovation to occur in the festival network. It allowed access to a wide array of information to those participating in the festival as well as the general community and although no direct evidence was found that the site assisted innovation, the potential is recognised by both the Festival Coordinator and Sponsor C. As discussed previously, the web-site assists in extending the density and durability of the network, in turn assisting the network to remain stable over time.

Anecdotal evidence from other sponsors indicates an acknowledgement of the festival being part of an on-going network related to the herb industry. ‘We are committed as sponsors to ensuring the development of the Festival and that the
growth of the industry becomes a benefit to the community’s future and to its economic and environmental sustainability’ (Dean:2002).

Both the influx of money and new ideas and information can assist small businesses in developing their products further. An example of this influence is when Regional Cuisine sponsored the Lemon Myrtle cook-off. The competition provided an opportunity for local individuals and small businesses to experiment with new combinations of local foods to develop the best recipe using the local native Lemon Myrtle product. The involvement of the sponsor in initiating the competition and providing the equipment and supplies for the cook-off allowed collaborative behaviour which fostered innovation.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.4. Sponsors have a high position of power and influence on staging the festival. Their decision to contribute money and other resources to the event has an enormous impact on the festival experience. Contributions to the network by sponsors (particularly in the herb industry) can result in further product, process and marketing innovations and allow creative ideas to come to fruition.

Table 5.4 - Summary Table for Sponsor Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Medium to large companies with commitment to local industry</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to Festival Coordinator</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>Low</td>
</tr>
<tr>
<td>Centrality</td>
<td>High</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Product Innovation – website content management system</td>
</tr>
<tr>
<td></td>
<td>Marketing – test markets and products</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Participation with other small businesses</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Provide funding and other resources to the network</td>
</tr>
</tbody>
</table>
5.8 Case Study Four – Food Specialist

Introduction

Food specialists are a group of individuals brought together for the purpose of the festival. They specialise in the use of herbs and spices in cooking and include chefs, ‘foodies’ and educators. In recent times, celebrity chefs have been popularised by television and newspapers and as such they provide an attraction for visitors to attend the festival. Importantly, they bring new and exciting ideas into the festival network and assist in educating the industry in the use of herb based products. This is an important aspect to facilitating innovation.

Data Collection Methods

The Food Specialist node was not one that was originally identified by the literature search, but was one that evolved as being distinct from other herb industry participants or stall-holders. Separate discussions with the Festival Coordinator, the Vendor Manager, and the Regional Cuisine Coordinator provided evidence that this node should be treated as a unique entity possessing distinct qualities. These qualities primarily include being invited as guests to the festival and being included in the festival program; in effect they are attractions for the festival and as such acquire a different type of status than stall-holders. Data was collected primarily from an in-depth interview with one food specialist (Food Specialist D) who is a qualified chef and a specialist in the use of native foods in cooking. Further information from the Regional Cuisine Coordinator also assisted in the analysis of this node.

Background

Food Specialist D has had several roles in the local regional cuisine industry. While he currently is a chef in a local restaurant, previously he has owned a business as an intermediary in the native food industry supplying specialty products such as Dorrigo Pepper and Riberry. In previous festivals he has designed tours to local herb farms where the community and the industry can meet the farmers and gain an understanding of the growing process. He sees native foods as important locally based products that can assist the region in developing a regional cuisine product. The festival is an opportunity for him to showcase these products and inform the visitors in their use and culinary potential and promote this new product. The festival provides the Food Specialist with an opportunity to inform and promote
these two native foods - the outcome of which assists his business directly but importantly assists the development of a regional cuisine product. Food Specialist D describes this role further,

Part of my role in the bush food industry is to promote the local product and how to use them. Most people want to use them but don’t know how to or want to know something about it. At the NRHF when you’ve got a collection of people and you’ve got funding that can promote the local herbs and spices it gives me a platform to tell people about new foods that are Australian foods - I think that adds to Australian culture. Also it’s saying that we do have regional cuisine in this area.

Additionally, the festival provides an opportunity to gain new ideas and to see new products from local operators and businesses. This is achieved by wandering around the stall-holder site and the cooked food area, seeing and tasting the food and talking to local operators.

5.8.1 Characteristics of the Food Specialist Node as Part of the NRHF Network

Actors

The food specialists draw audiences to the festival and are used to promote its key activities and program. As such they are a key ‘node’ for the NRHF. The Festival Coordinator selects food specialists to be part of the festival program and invites them to participate. In turn, they suggest the types of activities that they would like to see as part of the program, thereby gaining some influence over the staging of the event.

Position and Status

Food specialists were drawn from around the country as well as locally. This provided an opportunity for the specialists to learn from each other as well as to teach the visiting public. These qualities, as well as their ability to attract audiences, provide them with high status from the Festival Coordinator and from other nodes such as Stall-holders. Stall-holders envisage food specialists as important features of the event, providing integrity to the event program and providing some of them with the opportunity to promote their own products.

As individual actors, food specialists may not be a part of food/herb associations or other small networks. As Food Specialist D states, ‘I prefer to stand on my own.'
I think there is a lot of people that you get that are very strong minded and very big egos and they become a waste of time. I try to provide a service to the industry by sharing information sharing knowledge and making products available’. While more evidence may be needed in this area, there are some indications that these star attractions are not facilitators of on-going networking activities. While they are happy to assist networks such as regional cuisine on a project basis, they prefer to see themselves as educators and attractions, rather than ‘networkers’.

Channels and ties

As shown in Figure 5.3 the food specialists utilise a large number of channels in order to conduct their activities at the festival. Specifically, they have the most contact with the Festival Coordinator, but also are equally reliant on channels to a number of other nodes including Stall-holders, LVIC, the Community, the Herb Industry and Regional Cuisine as well as the Media and other smaller networks such as native foods.

**Figure 5.3 - Food Specialist Node**

Density

The density of the total network is assisted by the local food specialists. The local actors assist the network to tie deeply into the surrounding social networks. They work together on other regional cuisine projects and have many ties to suppliers, growers and other food related businesses. Their work at the festival is also
important in drawing people into the festival network as explained by Food Specialist D,

I promote to tourists but I also promote to the local people, because they're the ones who will get involved with the local industry – you might have a local food producer who might sell good local products. They could put a bit of bush spice in it and they can bring out a new line of produce and that is something that gives us uniqueness to the region.

**Durability and the strength of weak ties**

Local food specialists are involved in different projects throughout the year, at different festivals in the region and in trade shows. As such they assist in keeping the ties strong between the herb industry and the regional cuisine businesses. The ties shown in Figure 5.3 often are re-used for other events and business transactions, enhancing the durability of the network structure. Their educational activities with many of these nodes assist in the ongoing innovation of herb related products beyond the festival timeframe.

**Centrality**

Their position in the network is not as central as other nodes, as they have less communication with the Festival Coordinator over time. This has been possible because of the strong ties between the Festival Coordinator and the regional cuisine network. These strong ties have facilitated high levels of trust especially in preparing for the event. Food Specialist D recalls, 'The organiser knows me well and just allowed me to get on with the job of organising all the supplies and materials I needed for the day. There wasn’t much need for on-going communication between us’.

**5.8.2 Innovation from Festival Network Participation**

Food specialists are important for innovation in the NRHF network. They see the links between products and the gaps in the market and encourage others into those areas. This provides some gain for them as well as for others in the community.

**Product Innovation**

The use of ribberries and Dorrigo Pepper in Australian cuisine is an innovation to the herb industry. The role of food specialists in the process of innovation is to create new ways in which these products can be used, in new dishes and sauces. Once these are designed the food specialist promotes the use of these foods and
these dishes to the wider community and to other small business owners. The festival network is utilised for both these activities. Products are sourced from herb industry participants and the foods are promoted using cooking demonstrations at the festival. To coordinate these demonstrations, the food specialists liaise with the Festival Coordinator and the Regional Cuisine Coordinator, as well as other suppliers and the community. This process of innovation for the development of these local products is highly inclusive of other nodes. Some nodes are contacted for the purpose of the demonstrations at the festival, while others are used before and after the festival for the continued development of the product.

Social Innovation
Through the cooking demonstrations described above, the festival food specialists assist in promoting increased use of these native products and assist in educating the community of their proper use. Assuming this is successful; the increased use of native foods in home cooking can be seen as a social innovation – one that is related to an improved and unique ‘regional cuisine’. Food Specialist D has observed a slow, but progressive, change in attitude to native foods that allows a greater acceptance of regional cuisine by the local community. It is hoped that this may lead to more support for the products – but also lend more support to the concept of regional cuisine. Similarly, local chefs use the festival to source new ideas and new local products. This adds to the reputation of the region as a destination for fine food.

Barriers to innovation through network participation
The Food Specialist node represents no observable barriers to the development of innovation throughout the network.

Facilitators to innovation from network participation
The work of food specialists contributes a great deal toward innovation from the festival network. Their on-going and wide based ties facilitate excitement about the project and act as a draw card for others to participate. They draw visitors and generally assist in the success of the event through their innovative use of locally grown products.
A further way in which the node assists in facilitating innovation is by developing ongoing relationships with the Festival Coordinator and the Regional Cuisine node. These on-going relationships result in increased levels of trust and reciprocity as per Gulati (1998), Buchan et al. (2002) and Greve and Salaff (2003). The result is a more cooperative atmosphere conducive to knowledge sharing and collaborative behaviour.

The participation of food specialists at the festival provides them with exposure to other nodes and businesses that they would not otherwise come across. The ‘site’ of the stall holder area and the physical layout of the festival allows the food specialists to ‘wander around’ and see the food businesses and their product offerings. As a result of this physical environment, Food Specialist D made contact with the local olive growers’ association and was able to sample their produce which he is now using as an ingredient in his own business.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.5. The Food Specialist node is not a common stakeholder in all festival networks. The results of this study clearly identified it as being a distinct node that has unique qualities and relationships. Food Specialists have provided increased durability through their ongoing project activities – which has resulted in high levels of trust and collaborative behaviour. They have provided increased density by bringing into the network other contacts and importantly they have been a source of innovative ideas for using native foods in culinary products and educational activities.

### Table 5.5 - Summary Table for Food Specialist Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Food Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Invited guests that are star attractions</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to festival coordinator, stall-holders, tourism LVIC, community, herb industry, regional cuisine, media, native foods</td>
</tr>
<tr>
<td>Density</td>
<td>Medium</td>
</tr>
<tr>
<td>Durability</td>
<td>Medium</td>
</tr>
<tr>
<td>Centrality</td>
<td>Medium/low</td>
</tr>
</tbody>
</table>
| Innovation Type          | Product – encouraging uses of new native herbs in cuisine  
|                        | Product – demonstrating new methods of herb cooking and presentation to the local community  
|                        | Social – increased acceptance of native foods as part of regional cuisine  
| Barriers to Innovation | Reluctance to cooperate in network type groups.  
| Facilitators of innovation | Celebrity status draws audiences to the festival  
|                        | They bring knowledge and interest in combining ingredients and using them in new ways.  

5.9 Case Study Five – Herb Industry Participant

Introduction
Herb industry participants are a diverse group of people and businesses lacking in any peak industry body. There is some collaboration and network activity among small groups or ‘coops’ that provide some level of shared experience and shared knowledge, but a lack of coordination amongst them results in lost opportunities for a regional herb based industry. These individual groups have been identified as:

- Native Foods
- Organic Growers Group
- Macadamia Growers
- Lemon Myrtle growers
- Organic Herb Growers of Australia Inc
- Essential oils
- Pecan Growers Association

The herb industry in the region is in an embryonic state, with new crops being planted, new entrants choosing a new lifestyle as a hobby farmer and other entrepreneurial businesses looking for gaps in the market to fill. There is a large amount of activity in research, processing and marketing, but none of it is well coordinated. New consumer groups can be identified, but the industry as a whole has issues in maintaining consistent supplies to meet demand. Numerous attempts to coordinate the industry have failed, with the exception of the successful convention that is a part of the NRHF, where herb industry participants can meet and share experiences without needing to commit to joining a cooperative group.

Data Collection Methods
The variety of businesses and individuals involved in the herb industry necessitated the use of various methods for data collection to ascertain the characteristics of the Herb Industry node. Investigations into the local herb industry by government departments (Fraser and Whish:1997) and interested media companies (Shoebridge:2003) have been accessed as well as reports by regional and community newspapers and relevant web-sites such as (http://www.scu.edu.au/schools/ncm/index). These sources have provided
relevant commentary on the state of the industry as shown below and are a good base for further exploration.

An in-depth interview with Herb Participant E provided the majority of data from which analysis of the node can be made. Herb Participant E is the operator of a natural medicine clinic connected with Southern Cross University’s School of Natural and Complementary Medicine. The clinic has two distinct aims. Firstly, the clinic aims to provide a professional and caring natural medicine health service to the general public; and secondly to train students in applying naturopathic skills in assessment and treatment. The clinic provides health care services in herbs, nutritional advice and supplementation, therapeutic massage and homoeopathy. It aims to make use of local medicinal herbs in its services and is involved in the festival as a means to showcase its abilities to the local community, thereby gaining further awareness and acceptability of its products.

Further conversations with other herb growers, the convention organiser, regional cuisine coordinator, stallholders and food specialists confirmed much of the data collected in the interviews and together these elements formed the basis of describing the Herb Industry node.

*Background to the industry*

The herb industry in the Northern Rivers region has a mixture of participants including growers, bottlers, processors and practitioners. The herbs they produce and process may be used for culinary or medicinal purposes and can manifest into a large range of end products. For example, a native food, Lemon Myrtle is an accepted native food also possessing qualities that make it an anti-fungal agent, aromatic oil or cosmetic ingredient. Many growers are retirees looking for a hobby farm to grow a few herbs; others are more committed farmers who are actively seeking new markets and better methods of production. In a report on the NRHF, ABC journalist, Shoebridge (2003), investigated the local industry and found that many herb farmers were finding the progress harder than expected.

Demand drove a growing number of people to enter the industry, often for lifestyle reasons, but as recently as four years ago, the industry had a 95 per cent drop out rate. The returns are low and the work is often backbreaking. Nick Power is one of the handful of herb growers, who after five years in the industry, has stuck with it. From his property near Lismore in northern New
South Wales, he's growing 1.6 hectares of thyme. He sells some fresh thyme at between $4 and $5 a kilo. Dried thyme for the culinary market fetches $10 a kilo and dried thyme for the therapeutic market between $18 and $25 a kilo. Even with experience farming other crops, Nick Power is the first to admit it was harder than he expected (Shoebridge:2003).

The shape of the industry is slowly changing to become more professional. Findings by Shoebridge (2003) support the opinions of a number of other interviews in this study.

A lot of those people are still doing what they're doing and enjoying it but only making pocket money, which is fine for them if they're retirees, but a lot more people are taking it seriously, looking at it as a proper business. I notice that this convention, compared with previous herb growing conventions that have been put together, a lot more people are serious players, and there are people who are starting to have degrees of success. Things you need to do, how do you need to meet the needs of the market, so there's a definite change in the tonality, and the feeling of professionalism and also there is more material being grown here that is being used.(Ian Hemphill cited in Shoebridge:2003)

However, as the industry is growing there is still no evidence of a coordinating body that can act on behalf of the local industry. As he explains,

The key to future success lies in the ability of the industry to organise. The problem growers face is defining just what their industry is. As well as fresh herbs for the culinary market, there are dried herbs, therapeutic herbs, native herbs and essential oils. There are organic and non-organic, hydroponic and conventional growers ... Governments these days don't want to be talking to ten individual growers, even though they may be the biggest grower in Queensland or the biggest grower in NSW. They will say “run away and talk to a peak body, we are not too interested in talking to individuals” and if you don’t get the support of government agencies by being too spread out then that is a problem. Peter Scholefield cited in Shoebridge (2003).

Convention Organiser F also suggested that native herb foods have a similar predicament,

A new crop business may have only a 10% chance of succeeding and this results in high drop out rates in cooperative groups. Native foods has an even less chance of survival perhaps only 1% chance, because it is a new crop industry with a lack of international awareness of the product. There is no
modern application of the product – it is used differently in indigenous communities. We have legislation that prevents use of native foods in commercial applications. Another reason is that the industry is undercapitalised. More research is needed and there are little funds from the rural research board.

Innovation in the industry is typically product or process innovation that often comes about as the result of market demand, legislative demands or changing market characteristics. There is also evidence that some innovation occurs as the result of collaboration with universities.

5.9.1 Characteristics of the Herb Industry Node as Part of the NRHF Network

Actors
The Herb Industry node is a mixture of businesses and individuals who play some part in the herb based industry both in medicinal herbs and cuisine herbs. The node represents growers, intermediaries, sellers (not stall based) and promoters/educators. This node does not have one coordinating body, but is made up of a number of small groups, individuals and some informal networks with limited coordination/communication between them. The structure of the industry is described by Food Specialist D who has observed the industry for a number of years as a buyer of local produce.

There’s coops forming, there’s your big time growers who monopolise the market or protect their own market and also tapping into new markets, then you’ve got the small time fellas who work as coops [For example] they’ve got what they call the Lemon Myrtle Growers Group, they’re doing quite well. There are a couple more organisations around as far as I see that is making progress ... it’s such a young industry. A lot of farmers have done quite poorly a lot of people just grew it and thought someone would just come and want to buy it. But you really had to become an entrepreneur and you have to create your own products and you had to create your own marketing team.

Position and Status
The position of these actors is relatively weak. While as a group they comprise the substance of the festival, their fragmented nature gives them weak bargaining power in negotiations with the Festival Coordinator. Collectively, their status in
the network remains at a similarly low level, they have little power to change the festival, and have few communications with the centre of the network.

Throughout the interview process, several interviewees referred to the personal characteristics of those involved in the local herb industry as being an important variable in both network participation and in innovation. The following summary has been made of the observations of interviewees. The industry comprises a number of sectors those being growers, intermediaries and buyers, as well as other supporting government departments and research organisations. Each sector has attracted a certain type of person who has been repeatedly characterised as follows.

Growers appear to be predominantly **pioneers** described by a number of participants as:

- ‘those who take uncalculated risks and prefer individual effort’ (Convention Organiser).
- ‘people who work by instinct, they’re not business people they are feeling people’ (Herb Practitioner).
- ‘New industries in the region are characterised by rugged individuals so when the coffee industry started here there were one or two pioneers, don’t want to work with anybody, don’t want to share anything. They are very difficult people to work with, they are very creative and brave ....There are a lot of people pottering on the edges. There are a lot of hobby farmers here. They own small bits of land and they do a little bit of dirt and they plant something ...but are going to have to value-add for themselves or they are not going to make it’ (Regional Cuisine Coordinator).

Being a pioneer with these types of identified characteristics has implications for joining groups. ‘People who want to deal with plants don’t often want to deal with people. That’s a strong personality trait as well’ (Herb Practitioner E). The ‘rugged individualist’ prefers to do things on their own. Their experience with local groups/coops or associations has led them to adopt an attitude that it is easier to just do it by yourself than in conjunction with others.
‘Entrepreneurs’ have been attracted to the industry recognising the opportunity to take the growers’ product and identify markets for them. They have emerged as bottlers, processors and product designers. These intermediaries process the raw herbs grown locally into products for consumption. Examples of these types of products include chilli pastes, pestos, soaps, body butters, shampoo etc. The Regional Cuisine Coordinator sees the entrepreneurs in the following light; ‘Behind that [pioneers] comes some people who see the opportunities and they are big networkers. But it is very hard because you are struggling against some perceptions and some bad relationships between people and it takes a while to mature.’

‘Followers’ represent a large group of growers who have seen the trend and have entered into the industry with little research and little training. The Regional Cuisine Coordinator continues, ‘Somewhere between the two [pioneers and entrepreneurs] then you get miles and miles of people doing it with very little research. Like in Lemon Myrtle very early people had to rip up orchards because they put in a product before the market was developing. For many of them they are farmers not marketers and it’s a multi-skilling thing; Let alone doing their own product development.’

‘Big Business’ represents a number of larger companies that have moved into the region with strong financial backing and sound research and marketing skills and knowledge. There are not many based in the region, with most being based in other regions in NSW and QLD, but they are often recognised by those in the industry as making their presence felt. ‘I’d say there are some big players and some very serious business people who are there for the long term’ (Herb Participant E).

Channels and ties

It is important to note that the channels utilised by herb industry participants vary greatly with the type of actor involved. Rugged individualists prefer to do things on their own and may have no contact with any other node. Others that are more entrepreneurial may have a great deal of contact with many in the node. Those that are more active have contact with the Festival Coordinator, Stall-holders, LVIC, the Community, Native Foods networks, Regional Cuisine Network, Convention and Food Specialists nodes. A variety of channels are possible depending upon the products, markets and suppliers in use.
Density

The mixture of businesses within this node allows for some contribution to the density of the entire NRHF network. A number of smaller networks exist, both formally and informally as well as a number of social and kinship networks which are all connected to the festival network in some way. The overall density of the NRHF network demonstrated by this node is quite low and is restricted to those ‘entrepreneurial’ types of people who want to be involved. The use of active hubs, such as the regional cuisine network assists in linking some of the members of other smaller networks together. For example the Lemon Myrtle Cooperative was drawn into the NRHF network through the regional cuisine network for the purpose of widening the use of the Lemon Myrtle product and thereby encouraging innovation in the regional cuisine product.

In the case of the Herb Participant E there is low density in the relations with other nodes. The clinic is a focussed business that has strong links with the community through its relationships with customers and staff, but finds no other suitable network groups to be a part of.

Durability and the strength of weak ties

The nature of the industry is still embryonic and as such, little time has passed to allow for strong durable ties to be embedded in the community. New crops often fail, and herb crops are not highly resistant to extreme weather conditions such as drought, thereby leading to a high drop out rate for herb growers. With this fragile environment, the node itself is not strong and often has changing membership. This has affected the ability for the industry to form a peak body and therefore to innovate through sharing knowledge and experience. This lack of coordination may also be an obstacle for sourcing funding and securing contracts from major buyers, but the literature suggests that not all innovation is developed through the establishment of a durable network. A diversity of weak ties may be essential to innovation. Just as the passage of time has not allowed the establishment of strong ties, similarly the establishment of norms and rules allows growers the freedom to construct their own methods of production and find innovative solutions to problems. This has been the case with Herb Participant E where innovation has not occurred through on-going relationships within the network, but as a result of the entrepreneurial skills of the manager and service testing in the marketplace.
**Centrality**

While the herbs are the theme of the festival, it is perhaps surprising that the herb industry is not highly central to the Festival Coordinator. A number of individuals serving on the festival committee make the decisions for a large number of those in the industry and because there is no ‘herb industry body’, these individuals may or may not represent the majority view of the industry. The herb industry has little power to influence the staging of the festival because of its fragmented nature.

The clinic had little direct communication with the Festival Coordinator and had little input into the festival program and staging.

### 5.9.2 Innovation from Festival Network Participation

The lack of coordinated hub activity reduces the capacity for innovation for the festival from the herb industry participants. However, individual effort from small businesses and the ability for the festival to bring people together where other forums cannot, has allowed innovation to occur. In the case of Herb Participant E, the interaction with the community node over three years of festival participation is the main contributing factor to developing service innovation.

**Service Innovation**

Herb Participant E confidently recognises innovations that have occurred to her business as a result of her interaction with the community at the festival. As a result of being involved in the festival over a number of years, the business has worked on finding a better way to service its potential customers and entice them to return to the natural medicine clinic for follow-up visits. As a result of this process, the members of the clinic have designed a new ‘health check system’ that can be undertaken in under five minutes. In previous years the clinic provided free seminars and demonstrated the results of their research and hoped that this would entice new customers to their business. This was not the case. Although interest was high, there was little motivation to attend the clinic. As recalled by Herb Participant E, ‘even the students talking about the program wasn’t as good, it was actually being able to give them concrete advice and suggestions and give them some ideas of what we would do to treat their problem if they came to the clinic and had the whole consultation with us’.
The new health check tool has subsequently been used at other health related conventions and health care events with positive results. The example provides an illustration of the concept proposed by Cox et al. (2003) where strong links with customers and suppliers drives innovation.

**Barriers to innovation through network participation**

The lack of a peak industry body appears to reduce the on-going interaction of the industry and thereby reduces resource and information sharing. This, in turn, may reduce the capacity for innovation; however two things assist in overcoming this barrier. Firstly, the convention offers an opportunity for this type of interaction without the need to join an association or cooperative. Secondly, the weak ties also reduce the norms and standard behaviours of the industry encouraging growers to innovate in order to compete.

There are no barriers that have been identified that restrict the flow of information throughout the network. While it is possible that information would flow more easily through a central hub or peak herb industry body, it is evident that ideas flow freely from the grass roots to the Festival Coordinator without restriction. This allows those industry groups that are better organised to receive some privileges in terms of programming and staging. For example the Lemon Myrtle Growers Cooperative was able to coordinate the collection and distribution of enough Lemon Myrtle product for the Lemon Myrtle Cook Off.

**Facilitators to innovation through network participation**

The fragmented nature of the herb industry has been shown to pose problems as discussed above. However the loose structure of the herb industry participant node also allows opportunities for new businesses to enter without barriers from traditional associations or traditional agreements between existing companies. As recalled by Herb Participant E, ‘There was a new company with a new massage oil and they went round to people to bargain their product and they bought some to us and we’re now trialling it to see whether we will use it in the clinic’. The extended benefit of using the NRHF as a place to launch a product and find new markets is recounted by Herb Participant E, ‘they’re really trying to work with us because they know that if we use it, all our students would use it and then they might use it in their practices.’
A further factor to be noted in the success of this interaction is the design of the festival site in allowing herb based businesses to interact and learn about each others products and services. This benefit is explained by the Regional Cuisine Coordinator:

Festivals break down that competitive thing. That’s the other thing in the industry development stage. The pioneers are saying “everyone is my competitor”, but really the industry isn’t about seeing them as your competitor it is about having an aggregated mass so that your region gets known and it’s a huge part of marketing to work with others cooperatively, with your next door neighbour. You're not selling against them. There’s lots of lessons to be learnt around that. This happens through developing relationships and just talking to people and sharing. The things you have to share with a person who’s in the same situation as you is just enormous. Mostly little companies can only look at the next week, month ... these groups can look five years down the track. They're doing things now that really won't provide any financial return for three years. That’s hard to get people to put resources into things to do that – but cooperatively they can afford to do it. Pooling contacts together and things like that can be so helpful to developing the industry. The festival really helps break down barriers and develop relationships.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.6. The local herb industry may struggle to present a coordinated approach to the festival. While small companies are free to exhibit and sell their products, approach buyers and negotiate with intermediaries there is little formal structure for this to occur. The participants of the herb industry can benefit from information provided at the convention and can interact with other nodes such as food specialists and stall-holders, but there is limited opportunities for small businesses that choose not to be a stall-holder. This may in fact reduce opportunities for innovation as the structures for information flow and communication are reduced by the lack of a coordinated peak body.

Innovation, however, is still occurring mainly as a result of dyadic interaction between herb industry participants and other nodes such as the community or the convention. The entrepreneurial and pioneering personalities of those involved in these businesses appear to be the predominant reason for innovation to be occurring, as well as the recurring opportunities provided by the festival site and activities.
Table 5.6 - Summary Table for Herb Industry Participant Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Herb Industry Participant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Diverse fragmented group</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to Festival Coordinator, stall-holders, tourism LVIC, community, native foods, convention, food specialists</td>
</tr>
<tr>
<td>Density</td>
<td>Medium to low</td>
</tr>
<tr>
<td>Durability</td>
<td>Low</td>
</tr>
<tr>
<td>Centrality</td>
<td>Low</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Product – new crops</td>
</tr>
<tr>
<td></td>
<td>Service – new customer service tool</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Fragmentation</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Fragmentation</td>
</tr>
<tr>
<td></td>
<td>Open flexible network structure</td>
</tr>
</tbody>
</table>
5.10 Case Study Six – Convention

Introduction

The Herbs, Native Foods and Essential Oils Convention is hosted by the NRHF. The node is made up of a diverse mixture of people and organisations from the herb industry, and is important to the whole network for that very reason. The concept of using the convention as part of the festival is essential to bringing new ideas, perspectives and visitors to the festival site. This has proven invaluable for fostering innovation, as described further below.

Data Collection Methods

The primary source of data for analysis of this case has been provided from an in-depth interview with one of the convention organisers (Convention Organiser F). The assessment of the node and its relationship to the network has been made from her perspective, although other data sources have been useful in supporting and adding to her discussion. In particular reports from the Rural Industries Research and Development Corporation (RIDC:2001, Fraser and Whish:1997) and other local media have focused on the outcomes of the convention. Other public documents from local council (LCC:2001, 2003) have provided sound information on the objectives and background to the event. By combining and assessing these various pieces of data, analysis can be of the node’s contribution to the festival network and to innovation occurring from it.

Background

Every second year the NRHF hosts a convention focusing on ‘Herbs, Native Foods and Essential Oils’. In 2003, the convention comprised plenary sessions, farm visits, workshops and a half-day session devoted to the formation of a united Australian herb industry. Delegates had the opportunity to meet with leading herb buyers from companies including MediHerb, TP Health, Bronson and Jacobs, Main Camp, Herbie’s Spices and Blackmores.

The convention is primarily funded and organised by the NSW Department of Agriculture using an organising committee to coordinate the planning and management activities. These activities run concurrent to the planning of the festival with important planning matters being discussed between the Festival Coordinator and the convention committee.
The convention committee represents a wide array of agricultural interests across the region. One such person, Convention Organiser F, is also involved in many other local committees predominantly involved in developing ‘native foods’ in the region, but also is involved with the ‘regional cuisine network’ the ‘essential indulgence’ network and the ‘herb growers’ network. She spoke of the difficulties in coordinating such networks in the region as being predominantly related to the embryonic nature of the industry. The aim of the convention is to assist in providing a means of coordinating the small networks by offering a coordinating structure to meet other members of the industry. The festival offered a place for differing industry networks to meet with other networks and industry professionals. For example, the ‘essential oils’ network used the event to bring people to Lismore from other regions for further networking activities and to combine the knowledge of researchers with that of the farmers. Similarly, the culinary herbs industry met to define their standards and provide an event where buyers could meet with farmers.

5.10.1 Characteristics of the Convention Node as Part of the NRHF Network

Actors

The convention is an important ‘node’ for the NRHF network, drawing visitors from outside the region into the festival network and providing a reason for existing networks to meet together. The Convention node consists of a committee representing the organisers and participants of the convention. These individuals are actors within the Convention node. The delegates of the convention come from both the local region as well as from other regions of Australia and, as such, there can be some discrepancy as to the node that they belong to. Local farmers attending as delegates could also be said to be part of the Herb Industry node. For purposes of clarification, the node has been defined as those people attending the festival for the primary purpose of the convention. It is important to note that the node has a changing membership and is not static. There is no formal organisation that is maintained between festivals and, as such, the node is constantly changing in its design and structural make-up.
Position and Status

The actors in this node vary widely in their background, business interests and function for the convention. They can include convention organisers, guest speakers, government representatives, industry buyers and herb company representatives. As such the node is diverse and aspects such as personality types are harder to characterise.

The actor chosen for interview is one of the convention organisers (Convention Organiser F). With assistance from other volunteers this person coordinates participation from people outside the festival network, bringing them in as ‘invited guests’. These people come to the convention as speakers and delegates joining the Convention node. To some extent this sub-network continues to communicate after the convention for the purpose of shared learning and linking resources where both dyadic relationships have been formed and where links to other networks have also been established.

An important aspect of this particular actor is her links to existing networks in the regional community. As described previously, the Convention Organiser F has multiple roles as an actor in several of these existing networks. Similarly, other evidence demonstrates that this is true of other members of this node, who are members of multiple existing networks.

Channels and ties

The channels and ties that are connected to the Convention node are those that are related to the herb industry. There is little evidence that other connections were made with other unrelated nodes such as the arts performers or local government. Specifically actors in the Convention node are likely to have ties with the following nodes; Festival Coordinator, stall-holders, community, herb industry, native foods, oils and the Department of Agriculture.

Density

The convention organisers demonstrate a high level of embededness to the community and to other networks. The density of the NRHF network is reinforced by the leader’s association with other committees and individuals in the community. This is a strategy that both the Festival Coordinator and the
convention organiser have developed to link the sub-networks and increase the density of the festival network.

The high level of density has assisted the NRHF network to remain partially intact, regardless of the fact that the coordinating unit is disbanded between festivals.

*Durability and the strength of weak ties*

Strong ties exist between the convention organisers and the Festival Coordinator position. These strong ties assist in sharing information and resources and in developing high levels of trust and reciprocity which tend to be extended beyond the duration of the festival. This is not the case, however, for the numerous sub-networks described above. The linking of sub-networks for the purpose of the festival is not ongoing and does not contribute to the durability of the network. As discussed previously in Section 5.9.1, there are a number of reasons for this lack of continuation relating to both the personal characteristics of the actors and the nature of the herb industry.

Weak ties such as those from visiting delegates and speakers are also encouraged to participate in the convention through direct invitation. This has proven to be an essential element in fostering innovation as local growers meet intermediaries who steer them in the direction of market demand.

*Centrality*

The position of the Convention node is close to the centre of the network. The convention is a major part of the festival and as such it relies heavily upon close collaboration with the Festival Coordinator. The position draws upon its importance to the festival to access resources such as physical venue space, signage and information from the Festival Coordinator.

The Convention node is highly centralised with a strong tie to the Festival Coordinator. Important information flows between the two ensure that shared resources are effectively managed. These include parking, signage, security, facilities such as toilets, access to water and advertising space. The convention organiser needs to be central to all decisions made for the festival and as such can influence the decisions made by the Festival Coordinator.
5.10.2 Innovation from Festival Network Participation

Innovation from the convention has been related to the development of products such as new crops (finger limes), which are now being planted.

**Product Innovation**

Product innovation has been demonstrated in an example recounted by the Convention Organiser where a local grower met a buyer from Adelaide who has a need for finger limes. The local grower has been immediately able to use his existing resources of land, knowledge and human capacity to produce a new crop of finger limes for the identified market. This innovation came about through a chance meeting at the convention between a local herb grower and buyer from another state.

Other product and process innovations relate to important changes to legislation that will affect import/export of foods. It was intended that discussions with delegates from the local industry will enable a strategy for action was to be decided. Convention Organiser F felt that ‘innovation will be driven by needs to comply with the legislation’, and may be assisted by the interaction between government, researchers and farmers at the convention. While the Organiser felt that this was occurring no hard evidence has been found for this study.

Further analysis of the convention can be performed in terms of the barriers and facilitators to innovation resulting from participation in the NRHF network.

**Barriers to innovation through network participation**

Attendance at the convention from local growers and intermediaries has met the expectations of the organisers and has proved fruitful at the event. However, participation from the herb industry in an ongoing network is limited in terms of assisting with the development of the convention and in continuing a relationship with the festival network. The convention is useful for making contacts with buyers and researchers, however after the convention this activity tails off into dyadic relationships. The continuation of a network structure in the form of a herb growers association has not been possible, although it has been attempted several times. Convention Organiser F stated that this lack of participation in the NRHF network (and perhaps any network) can be attributed to;
• The nature of the ‘new crop’ industry meaning a lot of new growers drop out of the industry quite quickly.
• A number of ‘pioneers’ that are involved in herb growing that have a set mentality preventing them from joining ‘groups’.
• Pioneers are notorious for taking uncalculated risks – therefore they are not that interested in learning new techniques or learning things about their ‘markets’.
• Changing leadership of the convention itself can be acquainted with low commitment from potential network members.

A further barrier to the development of innovation is in the breakdown of the network structure itself as identified by Convention Organiser F, ‘The breakdown of the NRHF network after the festival results in the system losing people and what has been gained. There is a loss of momentum which reduces the capacity to innovate.’

Facilitators to innovation through network participation

The Convention node assists in facilitating innovation in the NRHF network by linking existing networks together, where the NRHF network does not attempt to override the networks, but works with them to interlink key members. This offers excellent possibilities for information sharing and resource sharing. The use of the convention as part of the festival leads to other benefits that contribute to innovation as identified by Convention Organiser F. These include learning from others, building understanding of issues of the industry and contributing to the cohesion of a disjointed industry. Importantly, the convention offers an opportunity to inform industry participants of legislative changes that may have a substantial effect on their business. This is important to the Convention Organisers and other government and industry representatives, as it gives them an opportunity to interact with many of the actors and discuss their concerns and challenges caused by the legislation.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.7. The strength of the Convention node in the NRHF network is in its ability to draw members of the herb industry together for the purpose of the convention where other on-going networks have failed. The
convention also allows information sharing and opportunities for weak ties to meet with existing network members.

**Table 5.7 - Summary Table for Convention Node**

<table>
<thead>
<tr>
<th>Node</th>
<th>Convention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Organiser of the convention, speakers and invited guests</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to festival coordinator, stall-holders, community, herb industry, native foods, oils, NSW Dept of Agriculture</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>Low</td>
</tr>
<tr>
<td>Centrality</td>
<td>High</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Product – new crops such as finger limes</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Coordination of industry to attend</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>A unique event for coordinated activity in a fragmented industry</td>
</tr>
</tbody>
</table>
5.11 Case Study Seven – Regional Cuisine Node

The Regional Cuisine node has emerged from the study to be a distinct and vitally important node both for the functioning of the festival and for innovation resulting from it. The node performs important functions in distributing information and in using the festival to promote regional cuisine. In so doing, the node creates innovative marketing ideas by combining existing resources and products to entice new markets to test and buy the region’s produce. The following section describes this process further.

Methods

The primary source of data for the Regional Cuisine node has been from the Regional Cuisine Coordinator, however the high level of media activity by the regional cuisine committee has allowed a wealth of media articles to be accessed and analysed. Many other interviewees also referred to the activities and influence of the Regional Cuisine node, allowing further analysis of the contribution of the node to the total network.

Background

‘Regional Cuisine’ is a network that has been established as a government funded project, coordinating over a thousand small and medium sized businesses and individuals who have an interest in promoting the local produce and native foods of the region. Their activities include developing new markets for producers and processors, assistance and training for restauranteurs, marketing activities and culinary competitions (http://www.investnorthernrivers.com.au/region). The main reasons for the organisation to be a part of the festival was for the promotion of native foods to the local community and to increase the profile of the local businesses and promote their products. As recalled by the Regional Cuisine Coordinator,

One of the focuses for the festival was how to use native foods in cuisine as a part of everyday use. We think that is a way of distinguishing our region with its food. We have a lot of ubiquitous stuff like the rest of Australia has, but if we put native foods with it, then we are really starting to develop something quite local. So one of the things we did was to do recipe competitions, a bake off and a cook off. They were using Lemon Myrtle as an essential ingredient – that was amongst the public.
5.11.1 Characteristics of the regional cuisine node as part of the NRHF network

The Regional Cuisine node acts as a substantial hub for channelling information to its extensive member base. The node is an essential tool for the Festival Coordinator to communicate information to the regional food industry and to gather support for festival activities. The activities that the node coordinates are also an important part of the innovation process for the festival, both through the type of activity itself and the interaction that they foster. However, the node is subject to instability as it relies on government funding for support.

Actors

The regional cuisine committee extended its activities this year to include organising activities that would promote specific regional products. The activities included a cook off, gourmet sausage tasting and produce raffle. One of the featured products for the year was Lemon Myrtle – a native herb of the region that is used in a variety of purposes.

Position and Status

The Regional Cuisine node is well regarded by the community in its role of industry development and in assisting small food based business. As such, the node is awarded high status by many members of the network. The node brings important knowledge to the festival as explained by the local government representative, ‘They just knew so much about modern food thinking, and they really were happy that we were taking it above the hot chip stall. It was trying to lift the bar to a cuisine event and not just a community fete’. The active role of the node in the network has assisted the festival to draw its members to the event, either as stall-holders or as participants in the festival activities.

Channels and ties

The Regional Cuisine node has an extensive database of contacts through which they can access resources for the festival, design festival activities and promote it to their members. There was extensive coordination with the Festival Coordinator, as well as with the tourism representatives, the community, stall-holders and herb practitioners and the convention organiser in its design of activities for the festival.

Density
The node makes an essential contribution to the density of the network, providing more links to other nodes than any other node. In particular, the node has very good relations with the media and other sponsors, which it was able to activate to gain maximum publicity for the festival and its activities. The ability for the node to reach into the community and draw people and knowledge to the festival has been observed by many, including the local government representative who observes, ‘a lot of these things revolve around them [regional cuisine] having a really good database, simple things like that are really important.’

**Durability**

The node is able to draw in both weak and strong ties to the network. In particular new businesses (less than a year old) are encouraged to attend the festival and develop their products and marketing skills. Other activities throughout the year such as food events and product launches allow the regional cuisine network to come together frequently thereby creating a durable node. The major obstacle to the durability of the node is the government funding structure which supports the position of regional cuisine network coordinator and thus funds the operations of the network. The funding arrangement is for three years, with no guarantee of further funding becoming available. This provides uncertainty for the regional cuisine network, but also for the NRHF.

**Centrality**

The Regional Cuisine node is highly central to the Festival Coordinator. The activities they design have an effect on the programming, staging and planning of the festival. Similarly, the involvement of their extensive list of members also has an impact on the festival. As such they have a reasonable level of influence over the outcome of the event, through their interactions both with the Festival Coordinator and other members of the NRHF network. High frequency of contact with the Festival Coordinator and large exchanges of information create strong ties between the two nodes and result in high levels of trust and reciprocity.

### 5.11.2 Innovation from festival network participation

The Regional Cuisine node plays an important part in the incubation of innovation in the NRHF network. These innovations occur across different types of innovation including product, marketing and social innovations, as described further below.
Product Innovation/marketing innovation – The Lemon Myrtle cook-off

The idea for the Lemon Myrtle cook-off came from the Gilroy Garlic Festival in California where the idea has been used since 1980 to attract garlic lovers and ‘foodies’ to the festival and for the community to learn about the benefits of garlic. The idea was sourced and adapted by the Festival Coordinator and, in conjunction with the regional cuisine committee, the cook-off was adopted by them for the purpose of promoting Lemon Myrtle. The purpose was also to find new product combinations of Lemon Myrtle with other local ingredients and as such the activity serves both as a product and marketing innovation.

The node was able to use its own network of growers and processors to source the Lemon Myrtle and to encourage entrants into the competition. However, the node also made use of the Tourism node to distribute samples and recipes of Lemon Myrtle. Similarly, the innovation allowed the regional cuisine committee to gain important publicity for themselves as well as for the specific Lemon Myrtle product. They made use of the Media node to distribute press releases locally and in capital cities. The event also allowed them to engage the local community in trying Lemon Myrtle as a cooking ingredient so as to increase its popularity and distribution throughout the region. This has some important implications in product development and developing regional product or true ‘regional cuisine’.

Social Innovation

The regional cuisine network has a role to play in changing the acceptance of regional cuisine produce within the region, allowing the community to embrace the regional products and assist in defining the region’s image and culture. This concept is explained by the Regional Cuisine Coordinator,

‘A lot of regional cuisine [activities] is really trying to change an overall big picture of the region and create a picture of the region as an important area of specialty, really beautiful product. We don’t have large scale broad acre food industry but we have some excellent niche products and regional cuisine’s role is about making the region known for that and that’s supported through the Herb Festival’.
Facilitators to innovation through network participation

The regional cuisine network has been identified as an essential structure underpinning the NRHF network. The Regional Cuisine network holds ongoing activities throughout the year that bring the industry together for purposes of information sharing and cooperative resource efficiencies. This work assists in continuing the activities of the festival from year to year, especially in areas of product development and marketing. However, as identified by several members of the network this relationship could be further strengthened and formalised to include maintaining the NRHF web-site with current links to small herb-based businesses and other cuisine services.

The node assists in reducing barriers to entering the festival from those outside the network. It extends information about the festival into the community through its own network of growers, bottlers, processors and retailers. The regional cuisine network has a very open membership system, with no real requirements (apart from registration) to access the information and resources they can provide.

The Regional Cuisine node is useful for assisting business development and fostering innovation through its work in communication, but can also play a further role in guiding businesses as they prepare for the event so that they can gain the best advantage out of being there. As described by the Regional Cuisine Coordinator,

I have spent a lot of time talking to people and saying ‘think carefully about your target audience, be selective. Are these the people? That’s the other thing sometimes the festival coordinators are trying very hard to get local producers in yet those products might not sell in that market at all ... and they get cross and I say well that’s a real gourmet product that sells in David Jones. It doesn’t sell at [this type of festival]. These people work hard all week to go the event, they use their resources to sell at the festival, and so they need to be very selective about where they are doing their marketing and that’s what the sensible ones are doing.

In this respect, the Regional Cuisine Coordinator also made some judgements about who would be best suited for this festival and encouraged their participation through mail-outs and phone calls. The Regional Cuisine Coordinator sees the festival as an important opportunity for developing and marketing an emerging
industry – the small community festival is an ideal place for new and growing businesses to test the market. As the businesses increase in size and scope they are encouraged to attend other larger events in capital cities where they can meet up with larger buyers, suppliers and consumer groups. This type of festival is not suited to larger more mature businesses as stall-holders. More mature businesses may choose to be sponsors, or contribute in other ways, but their core business should have moved on from participating in small community festivals.

Similarly, the festival offers an opportunity for learning about target markets where not all festivals are suited to all businesses. Emerging businesses learn about the necessity of examining the type of audiences attracted to a festival and matching them with the product they are offering. It is only a useful marketing exercise if the audience of the festival will want or need the product the business is offering. Similarly, small emerging businesses are learning firsthand about developing marketing skills - the Regional Cuisine Coordinator explains;

... you can read books but you need to really stand there...one woman who makes wonderful product and she's great but she brought her partner along and he has the gift of the gab and he had the loud voice and was fantastic. She had done it before and not done nearly as well so it's working out where your best skills lie and what other expertise you need to help you in your business.

**Barriers to innovation through network participation**

The massive role of facilitation and communication throughout the regional cuisine network indicates that the node is working to capacity. The organisation relies on government funding and also uses a large number of volunteers and yet the organiser can still see where further networking activity could take place if further resources were available. As described by the Regional Cuisine Coordinator,

When regional cuisine’s charter was set up, it was to be involved with the arts people but the reality was when you are working with potentially all the people who are growing food in the region, all the people who are value adding, all the restaurants and the hospitality industry - plus tourism, it was a large enough chunk....I just found that really it had to fall off. Ways that other regional cuisine have done it through table work, through restaurants with art works.

While the regional cuisine network is highly successful at drawing people into the network, it finds some barriers to doing this.
The biggest barrier is the individuals themselves in not seeing the value and not seeing the worth. I find too many people in really small business get very hooked up in working in their business instead of on their business. They don’t pull their heads up enough to look at the bigger picture they’re doing things that they should be paying someone half the wage to do. I think that holds them back. (Regional Cuisine Coordinator).

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.8. The work that the regional cuisine committee expends for the festival has immediate results for stall-holders with most making good economic return on the day, as well as developing business and marketing skills. The benefits are ongoing with interaction between participants leading to new ventures. Increased trust and reciprocity is something that the Regional Cuisine Coordinator expects to see continue: ‘We all expect that to go on. I wouldn’t do it just if I thought it was only going to be for the few days. It’s an investment really’.

Table 5.8 - Summary Table for Regional Cuisine Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Regional Cuisine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Main hub coordinating over 1000 cuisine businesses</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to Festival Coordinator, stall-holders, tourism LVIC, community, herb industry, native foods, convention, media, food specialists</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>High</td>
</tr>
<tr>
<td>Centrality</td>
<td>High</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Marketing Innovation – developing an emerging industry</td>
</tr>
<tr>
<td></td>
<td>Social innovation – new use of native foods in cuisine products</td>
</tr>
<tr>
<td></td>
<td>Product – new combinations of native foods</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Ongoing funding for hub to continue</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Well coordinated hub promotes/communicates the event to strong and weak ties</td>
</tr>
</tbody>
</table>
5.12 Case Study Eight – Tourism (LVIC)

The inclusion of the Lismore Visitor Information Centre (LVIC) in the NRHF network is a planned strategy to make use of their organisational and network structures. ‘Lismore Tourism is to filter information to appropriate channels (includes accommodation providers and all regional offices)’ (LCC:2001). The node acts as an essential hub for information distribution, but also has assisted other parts of the network in developing innovation. These aspects are described further below.

Data Collection Methods

The primary method of data collection for this case study involved the interview of a key staff member at the LVIC. Public council documents (LCC:2001, 2003) and other secondary data have also been sourced to complete the analysis.

Background

Tourism is well established in the Northern Rivers Region with visitation estimated at 2.1 million tourists travelling in the region each year (TNSW:2002). During that time, the visitor centre fielded approximately 30,000 enquiries, indicating that Lismore receives a fair percentage of the region’s visitors. It is important to note that 49% of domestic visitors use ‘friends and relatives’ properties for their accommodation (TNSW:2002) and as such may rely on the advice and guidance of their hosts as well as the LVIC.

Lismore is an inland town surrounded by natural attractions, national parks and other rural/agricultural attractions. The destination is well structured with all the relevant sectors supporting the flow of visitors into the town. The state tourism authority has a regional representative who acts in an advisory role to the local office, and provides some financial and marketing support to the centre on a project basis. The LVIC is funded by local government and has a membership of over 50 local tourism businesses. These businesses are represented by the LVIC for the purpose of the festival and as such the LVIC was involved with communicating with accommodation suppliers and local attractions and updating tourist information on the festival website. The centre assisted the tourism businesses by taking accommodation bookings and by providing information about the festival to enquirers over the phone. The centre also distributed programs and other festival
information throughout the event. The centre is staffed by a small number of paid staff and volunteers who assist with the normal running of the centre as well as with festival operations.

It is a function of the centre to assist in the promotion of local events both for Lismore and the region. The aim of the LVIC was to encourage visitation over the festival period, but also to extend their visit into the local region and to its natural and man made attractions.

5.12.1 Characteristics of the tourism node as part of the NRHF network

Actors
The LVIC node acts as an information hub for the Festival Coordinator to distribute information to the community and to visitors. Similarly, it is used by local businesses looking to distribute information and product to visitors. The Tourism node is represented by the LVIC, who in turn represents those businesses that are involved in tourism; typically accommodation, attraction and tour operators and perhaps not so typically other businesses involved in retail and food production to some extent. The LVIC manager feeds information back to the Festival Coordinator, but the vast majority flows from the Festival Coordinator to the LVIC.

Position and Status
The LVIC holds a relatively high status within the network. Given that there is a large proportion of tourists in the visiting friends and relatives market (VFR) it is important to recognise that the LVIC also has strong links with the local community. The LVIC is funded through local government and, as such, maintains strong ties with that organisation as well as state government tourism organisations. The LVIC is staffed by a small management team and volunteers, which further reinforces the LVIC’s relationship and status with the local community.

Channels and ties
The main function of the Tourism node is to disseminate information both within and outside the festival network structure. To achieve this, the node has strong channels to the Festival Coordinator, stall-holders, regional cuisine, community, TNSW and tourism businesses. Importantly, the Tourism node also maintains
inter-regional tourism networks that allows promotional information to pass to other regions. Reciprocal agreements are in place with tourism VIC’s in neighbouring regions of Queensland and NSW to provide tourist brochures, guidebooks and promotional material to visitors which will promote the festival.

**Density**

Acting in its capacity of information distributor, the centre is available to all local businesses who believe that visitors may be interested in their products. This activity facilitates high volumes of communication between the centre and tourism businesses and, as previously described, the local community. As a result of the staging of the NRHF there is some ongoing development with herb-based businesses with the introduction of a retail area in the LVIC selling local herb based products. This situation contributes to the density of the whole network assisting to link herb based businesses with tourism businesses. The idea is catching on as more tourism businesses are including locally made cuisine in their tourism outlets.

**Durability and the strength of weak ties**

The links established with the tourism industry are maintained throughout the year for other events and other ongoing tourism activities. The LVIC assists in maintaining the durability of the network by promoting activities that will encourage further networking. The recent introduction of a ‘visitor services group’ that encourages group meetings on a regular basis indicates the willingness of the LVIC management to maintain cooperation and collaborative behaviour from the tourism sector. The LVIC will remain a static hub that will always rejoin the network, regardless of its future structure.

**Centrality**

The LVIC is not a highly central organisation to the network, and does not wield much power or influence over the event. It plays a crucial role in distributing information to operators and visitors, but does not have an active part in the design or staging of the festival. This is a surprising finding given that tourism is an objective of the festival. The lack of planning and other collaborative activity is in part explained by changing LVIC management.
5.12.2 Innovation from festival network participation

Two important innovations have resulted from participation in the NRHF network, both of which resulted from interaction with the herb industry and from ideas gained from participation at the festival.

Marketing Innovation

A new retail area that distributes herb-based products has been created at the LVIC. The area promotes the brands of the local products, facilitates sales of the products and allows visitors to access information about visiting certain regional herb based products/businesses that have created facilities for tourists.

Product Innovation

Indications from the Regional Cuisine Coordinator and the LVIC staff are that the development of a ‘regional cuisine’ product occurs over time through the gradual acceptance in the community. The use of the LVIC to distribute products and promote the festival, and its businesses, assists greatly in this process of product development. Similarly, the introduction of regional cuisine products to tourists also provides the region with distinctiveness, and assists in defining the cultural tourism product.

Barriers to innovation through network participation

A lack of involvement in the organising committee and or steering committee may be a barrier to fostering further innovation in discovering further interaction that is possible with other nodes. An opportunity to influence the design and program of the festival may also have an impact on improving tourist numbers and on innovative activities for tourists at the festival.

Facilitators to innovation through network participation

The use of the LVIC is important for information dissemination to outside visitors and to the local community. The LVIC facilitates innovation by encouraging networking activities within the tourism community and by sharing information with traditional and non-traditional tourism businesses.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.9. The LVIC is a valuable part of the network that allows the Festival Coordinator to leverage information distribution/marketing activities.
through the tourism distribution networks. Similarly, the hub allows extended marketing for herb based activities through the retail area of the LVIC. The centre also provides resources for others to distribute information and products utilised by the Regional Cuisine node, the herb participants, the Festival Coordinator and the arts performers.

Table 5.9 - Summary Table for Tourism Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Tourism Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Central Hub represents tourism businesses</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Channels to Festival Coordinator, stall-holders, regional cuisine, community, TNSW, tourism businesses, inter regional tourism networks</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>High</td>
</tr>
<tr>
<td>Centrality</td>
<td>Medium</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Marketing innovation</td>
</tr>
<tr>
<td></td>
<td>Long term regional tourism product</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Commitment from tourism industry when visitor numbers are low</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Hub for information flow</td>
</tr>
</tbody>
</table>
5.13 Case Study Nine – Arts Performers

Arts performers included various performance genres from hip-hop and salsa dance performances in the street to staged performances from music groups. The purpose of the arts performances is both to entertain as well as to promote the pleasure and excitement of performance art. Innovative dance performance is made possible by setting a theme and providing the time and freedom to create dance within that theme. The node shows minimal participation with other nodes in order to develop its performances; however the actors demonstrate strong commitment and density with the community and other arts related small businesses. Social innovation has been identified in designing new ways for young people to interact and express themselves through performance art.

Data Collection Methods

The primary method of data collection for this case study involved an interview of the Dance Performance Coordinator from the Arts Performers node. Programs, websites, media and other secondary sources were used to support the primary data. From these sources, characteristics of the node were documented.

Background

The arts node comprises a mixed group of individuals and sub-groups who primarily use the festival as a means to promote their work and gain interest and audiences to their performances. Performance art in the way of dance, mime, music, comedy and street performers are prominent with very little contribution from visual arts. The arts industry in the region is quite fragmented; however strong connections appear between ‘directors’ or ‘managers’ of the major art organisations and there are more recent attempts to coordinate the region’s art organisations. Small arts based businesses and performers are not part of a larger art network.

The Dance Performance Coordinator was able to use the festival as an opportunity to engage people in dance. She stated, ‘The festival offers elements of showing different dance styles and different workshops, and that would also include a display and a workshop so that ... would promote dance and get people involved at any level in dance as a viewer, as a practitioner or participant. We had different levels, from learning the basics of hip hop and belly-dancing.’
5.13.1 Characteristics of the arts performers node as part of the NRHF network

Actors

From the myriad of arts performers in the region, the main actors in the node were individual and group musicians who were the headline acts on the main stage, and smaller dance groups, comedians and performance artists who performed across various parts of the festival site. Many of the actors were children, led by dance teachers, and others were professional musicians.

Position and Status

The arts node has a less central position than many other nodes. They were similar to the Food Specialists, being important to the festival but have little influence over its overall theme and operation. The node has a moderate level of influence over the program in providing all the performance artists. The Dance Performance Coordinator provided a program of activities for a specific stage area called the Spicy Moves Stage. The arts performers are not part of the organising committee or other influential networks.

Channels and ties

The node has strong ties to the community, especially to dance students and teachers as well as other followers of performance dance. However, the Dance Performance Coordinator has limited ties with other nodes in the network. Interestingly, the Dance Performance Coordinator noted how the event provides an opportunity to communicate with arts performers and develop further relationships with those people. 'It was an opportunity for me to network with people and say, “can you come? Are you interested in exposing yourself? Do you want a performance opportunity? I think at that stage I had some money to offer them ... and so I could offer people some forms of employment'. This type of interaction is important to strengthening ties in the region and providing opportunities for actors to trust each other.

Density

The Dance Performance Coordinator makes important links to the community by drawing dance students into the festival program. The coordinator engages dance-based businesses to draw support from children and teachers in the area, creating many strong links to the community and to small dance based businesses. An
example of such activity is recounted by the Dance Performance Coordinator where skate park activities were staged, ‘We got the girls performing hiphop in the skate park. This has become important because it’s a boys place ... so we get the boys out of the park to watch the girls dance and that’s a bit of a tradition that is growing, and that’s through Member x , you need people like that to keep driving it because otherwise it doesn’t happen.’ This statement also adds evidence to the idea that it is both the system, network and individuals that are needed for innovation to occur.

**Durability**

The dance based festival activities form a part of a yearly program of events that includes Australia Day and other annual events. This is a structure that is important for event planners in assisting to maintain the durability of the festival network. As recounted by the Dance Performance Coordinator, ‘those things [dance activities] melded with the MCing and the DJing in the skate park create one type of positive youth happening at that space. Now it’s tradition. There are now people who expect things from the Herb Festival that attracted them to it for different reasons, so one of the reasons is specifically to go for that youth element in the skate park.’

**Centrality**

The performing arts node has a low centrality where the actors are not central to planning issues or to influencing the operations of the whole event. The performers are given a theme by the Festival Coordinator and they are free to construct their own ideas around it. They have little control over the programming although they are given the opportunity for some input in the area of staging and programming.

**5.13.2 Innovation from festival network participation**

**Social Innovation**

The node has been instrumental in introducing elements of dance to other elements of youth culture through skateboarding. The Dance Performance Coordinator worked in conjunction with a sponsor to using the skate park as a setting to perform dance. The concept was devised as a new way to engage young
people in dance, as well as a new way to perceive the skate park as a creative place for young dance performers.

**Barriers to innovation from network participation**

There is a lack of apparent impetus for networking with businesses and individuals not connected to performance art. This includes other art genres, such as visual arts, as well as other industry nodes, such as the herb industry or tourism. The arts sector could be described as fragmented, rarely coming together to explore innovative outcomes.

**Facilitators to innovation from network participation**

Repeat dance performances from year to year encourage learning to enhance the staging, timing of events and the best use of the physical space of the event site. The use of the skate park for dance activities came about in the second year of the festival, following observations and ideas from the first year of operation.

Festivals offer performance artists an important and unique opportunity to showcase the performance art that local children are designing and performing, as the Dance Performance Coordinator explains:

> It is about getting people together and getting people interested in what you are doing. Doing it in the local streets on any weekday at lunchtime is also targeting people who are passing by, but a festival is a place where people are coming together so you can capitalise on showing things to people who come together, whether it’s to entertain the kids, or to eat, or for music, there’s reasons why they come to the festival, so we can capitalise on this gathering.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.10. The strong ties to the community are a feature of the node, adding to the durability of the network to reform for the next festival and continue to develop innovative dance performances.

**Table 5.10 - Summary Table for Arts Performer Node**

<table>
<thead>
<tr>
<th>Node</th>
<th>Arts Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Professional musicians, comedians, dance teachers, small dance-based businesses, amateur dancers</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Limited to the festival coordinator, sponsors and community</td>
</tr>
<tr>
<td>Density</td>
<td>Strong ties to the community</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Durability</td>
<td>High</td>
</tr>
<tr>
<td>Centrality</td>
<td>Low</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Social – integrate dance into youth culture</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Lack of interaction with other nodes</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Repeat performances every year, synergistic experiences</td>
</tr>
</tbody>
</table>
5.14 Case Study Ten – Local Government

The role of local government in staging a festival is to provide a range of support services to the Festival Coordinator. The type and extent of these services will vary greatly from region to region, depending upon the financial resources of the council and on the level of support they wish to provide. In this case, Lismore City Council (LCC) is committed to the development of the festival as a major drawcard to the region and, as such, provides support in the form of funding as well as in human resources and the provision of council services such as grounds, parking and street closures. The local government is a static organisation that provides stability to the network and supports some level of durability for on-going network activities. These functions and their effect on innovation are described below.

Data Collection Methods

The primary method of data collection involved an in-depth interview with the Lismore Events Coordinator who is employed by LCC. Several public documents from LCC (LCC:2001, 2003) were reviewed in regards to their commitment to the event and the level of funding and services provided.

Background

The Lismore Events Coordinator is responsible for bidding for and organising events in Lismore. These can range in scope from a careers day to large scale conventions and sporting events like the Masters Games. The position requires extensive knowledge of suppliers, media and tourism businesses, as well as an understanding of the local community. The role of the Events Coordinator often changes with each event. For some events, the position is responsible for running the entire event – effectively as the event organiser. For other events where the event is funded by external parties, such as the local chamber of commerce, the position is required to provide support services to the Festival Coordinator as determined by the council. The latter is the case for the NRHF, where the event has been instigated by the Chamber of Commerce and supported by the LCC.
5.14.1 Characteristics of the local government node as part of the NRHF network

**Actors**

The Local Government node is made up of the elected councillors who make the decisions on funding levels and degrees of support for all events in the local government area. The council also provide council staff who are designated to assist with the logistics of the event, especially in regard to council lands and services.

**Position and Status**

While the Lismore Events Coordinator provides the operational support, the in-kind support of the councillors should also not be understated.

“We play a role in supporting verifying funding applications. I think a lot of funding bodies see council as somehow reliable, they get bombarded with lots of ideas, they think if the council is involved, that it is behind it somehow that it has some credibility, that’s going to make it happen.’

For this reason, the Local Government node has a high level of status throughout the network as they have the capacity to make arbitrary decisions regarding their level of support for the festival.

**Channels and ties**

Council have strong ties with suppliers. They use the same suppliers for many events as well as other council business. These contractual relationships are very important for the stability of the event, as described further below. Other ties include a close relationship with the Festival Coordinator, as well as with the community. The Festival Coordinator creates ideas for the staging at the festival which may need to be cleared with the council for logistical reasons, such as the use of public lands, parking areas or street closures.

**Density**

The role of the council is primarily to assist the logistics of the event; consequently the node’s links are with suppliers for the festival and with the Festival Coordinator. Links with suppliers include fencing contractors, plant hire, printers and waste collection. Some of these suppliers are used for other events and for other council business and there is evidence to show that these strong links are important for increasing the level of trust in the relationship. While there are some legal restrictions and guidelines for choosing suppliers, under a certain threshold
‘they will go with contractors that they are comfortable with’ as is explained further by the Lismore Events Coordinator;

It’s based on a sliding scale of difficulty. If it is under $x a staffer could say, “we’ll go and use this contractor here.” It’s probably based on history ... It’s better the devil you know, to keep the tight time frames and ... if you know they will deliver. You can’t have them ringing at 6 o’clock in the morning and saying sorry we haven’t got these things done. But in saying that too, being a council or a Chamber of Commerce, we’ve got some obligation to spread the love a bit too. Particularly if quotes are similar, and both could do the job, we try to share it round a bit.

The node is involved heavily with the local community with volunteers as explained by the Lismore Events Coordinator:

We have the ability to induct volunteers and get them insured. That is a service we offer the event that is a bit unique which would be hard for them, because they are one person. They had to be under my control. Volunteers included TAFE students, SCU interns, some people from the public and the Rural Bush Fire Brigade. This provides the volunteer groups with an opportunity to gain donations from the event, both from the organisers and the audiences. It’s not a fee for service, but a donation is expected.

The node also provides a high level of influence for external funding bodies. Often in the application process for funding from state or federal governments, an indication of support from local council can assist the approval process. Local government support provides the event with a level of credibility and professionalism that may assist in raising funds to stage the event.

**Durability**

The node is a static one that provides the same or similar services for many events. The ongoing services of the Lismore Events Coordinator allow this to be a highly durable part of the network. However, events in Lismore are very variable and don’t require the same services each time and, therefore, each network is different in its make-up and structure.

**Centrality**

The event relies on the services of the LCC especially for waste, power, printing and parking. As such the LCC have a big influence on the outcome of the event and
are kept in close relations with the Festival Coordinator. Access to resources such as these services as well as financial resources allows the council to be kept very central to the Festival Coordinator. This is achieved via communication channels with the Lismore Events Coordinator, who is responsible for keeping the councillors informed of planning and budget issues.

5.14.2 Innovation from Festival Network Participation

The Local Government node provides support to the event and in return receives the opportunity to develop a new type of festival for the city, and the region. The festival provides a new opportunity to showcase the region’s herb products and to engage the community in celebrating the region’s produce and culture.

Barriers to innovation from network participation

The council has a powerful influence over the number and type of activities that can be staged. Conceivably this also then has an impact on the extent of interaction possible at the festival. Its main influence is facilitated through the level of funding that council provides, however other support services also have an impact on the event.

Facilitators for innovation from network participation

The council has a number of ways in which it facilitates innovation. Firstly, council facilitates the festival itself. Without providing the venue, parks, roads, services and support the interaction and celebration could not occur. Secondly, existing relationships with suppliers brings trust to the network and allows less litigious relations with suppliers. Thirdly council facilitates the use of volunteers through its insurance procedures and on-going databases of potential network members and volunteers.

A summary of the node’s characteristics and its propensity for fostering innovation is provided in Table 5.11. Local government plays an important role in providing durability to the network that allows the festival to exist. In return for its support, the council receives a festival through which it can encourage social innovation.
Table 5.11 - Summary Table for Local Government Node

<table>
<thead>
<tr>
<th>Node</th>
<th>Local Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actor</td>
<td>Government employees and elected councillors</td>
</tr>
<tr>
<td>Channels/ties</td>
<td>Community, volunteers, suppliers, Festival Coordinator</td>
</tr>
<tr>
<td>Density</td>
<td>High</td>
</tr>
<tr>
<td>Durability</td>
<td>High</td>
</tr>
<tr>
<td>Centrality</td>
<td>High</td>
</tr>
<tr>
<td>Innovation Type</td>
<td>Social</td>
</tr>
<tr>
<td>Barriers to Innovation</td>
<td>Arbitrary funding</td>
</tr>
<tr>
<td>Facilitators of innovation</td>
<td>Strong ties, stability, funding</td>
</tr>
</tbody>
</table>

5.15 Conclusion

This chapter has provided the results of the ten case studies collected for the study. Each case has demonstrated unique characteristics of the nodes of the network and has highlighted the prominence of innovative activity. The depiction of the whole NRHF network is analysed further in the following chapter in relation to its structural and relational characteristics and its capacity for innovation.
Chapter 6 - Summary of cases and analysis of NRHF network
6.1 Introduction

The results from the individual case studies have demonstrated a number of significant findings that assist in analysing the characteristics of NRHF network and in determining how and why innovation occurs in this context. This chapter summarises these findings to fulfil each of the four research objectives. Firstly, in response to the first of the research objectives, Section 6.2 provides cross-case analysis and identifies the characteristics of a network formed as a result of the development and staging of the NRHF. Characteristics of the network such as actors, channels, density, durability and centrality can be identified and examined. Section 6.3 identifies the types of innovations that have occurred as a result of the festival network noting the prominence of product, marketing and social innovations (Objective Two). Section 6.4 identifies the predominant processes and elements of the network that have facilitated the development of these innovations (Objective Three). The final section of this chapter (Section 6.5) combines the aforementioned sections in addressing Objective Four to conclude how and why innovation occurs as a result of network activity at the NRHF. These conclusions demonstrate that both emergent and planned strategies have allowed innovation to be fostered within this festival environment and that it is possible to harness and direct the synergy that creates these outcomes.

6.2 Characteristics of the NRHF Network (Network Analysis)

This section provides analysis of the network characteristics and, in particular, those issues that have arisen from comparison of the individual cases. In addressing the first of the research objectives, analysis is made of the actors, positions, status, channels, centrality, density and durability. This is achieved through cross-case analysis, comparing the results of each node and attempting to highlight areas of commonality. Where there are several nodes with a common characteristic, such as high levels of density, it is then possible to assess their impact on the whole network. However, it is also possible to highlight those parts of the network that have unique qualities and, similarly, to assess their impact on the functioning of the whole network. As noted in the previous chapter, each case has been designed using common subject headings that allow direct comparison of each element of the network (e.g. density, durability). It is therefore possible to
perform cross-case analysis using these elements as the basis of comparison. This process is assisted by the use of a summary table that demonstrates the areas of commonality and uniqueness across the cases and the sociogram in Figure 6.1. Other common units of analysis such as the barriers and facilitators to innovation are discussed in later sections.

6.2.1 Actors

Actors are drawn into the network through selection and invitation by the Festival Coordinator and/or other festival stakeholders. They enter as invited guests, committee members or suppliers, sponsors, performers and stall-holders. Additionally, they can enter the network through their own choice where entrepreneurial businesses see an opportunity for self promotion at the festival and choose to become involved. This has been the case with stall-holders and others in the herb industry. An event such as the NRHF is distinctive in terms of the actors it draws into the network. The actors are from diverse industry backgrounds in agriculture, performing arts, local government and community groups to name a few. This diverse mixture of community and industry representatives presents a mix of actors that are quite different to those described previously such as supply networks (Harland et al.:2004, Bower:1993), industry networks (Liu and Brookfield:2000, Saxenian:1991) or other types. It is a unique mix of actors all attuned to the same goal that creates the unique festival network structure.

The actors in the network displayed an interesting mix of characteristics which reflects their position within a network. Some demonstrated tendencies to be entrepreneurs – taking calculated risks while entering into clearly identified markets. These people, such as Stall-holder A, were highly active both in the network situations and in innovation. They actively engaged with new suppliers and new markets and created methods to combine them all together in new products. Other actors, such as Stall-holder B, were loners, or pioneers who had less participation in the network before and after the event. They displayed a ‘heads down’ attitude that reduces their willingness to participate in network activities. These type of actors can often be the hardest to engage in network activities, being ‘rugged individualists’ who prefer to act alone than in cooperation with others. Strategies to engage them in network activities are often more complicated than for entrepreneurs who may respond to a simple newsletter.
Strategies to engage ‘rugged individualists’ may include more time consuming personal communications and assistance with the costs and difficulties of attending.

Other prominent actors include a range of ‘coordinators’ including the Dance Performance Coordinator, Regional Cuisine Coordinator, Lismore Event Coordinator, Vendor Coordinator and Convention Coordinator all of whom were prominent in their node. These people displayed similar qualities of being organised, energised people with large databases of contacts that they use in their work for the festival. The medicinal herb industry is the only part of the network with no coordinating group or person.

\textbf{6.2.2 Positions and Status}

Following the unique mix of actors, comes a unique mix of positions and status. Some actors within some nodes bring certain level of status with them to the network. The Festival Coordinator is an obvious example of this, but also nodes such as Local Government and Sponsors assume and are given, high levels of status. As suggested by Brass and Burkhardt (1992), this is accompanied by influence and power which, in this case, have an impact on the outcome of the event. Status appears to be increased where nodes are well coordinated structures as demonstrated in the cases of regional cuisine and tourism. Alternately, loose structures have less status in the network, as demonstrated by the nodes of the Herb Industry and Stall-holders. Similarly, status appears to be increased in those nodes where there is greater permanency, such as Tourism and Local Government. Strong evidence of this is shown with the role of local government in providing ‘support’ for funding applications.

\textbf{6.2.3 Channels}

The channels through which information flows form a maze of linkages throughout the network. There is a medium level of dependency between the actors as suggested by Heracleous (2003) in a brokered type of network. This is exemplified by the Festival Coordinator’s reliance upon every node to organise its own activities for the event, whilst still fitting with the theme and design of the festival. They achieve this by working with each other and relying upon other nodes for extra resources and assistance. Some actors, such as the Dance Performance Coordinator, required little assistance from the Festival Coordinator or other
nodes and were not dependent upon them. Other actors, such as Regional Cuisine Coordinator depended upon many other actors to create the activities for the festival.

While it is not possible to trace all channels of communication, the channels with the highest levels of activity have become quite evident, such as with the Convention and the Regional Cuisine nodes. Similarly, those with less communication and transactional activity are also identifiable, as in the case of the stall-holders and DSARD. Figure 6.1 illustrates the strength of communication through the differing weight of the lines highlighting the differing levels of strength in a relationship. These are also an indication of the level of dependency between the actors.

**Figure 6.1 – Network Illustration of the Northern Rivers Herb Festival 2003**

Each node acts as a hub for information dissemination. Individuals in every node will ‘spread the word’ about the festival to friends, relatives, work colleagues and other associates and this will assist the Festival Coordinator in promotion of the event. Some nodes have acted exceptionally well in this role, as with the regional...
cuisine network, which acted as a strong hub for communication and gained commitment from its member base. Through the use of this hub, the Festival Coordinator gained credibility for the event, assisting in securing quality stall-holders and other cuisine professionals. The use of this hub was important for maintaining the efficiency and effectiveness of the network as described by Burt (1992), where the regional cuisine hub provides a wealth of non-redundant contacts through access to its database of over 1,000 cuisine-related contacts. The Tourism node also is an essential hub for disseminating information outside the network and into other ‘tourism networks’ in other regions in an attempt to draw the maximum number of tourists. While cuisine based herbs have had good success in forming a strong communication hub the same cannot be said for medicinal herbs which struggle to form a hub through which information can flow and members can be drawn.

6.2.4 Centrality

The highly centralised nature of the network is illustrated in Figure 6.2, with the coordinating unit (Festival Coordinator) being the focus of all relations. The Festival Coordinator is the central figure with the immense task of coordinating all other areas of the festival. A festival committee assists in decision-making and a number of key volunteers assist in coordinating some key areas such as stall-holder management and entertainment management. This more recent structure reduces the communication demands of the Festival Coordinator; however the strong centrality of the network leads to high demands on this position in terms of work flows as suggested by Alter and Hage (1993). This situation is assisted by the nodes where communication can be channelled through a hub as for Tourism and Regional Cuisine.
Differing levels of centrality are shown in Figure 6.2 by the inner circle where the Convention, Supplier, Local Government, Sponsor and Regional Cuisine nodes are illustrated as being much closer to the central coordinator than others such as the Stall-holder node. Individual reasons for centrality have been given in previous chapters. However, in summary, those with resources such as finance, people and physical facilities are more central.

This study has found that coordination of the festival’s program and other event management issues is achieved with varying amounts of communication with the other nodes. Some nodes, such as the Convention, require a high level of coordination in issues of timing and resource sharing, whereas other nodes, such as the Stall-holders, require little on-going communication, once some key decisions have been made. This is illustrated in Figure 6.2 by the weight of lines indicating the frequency and strength of communication channels.
This centralised structure fits well with Heracleous’ (2003) proposal of a ‘brokered network’, where the interactions of the network are brokered by the Festival Coordinator (see also analysis in Section 5.1). The overall issue of having a highly centralised structure is important in analysing the NRHF network where a centralised network presents a number of issues. Firstly, the event is vulnerable to disaster should there be a major problem with the coordinator. In this case, this risk is recognised and in part has been overcome by a risk management plan. Secondly, the coordinator has a great deal of influence over the outcome of the event, deciding how resources are shared and how the staging of the event will proceed. While the coordinator is influenced by other nodes, such as the Sponsors and Local Government, the decision to include other stakeholders is not mandatory. This leads to the third issue where a single coordinator may in fact have a hierarchical presence that may stifle innovation. The choice of coordinator may impact on the ability of the festival to incubate innovation, and is dependent upon that person’s strategies for fostering network development and innovative processes.

Given these potential problems, this study has shown the highly centralised structure of the NRHF does not seem to reduce the capacity to innovate. Stallholders are free to create stalls of their own design, providing they fit with the guidelines of operating a stall, and with the theme of the event and the guidelines provided by the Festival Coordinator. To achieve this, they are free to engage in relationships with other actors/nodes that will assist their innovation. The use of the website assists this process of learning about the activities and other participants in the festival. In summary, it is not the structure of the network, but the strategies of the network coordinator, that are important here in providing an open network where opinions are sought from a variety of stakeholders. This, in turn, allows the network the capacity to innovate through shared learning, a unique marketplace that encourages interaction with consumers, and new opportunities for interaction with experts from outside the region.

6.2.5 Durability

The second element to be analysed is the durability of relations between nodes. This element is measured for the purpose of staging the festival only, and acknowledgment must be made that differing ties are in existence for a number of other social and economic reasons. These other networks are highly influential to
the festival network and often the boundaries between networks are too interwoven to clearly decipher. As demonstrated by the Regional Cuisine and Local Government nodes, there can be no doubt that some of the relations persist before and after the festival for a number of purposes, including other industry events, other festivals and in the course of normal business. It is immediately apparent that the festival network is not durable and is disbanded each year.

The strongest ties are between the Festival Coordinator and sponsors who provide much of the funding for the event and in return are consulted for ideas and assistance with festival activities. Sponsors have expectations for receiving special treatment and are often considered as guests that need to be well looked after. The relationship is made durable so as to be repeated in following years. On a similar level is the relationship between the convention coordinator and the Festival Coordinator. This is an important relationship that needs to be well nurtured. The convention provides an influx of visitors to the festival and provides added strength to the program. In return, the festival provides a range of social, food and entertainment based activities for convention delegates. The activities of the two events have to be closely coordinated. Weaker ties exist with stall-holders who, as individuals, have little power to draw upon in negotiating access to resources and information – as a group they have yet to realise their own bargaining power as they have no existing sub-network or association of stall-holders. They can choose to return next year and yet are not under any obligation to do so.

The durability of the network is also affected by the number of existing networks that become a part of the NRHF network. Some nodes, such as Local Government, have a static structure that will remain stable between years. Others, such as the Arts Performers and the Herb Industry participants are likely to change membership between years because they have no formal group structure. Those nodes that are made up of individuals, such as the Food Specialist node, are highly likely to disband and show no propensity for maintaining durability of the network between years. In future years it is likely that they will need to be invited into the network again or be replaced by other individuals who can perform the same function.
Similarly, the durability of some nodes is affected by their status as a funded project. The regional cuisine network is a good example of this type of node where the government has funded its establishment and its activities for a period of three years. Following this initial funding, the coordinator of the network has no funding to continue the work of coordinating the members and supporting their ongoing network activities. This will have an enormous impact on the durability of the NRHF network and potentially on its capacity for innovation.

Overall the network could be said to have moderate durability. As shown in Table 6.1, some nodes have high durability and others moderate to low. Some nodes such as the Food Specialists, Regional Cuisine, Tourism and Local Government continue in other forms for other purposes and come back together for the following years’ festivals. As suggested previously this matches well with observations by Heracleous (2003) in identifying a brokered network where moderate levels of durability can be expected. He cites the example where ‘if one member is not performing, it is forced out of the network by an intentional choice of the strategic centre or of other powerful members not to utilise the inefficient member’s output’. Evidence of this situation is found in Case Study 3 where sponsors are able to force out unsuitable members of the network who are not contributing to the intended image of the festival.

### 6.2.6 Density

The overall density of the network could be said to be medium to high, with most nodes demonstrating some connections to other nodes, contributing to making the network as complete as possible. Table 6.1 summarises the density of each node; however, the use of the sociogram in Figure 6.1 clearly demonstrates the more highly dense areas of the NRHF network as being those connected with the herb industry itself and in particular those connected with the Regional Cuisine node. The data from the case studies also indicates that the herb industry comprises a number of small, fragmented networks that have limited coordination between them. Stall-holders indicated that they had strong ties with some of these sub-networks, but not others, thereby limiting the natural density that the NRHF could have. This was highlighted by the Vendor Coordinator who suggested that in order to gain a good spread of regional herb-based products she had to start from scratch in getting business names to initiate contact with. While some areas are well
coordinated, such as the Lemon Myrtle Growers Cooperative, others belong to no coordinating body at all.

Actors have indicated that other ties to social networks and business networks assist in contributing to the density of the NRHF structure. Members of the regional cuisine network are drawn into the NRHF network through a simple newsletter from the regional cuisine hub. The hub provides credibility and assists in promoting the event and therefore members are more likely to become actors in the network and join in festival activities.

The implications of creating a very dense network are that high levels of trust and reciprocity allow less litigious relations to occur. Agreements with performers and some suppliers are not constrained by complex contracts and legal processes, allowing more efficient operations as suggested by Ebers (1997). Evidence of these types of relations have been shown in this study in the Food Specialist node, as evidenced in Case Study 4 where the food specialist is trusted to design and stage his own activities for the festival and in Case Study 9, where the Arts Performers are also given freedom to arrange their own activities.

Other members of the network realise the lost potential of not fulfilling the natural density available from staging a festival. Discussions with sponsors and stall-holders indicate that they lament not using opportunities to leverage their activities at the event and gain more awareness from initiating contact with other parts of the network.

Table 6.1 - Summary of Network Characteristics

<table>
<thead>
<tr>
<th>Node</th>
<th>Festival Coordinator</th>
<th>Herb Industry Participant</th>
<th>Stall-holder</th>
<th>Tourism</th>
<th>Regional Cuisine</th>
<th>Sponsor</th>
<th>Food Specialist</th>
<th>Convention</th>
<th>Local Gov</th>
<th>Arts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>High</td>
<td>Medium/low</td>
<td>High</td>
<td>High</td>
<td>Medium to low</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Durability</td>
<td>Low to none</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Centrality</td>
<td>Highest</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Medium/low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>
6.2.7 Achieving an Optimised Network

As an additional technique for identifying and examining the characteristics of the network, the literature has indicated that analysis can be made of the optimisation of the network structure. The analysis examines those parts of the network that allow information to flow to, and from, a broad range of relevant participants. With regards to Burt’s (1992) concept of effective and efficient networks, the part of the network connected with the Regional Cuisine node displays the most effective and efficient relations. These relations are realised with non-redundant ties being utilised as part of the network structure. Information is being channelled through the Regional Cuisine node to reach a large number of relevant contacts who have something to offer to the festival, either as participants, service providers or volunteers. The information is channelled to other small networks and to individuals who do not take part in other network activities and, as such, this area of the network is highly effective. In return, the Regional Cuisine node is provided with resources and labour from its network contacts to stage festival activities which help promote the herb-based cuisine products of the region. This area of the network is well structured with efficient and effective channels, which result in high levels of trust and reciprocity. It is perhaps then no coincidence that this area of the network has been identified as fostering innovation.

In stark comparison, the area of the network related to the medicinal herb industry demonstrates less efficient and effective relationships. With no peak industry body, it is difficult to channel information through any particular hub. Coordinating activities such as seminars, promotional activities and guest speakers is made difficult by the number of small fragmented networks through which information can pass. This area of the network demonstrates Burt’s concept of an ineffective network where contacts should be ‘ports of access to clusters of people beyond’ (Burt: 1992:69). This is clearly not the case with the herb growers and producers who tend to prefer individual rather than collective effort. Low levels of trust and reciprocity make it difficult for the Festival Coordinator to organise activities and to coordinate the distribution of resources. Direct communication with the herb growers is often the only alternative to provide information about festival events or opportunities.
Other areas of the network, such as the Tourism node, demonstrate medium levels of optimisation. The communication flow is efficient as the Lismore Visitor Information Centre (LVIC) is able to distribute information to non-redundant contacts - to visitors and the local community. This area is also effective as a primary contact allowing the LVIC to disseminate information and promote the festival. As a point of comparison, Figure 6.1 demonstrates the similarity of this node to the Regional Cuisine node, in its function as a hub for information flows. However, the map also illustrates that the Regional Cuisine node is more effective at disseminating information within the network. The map does not demonstrate how tourism is effective at disseminating to networks outside the region and into other networks. This too is an efficient function for the Festival Coordinator.

In summary, the Festival Coordinator must adapt to the differing efficiencies of the network. Some nodes require on-going communication and support to gain commitment to the festival and to coordinate their activities. Other nodes require only minimal support as they can coordinate their own activities using their own resources and initiative. Further, some nodes will function as an internal facilitator to the network, and others will function in maintaining external relations.

6.3 Analysis of Innovation Types
This study has demonstrated an overwhelming amount of innovative activity occurring as a result of network structure and interaction. In addressing objective two of the research, this section examines these individual innovations and identifies the types of innovations that have occurred as a result of participation in the NRHF network. The innovations that have been documented for this study are by no means inclusive of all innovative activity in the network. They offer a sample of the type of innovations that are likely to occur in this type of festival network where a) the festival has been themed around a local industry - herbs, b) that industry is emerging (Porter:1996) and c) the festival is in a regional setting where social networks have distinctive qualities (Ebers:1997).

6.3.1 Identification of types of innovation
The analysis of each node reveals a surprising amount of innovative activity within many nodes of the festival network that have only been possible as a result of the relationships between the actors in the festival network. One way in which to
examine these innovations is to make use of a typology such as the one provided by Trott (2002:14), and expanded to include social innovation as described in Chapter Three. The typology allows researchers to examine innovations by the specific characteristics and the function that they perform for the business or community. Table 6.2 summarises the innovations described in the previous case studies.

**Table 6.2 - Summary of Innovations across All Nodes**

<table>
<thead>
<tr>
<th>Node</th>
<th>Innovation</th>
<th>Innovation type</th>
<th>Other nodes involved in network interaction to assist with innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herb Industry Participant (e.g. grower, seller etc)</td>
<td>New type of crop – finger limes introduced into the region</td>
<td>Product innovation</td>
<td>Food specialists Convention delegates Stall-holders Community</td>
</tr>
<tr>
<td></td>
<td>New type of holistic health check</td>
<td>Service innovation</td>
<td></td>
</tr>
<tr>
<td>Arts performers</td>
<td>New local markets accessed</td>
<td>Marketing innovation</td>
<td>Festival coordinator Community</td>
</tr>
<tr>
<td>Sponsor</td>
<td>New product feature of Web Site management</td>
<td>Product innovation</td>
<td>Festival coordinator</td>
</tr>
<tr>
<td>Local Government</td>
<td>New type of festival to use as draw card for the region</td>
<td>Product innovation</td>
<td>Festival Coordinator Suppliers Community Sponsors</td>
</tr>
<tr>
<td>Tourism Industry</td>
<td>New use of space in LVIC for selling of local produce</td>
<td>Marketing innovation</td>
<td>Food stalls Festival coordinator Herb Industry Community</td>
</tr>
<tr>
<td></td>
<td>Encouragement of tourists to engage in regional cuisine</td>
<td>Long term product innovation</td>
<td></td>
</tr>
<tr>
<td>Convention Organiser</td>
<td>New local product Introduction of finger limes</td>
<td>Product innovation</td>
<td>Herb industry Community</td>
</tr>
<tr>
<td>Stall-holders</td>
<td>New supplier for chillies New ingredients sourced New markets identified and accessed</td>
<td>Product innovation Marketing innovation</td>
<td>Festival Coordinator Herb industry Tourism</td>
</tr>
<tr>
<td>Festival Coordinator</td>
<td>New Volunteer Labour Skills Job Market Development Building Social Capital</td>
<td>Social Innovation</td>
<td>Stall-holders Food specialists Suppliers Herb industry Government dept Tourism industry Community</td>
</tr>
<tr>
<td>Regional Cuisine</td>
<td>New activities -The Lemon Myrtle Cook Off New acceptance of regional cuisine produce within the region</td>
<td>Product innovation Marketing Innovation Social innovation</td>
<td>Stall-holders Food specialists Suppliers Herb industry Government dept Tourism industry Community</td>
</tr>
<tr>
<td>Community (volunteer)</td>
<td>New employment opportunity using contacts from festival New use of leisure time – new interest in arts activities.</td>
<td>Process innovation Social innovation</td>
<td>Stall-holders Arts performers</td>
</tr>
<tr>
<td>Food specialists</td>
<td>New uses of Dorrigo Pepper were demonstrated by celebrity chefs</td>
<td>Product innovation Marketing innovation</td>
<td>Herb industry Community</td>
</tr>
</tbody>
</table>

Significantly, the table demonstrates that interaction within the NRHF network appears necessary for innovation. These results, in conjunction with the literature
indicate that this is a common phenomenon. The NRHF festival is an incubator for a number of types of innovation shown predominantly to be product, marketing, process and social. The results of this study have indicated that those who have particularly benefited are small and medium sized businesses that are in their first few years of operation where the festival offers a new marketplace to showcase their products and meet new and existing customers. The festival site provides a temporary marketplace where businesses can visualise their position in the market, meet and observe their competition and make plans with their allies. From within this environment, a number of innovations are created. For event and industry planners, it is useful to note that a number of types of innovation are likely to occur as a result of creating an optimised network for the purpose of staging a festival. The first type of innovation that has been observed however relates to a primary function of a festival, being to foster cultural development as it relates to the values and aspirations of the community. Social innovation is of equal importance to the festival stakeholders, as much as other economic innovations. In effect, the festival represents a unique arena where environmental, social and economic goals can be attained through the fostering of innovation. The types of innovation are explored further below.

Social innovation

The building of social capital through the development of new relationships and the strengthening of existing ties can be achieved through the development of a festival. This type of innovation has included the community gaining a new sense of place, having new ‘regional’ products to celebrate and showcase, increasing the community’s pride of people, place and landscape and having new forms of interaction. The festival is, as Thompson (2002:412) defines any social innovation, a ‘new, creative and imaginative community initiative – led by enterprising people’. The ability for a Festival Coordinator to create social innovation depends upon some aspects of the network being fostered and developed. Indications from this study suggest that the network needs to have a mixture of weak and strong ties involving a wide variety of existing social networks and associations, as well as having the financial and in-kind support of sponsors and local businesses. Evidence from this study demonstrates that social innovations occurring as the result of the NRHF also includes;
• increased community participation through new applications of volunteer labour and their associated skill development (use of Rural Fire Brigade for traffic control);

• new sources of interaction and entertainment during and after the festival from the range of local and new entertainment on display (e.g. arts performers access new local markets);

• increased sense of ownership in the regional herb produce and its use in home cooking (e.g. regional cuisine activities);

• development and promotion of cultural image that is inclusive of the herb industry (e.g. promotion of the event to other tourist generating regions).

Festivals provide a number of important social benefits for the community. The staging of the NRHF has provided innovation in new ways of acting together. This is true of the general community who attends the festival, but is especially true for those who are involved more directly in the development of the event as part of the festival committee. Through the experiences of organising the event and interacting with various parts of the community, social innovation is occurring as the social ties of the region are formed and/or strengthened. New channels of interaction provide opportunities for new levels of trust to be formed between community members and between businesses local government and community groups.

Marketing innovation

The important contribution that a festival provides for businesses is the opportunity to test their markets. This is true for most festivals, but is likely to be especially relevant to businesses in an emerging industry where businesses are less than two years old and products and brands are still under development. For businesses in this case study, a range of opportunities for marketing became available that has since assisted them in developing marketing skills, developing their product/brand further and showcasing their product to new and existing markets. These marketing innovations are described briefly below.

• Product launch – the festival provided a business with the opportunity to launch its product.

• New distribution channels – businesses were approached by distributors willing to distribute their product for them in non-traditional outlets.
• New sales approach – several businesses used the festival as a new place to gain direct sales. For many home based businesses this offered a chance to come face-to-face with customers and to personally inform and persuade them about their products.

• Brand awareness – the festival offers businesses a different opportunity to raise the awareness of their product brand. For some this opportunity was seized by making use of the festival to sponsor activities, place banners and erect tents in prominent positions.

• New market testing – the festival provides businesses with a concentrated number of potential customers that are attracted to the event because of its theming. If the product is matched well to this theme, there is the potential to develop a new market segment. As explained by Stall-holder B, ‘My product sells well at the local markets, but the crowd that are attracted to the festival are very different, they accepted my product very well. For me this was a great event in finding new markets’.

**Service innovation**

There is evidence from this study that the festival experience is helpful to emerging businesses in determining who is best at servicing the customers in a face-to-face situation, and the best way in which this can occur. For one company, experience over three years of participation has led to developing a new service system that allows clients to undertake a meaningful health check that can later be pursued by the company. Similarly, the Regional Cuisine Coordinator indicated that she has seen similar skills development in other stall-holders at the festival. In both these instances, service innovation has occurred as a result of interaction with customers in a unique marketplace.

**Process innovation**

Businesses recall meeting new suppliers for raw products at the festival site and finding new ways to procure ingredients for their products. Some of these new suppliers were attending the festival not as stall-holders, but as part of the local audience. Other individuals, such as chefs, discovered new types of ingredients and ways in which to process them from attending seminars and watching celebrity chefs work with local native foods.

**Organisational innovation**
The organisational structure for the NRHF is a new type adopted from the highly successful Gilroy Garlic Festival in the USA. The adoption of the organisational system and management functions demonstrate that, with a suitable network structure, consisting of the necessary stakeholders, festivals can adopt innovative methods of organising volunteers and stakeholders into a cohesive whole.

**Product innovation**

As a result of staging the festival over the past three years, a number of dyadic relationships have been formed between herb growers, suppliers and retailers. This has occurred beyond the immediate region, but for the purpose of this study, intra-region development has been examined. Product innovations have included new lines of crops, new types of herb-based produce and new festival activities. However, the range of product innovations goes beyond those that are related to the herb industry. Product innovation has been recognised in new website features that can be applied to the web-site provider's portfolio of services and in tourism where long term product development has been identified as an important development for the region.

A long term view of developing regional cuisine product is often a prerequisite to understanding tourism product development. Development of industries that are related to regional cuisine results in a better cuisine product and in turn a better overall tourist experience. The demand for regional cuisine product is substantial with results from this study suggesting that approximately 20% of all visitors to the LVIC are interested in visiting a regional cuisine producer or supplier. The numbers of people indulging in regional cuisine produce would be higher still, with visitors experiencing cuisine products in restaurants, cafes and with host families. The quality of that experience adds to the total satisfaction of the visitor's experience and the overall impression and image of the region. The results of this study show that important interactions are occurring at the NRHF to develop the use and quality of local produce in products including chilli pastes, locally made sausages and combinations of local seafood with local herb ingredients. New markets are being sourced for distribution to visitors and new suppliers are being sourced for better and more consistent supply of local products. Local producers feel that the development of their local produce is adding to the brand of the region and assisting to define its landscape and culture. This long term perspective of regional cuisine development is integral to tourism planning and management.
Beyond the development of physical products, a number of other innovations are occurring that have a bearing on the regional culture and the development of social capital. In many ways, these also have a contribution to tourism product development and to the branding of the region as being culturally rich.

This section has demonstrated the breadth and depth of innovation that has occurred as a result of the network interactions at the NRHF. These types of innovations may be typical of those found in a regional network as described by Ebers (1997), where levels of social embeddedness are high and ‘social sanctioning complements economic sanctioning’ (Ebers 1997:11). Simple examples have been found where better access to resources has been made through ‘contacts’ and reciprocity. Stall-holders borrow physical resources from friends and relatives to create a stall for the festival. Without high levels of density and social embeddedness, the capacity for innovation would be reduced.

Having analysed the types of innovation that have occurred as a result of the festival it is now possible to move more closely to understanding how and why innovation occurs in this network setting. This is achieved by firstly reviewing the processes and elements that have facilitated innovation, as documented in each case study in the previous chapter and, where relevant, analysing these with reference to the reviewed literature.

6.4 Processes and Elements that Facilitate Innovation in the NRHF Network Structure

The previous section has examined the structural and relational qualities of the network’s formation, and has identified that it is common for other nodes to be involved and at times instrumental in fostering the development of these innovations. This section provides an examination of these interactions and in addressing objective three of the research objectives, identifies the predominant processes and elements of the network that have facilitated these innovations. Cross-case analysis in the summary Table 6.3 demonstrates that each node provides different facilitators for innovation to occur in the network. While it is emphasized that this study does not document all innovative activity it has been observed that in the cases observed, sponsors bring resources, food specialists
bring new knowledge, regional cuisine brings coordinated information sharing and activities, stall-holders bring produce and entrepreneurial skills and herb industry participants bring new local herb products. This is an important concept to understanding how innovation occurs in this network setting where the inclusion of each node increases the capacity for the network to innovate.

**Table 6.3 - Cross-Case Summary of Facilitators to Innovation**

<table>
<thead>
<tr>
<th>Node</th>
<th>Facilitator of Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festival Coordinator</td>
<td>Research into other festivals structure and programs. Open flexible network structure.</td>
</tr>
<tr>
<td>Herb Industry</td>
<td>Open flexible network structure.</td>
</tr>
<tr>
<td>Participant</td>
<td>Open marketplace for interaction. Common purpose/place to come together.</td>
</tr>
<tr>
<td>Stall-holder</td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>Hub for information flow to other regions.</td>
</tr>
<tr>
<td>Regional Cuisine</td>
<td>Well coordinated hub promotes/communicates the event to strong and weak ties.</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Funding and other resources to the network.</td>
</tr>
<tr>
<td>Food Specialist</td>
<td>Weak ties with knowledge and ideas to share with all in the network.</td>
</tr>
<tr>
<td>Convention</td>
<td>An opportunity for coordinated activity in a fragmented industry</td>
</tr>
<tr>
<td>Local Government</td>
<td>Strong ties with suppliers, enhances trust and stability</td>
</tr>
<tr>
<td>Arts Performers</td>
<td>Creative ideas for social interaction</td>
</tr>
</tbody>
</table>

In essence, it can be concluded that innovation has occurred from interaction – interaction with customers, suppliers, other successful businesses and industry specialists. These people can be new people outside their normal network of associates, or known associates embarking on a collaborative effort. New people bring to the network new products and perspectives to share with others. Existing associates bring high levels of trust and reciprocity that allow collaborative behaviour to occur. Providing opportunities to share knowledge and resources has been the key to facilitating innovation. However, it is the facilitation of that interaction that is the principal strategy in promoting innovation in a festival environment.

The more complex part of facilitating innovation is in creating and supporting a festival network that has the right levels of new and existing associates (or strong and weak ties). The results of this study indicate that this can be achieved through the coordination of existing networks and the introduction of new nodes to the network. Existing networks are both formal and active such as the regional cuisine network, bringing high levels of trust and reciprocity. Other networks are less
formal and not as active, such as the Lemon Myrtle Growers Group, who provide product for the activities coordinated by the regional cuisine’s activities. Without the support of existing networks, the festival network stands little chance of attracting enough support for the festival, in terms of audience, products/activities and business participants. Attracting the right type of new associates, or ‘weak ties’, is also an ingredient to fostering innovation. The NRHF invited celebrity chefs to share their knowledge and skills with the festival audience and small business owners. Convention speakers from state government and research agencies were invited to impart knowledge to the local industry, and interstate buyers were invited to experience the product of the region and provide feedback to the suppliers.

A further element in facilitating innovation is in establishing optimal levels of centrality. In this case the centrality of the nodes does not seem to equate with the capacity to innovate. Innovation is occurring in nodes that are both central and distant from the Festival Coordinator. This finding provides an interesting comparison to the suggestions from the innovation literature (Teece: 2000, Cox et al.:2003). Although the Festival Coordinator distributes many of the festival resources, there was only some indication that this assisted innovation. Further, those who were most central did not appear to have more capacity to innovate by accessing more information or gaining more power. What was more important for the participant’s capacity to innovate was the ability to meet and see other businesses both from within the region and from outside. In ‘network-speak’ this means having an open flexible network structure that allows for cross pollination of ideas from different nodes. The physical festival environment also assisted this process where actors participating as stall-holders were able to meet informally with herb industry participants and the community to share ideas and collaborate on future projects.

### 6.4.1 Common Barriers to Innovation

Of equal interest as the facilitators of innovations, are the barriers identified by the case study participants. Identification of the barriers to innovation from network participation also assists in explaining how and why innovation occurs in the network setting. A very prominent theme in identifying the barriers to innovation is the disbanding of networks and other coordinating units within the region. The lack of continued funding and support of the coordinating units, such as regional
cuisine and the stall-holders is an apparent barrier to on-going innovation. Table 6.4 demonstrates clearly that this is considered an issue for most nodes, both within their own structures and for the festival network. In some instances, the way in which these networks are continued is through government funding; however, private businesses and the Chamber of Commerce are also contributors.

Table 6.4 - Summary of Barriers to Innovation

<table>
<thead>
<tr>
<th>Node</th>
<th>Barriers to Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Festival Coordinator</td>
<td>Lack of resources, Insecurity of position between festivals</td>
</tr>
<tr>
<td>Herb Industry Participant</td>
<td>Fragmentation, Newness of industry</td>
</tr>
<tr>
<td>Stall-holder</td>
<td>No existing/or continuing coordinating body</td>
</tr>
<tr>
<td>Tourism</td>
<td>Commitment from tourism industry</td>
</tr>
<tr>
<td>Regional Cuisine</td>
<td>Ongoing funding for hub to continue</td>
</tr>
<tr>
<td>Sponsor</td>
<td>Participation with other small businesses.</td>
</tr>
<tr>
<td>Food Specialist</td>
<td>None</td>
</tr>
<tr>
<td>Convention</td>
<td>Coordination of industry to attend Newness of industry</td>
</tr>
<tr>
<td>Local Government</td>
<td>None</td>
</tr>
<tr>
<td>Arts Performers</td>
<td>Fragmentation</td>
</tr>
</tbody>
</table>

According to the study participants, the network is also affected by the ‘newness’ of the industry. Barriers to cooperation in this new industry include the pioneer ‘rugged individual’ mentality of many herb growers in the region and the drop out rate of new crop growers. Establishing and maintaining a herb industry association has failed a number of times because of these main factors.

Fragmentation is an interesting and recurring issue in examining barriers to innovation through network participation. In some nodes, such as the Arts Performers, fragmentation has restricted them from interacting with other arts sectors such as visual arts, or with non-traditional sectors such as agriculture and this has been identified as restricting possible innovative activity. In other areas, such as the herb industry fragmentation is seen as both a facilitator and a barrier. It has the potential to facilitate innovation through allowing ‘rugged individuals’ to innovate without restrictive norms of the group as identified by Rowley(1997). However, for others such as entrepreneurs, there is little shared information, knowledge and experience from which to gain.
6.5 How and Why Innovation Occurs as a Result of the Network in the NRHF

In addressing the fourth research objective of this study, this section attempts to examine how the aforementioned innovations have occurred as a result of the network activity and why there is an abundance of innovation in this particular network structure. To answer these questions, a number of strategies have been identified that have incubated innovation through the development of a supportive and flexible network structure. These eight strategies are described further below and, where relevant, related to the supporting literature.

6.5.1 Use of Existing Hubs and Networks

Both the literature (Burt:1992) and the results of this study demonstrate the value in tying new networks and activities into existing hubs. This allows strength to be drawn from the existing trust and reciprocity of existing relationships. It allows the central coordinator to tap into existing patterns of interaction and allow information to flow through existing channels. In this study, the regional cuisine hub proved an invaluable information channel for reaching weak and strong ties. The hub also assisted innovation in other ways, such as designing activities for the festival that would combine the produce of differing regional businesses. Similarly, the use of the tourism hub assisted the innovation process by tapping into existing tourism networks that would disseminate herb-based produce outside this network through visitors.

6.5.2 Creating Effective and Efficient Channels

Following from the above strategy, it is pertinent to examine how the efficiency and effectiveness of the network, as described by Burt (1992), is affecting innovation. Three areas of the network which differ in efficient and effective structure also differ in the amount of innovative behaviour displayed. The regional cuisine network is actively seeking cooperative behaviour in order to facilitate innovation in new ways of combining native products and new ways for the community to accept and use native products in their cuisine. To achieve this, the node needs to draw upon strong dependable ties to coordinate the running of the activity and weak ties to access and distribute the native herb, Lemon Myrtle, throughout the community. The activity must be well promoted, which is achieved
through the use of strong ties with the media – again demonstrating the effectiveness of this node.

The herb industry is seeking innovation too, but not in a cooperative manner. Their innovations depend on the individual work of entrepreneurs and pioneers who are working on new ways to develop and grow herbs. Their efforts are often more as a result of pressure from government legislation and suppliers, than from the result of networked cooperative behaviour. The lack of efficient and effective network structures reduces the capacity for innovation. Small networks may be efficient at circulating information within their own network, but their contacts are redundant and therefore not effective. The small networks are not interlinked and are poor at sharing information between networks. Therefore the capacity to innovate is reduced. Information about customers, legislation and market dynamics is not shared as suggested by Teece (2000). There are no effective contacts that are close to customers and markets that can transmit information back to the growers. Further, there is no part of the network structure that can try to access new contacts to fulfil this capacity.

The third area of focus, the Tourism node, is also seeking innovative ways to engage with herb related businesses and to develop a regional cuisine product. Its use of a new display area featuring local herb related products in the visitor information centre is also the result of purposive collaborative behaviour with herb-based businesses.

6.5.3 Creating a Synergistic Experience

It is a challenge for the Festival Coordinator to create an environment where stall-holders, industry participants, sponsors and the community can interact freely and meaningfully. The result should be a synergistic experience where ideas can be exchanged, products can be viewed, tasted and purchased and business owners can exchange ideas for future collaborative behaviour. To construct an environment for this requires careful site planning that allows visual and physical interaction as well as a program that provides time and activity for face-to-face interaction. A program that is too compacted will not provide time for business owners to speak with other owners or to see and taste other regional products. This study has shown this to be a common grievance of stall-holders that has been a barrier to their innovative process.
6.5.4 Selecting Types of Actors - Selective Density

There are also indications that strategies to include the right type of actors in the network will facilitate innovation. Weak ties, such as invited guests, are held in particular esteem by industry participants for their ability to demonstrate new techniques. In this case chefs from interstate were used for cooking demonstrations showing local businesses new combinations of existing local ingredients. There is no indication that weak ties should be invited in any particular node – weak ties in all nodes have proven useful to the innovation process, but especially so in the Herb Industry node, Food Specialist node and the Regional Cuisine node.

The inclusion of weak ties is perhaps a more logical step for innovation, and one that has been well documented (Tracey and Clark:2003). However there is some evidence that other types of actors are required to bring existing products to the market in new and exciting ways. The existence of entrepreneurs in a network is an area of study that has recently been discussed as a common phenomenon (Larson:2000, Nijkamp:2003). The results of this study have demonstrated that entrepreneurs have been attracted to the Regional Cuisine node and to the Herb Industry node. These entrepreneurs have used the festival as a site for entrepreneurial activity that links new products with a captured market, creating a nexus between local products and markets. Strategies to engage entrepreneurs in the network are often easy to devise, capturing their natural inclination to become involved in network activities because of the opportunities it can provide.

A less studied area of interest is the identification of other types of actors necessary for innovation to occur within the festival network. This study has shown that growers/producers provide a necessary element in the network from which entrepreneurs can develop products and from which weak ties, such as food specialists, can demonstrate their use. These types of people have been referred to as ‘rugged individualists’, those who prefer to do most of their work alone in the development of products and markets – and yet use the festival as a place to meet with consumers.

6.5.5 Encouraging Network Development - Extending Durability

A major barrier to the development of innovation is the breakdown of the network structure itself. The breakdown of the network after the festival results in the
system losing people and the momentum that has been gained. This loss of momentum reduces the capacity to innovate. Although there are currently no models to suggest how this may be done, two alternatives have been proposed as a result of this study. Firstly, it may be possible for an existing hub to facilitate ongoing network activities with all those involved in the NRHF. In this case it has been suggested that the regional cuisine hub would be a logical alternative. It may also be possible for one of the sponsors to continue funding the existing network structure between festivals and become a major sponsor of the event. In return, the sponsor would receive additional exposure throughout the year and perhaps receive greater exposure at the following festival. The use of the NRHF web-site has also been suggested as a method by which information could be shared between festivals.

6.5.6 Fostering Types of Innovation

While it is generally desirable for innovation to occur within regional communities, it may be more desirable to consider what type of innovation will be best suited to the type and stage of industry within the region. The results of this study reflect an emerging industry where new products and new processes are prominent. Additionally, this study has examined social innovation as an important consideration in the development of community initiatives, such as a festival. In sum, it demonstrates that typical business development innovations, such as products and processes, can simultaneously be fostered with the development of social goals, such as increased social capital and community enrichment. The study, however, also points to a finding of further consequence, in that innovations occur as a result of network interaction at the systems level, as well as at the individualistic level. In understanding how innovation occurs, the use of network analysis has demonstrated that innovation can occur as a result of the actions and attributes of all of the approaches proposed by Johannessen et al. (2001). Individual characteristics of entrepreneurial people are just as important as the structure of the network and the interaction between the actors. The Festival Coordinator has demonstrated strategies to engage in a systems approach, as well as encouraging individuals and smaller networks to contribute to the festival. For example, systems level product innovation occurred in the development of the Lemon Myrtle cook-off which required the involvement and inclusion of many elements of the network system working together to produce the new product. At the individualistic level, the development of a new chilli paste required the
individualistic passion and entrepreneurial skills of one stall-holder in order to launch a new product to the market. The network in this case was a secondary, albeit necessary, part of the innovation. The implication of this finding is that consideration must be given to both the system and the individuals within it. That is to say that the system, being the network structure needs to be optimised, but so do the opportunities, access and resources to individuals who are most likely to be involved in innovation. To an extent, this was achieved by the Regional Cuisine Coordinator who used the structure of her network to facilitate communication and commitment for the festival, but also used her tacit knowledge of the individuals in her network to encourage specific entrepreneurial businesses that she knew could do well in the festival.

6.5.7 Linking Festival Development with Regional Growth

Results from this study demonstrate that development of a regional industry is potentially assisted by a festival such as the NRHF through opportunities for innovation (as well as other related outcomes). This is more likely to occur when the stage of development of the regional industry is matched with staging the appropriate type of festival that will attract the right market and appropriate sponsors, media and local business. In this circumstance the herb industry is an emerging one, with new products, new processes and small new businesses with little capital. In order for these businesses to optimise their opportunities at the festival there are a number of provisions that can be made by the festival manager. Firstly, these businesses require a festival that will allow them cheap and easy access to become a stall-holder. This is often a difficult balance with securing enough funds to stage the festival. Secondly, the Festival Coordinators can provide a physical environment where businesses can promote and sell their products with low overheads. Given that many of the businesses are new, it may also be advantageous for the organiser to provide information about the best way to use the festival to their advantage. The festival can provide opportunities to extend product testing by introducing activities such as the cook-off, tastings with celebratory chefs and product demonstrations. Sponsors can become involved to link small business owners with larger successful owners, encouraging business interaction.

A further way in which Festival Coordinators can assist an emerging industry is to provide access to a new market that can try their products by targeting both local
and inter-regional audiences. Finally, the Festival Coordinator can assist an emerging industry by securing the right types of complementary attractions and social experiences that will satisfy a festival audience. This study has demonstrated that a festival makes use of a network to assist in facilitating innovation and that this is especially useful in an emerging industry where coordination is necessary for product development.

6.5.8 Designing Methods of Information Distribution for those who can't attend the Convention

Access to industry information presented at the convention is a highly desirable asset to those in the herb industry who are looking to develop their products. Strategies should be in place to ensure that stall-holders can access the information if they are unable to go to the convention. The existing web-site may be useful, or the production of a summary report from the papers and presentations that can be purchased and/or distributed to the industry. There is evidence from the results to show that some stall-holders are using their own social networks to access information in cases where they are unable to attend.

6.6 Conclusion

This chapter has provided a summary of results as related specifically to the research objectives. The characteristics of the NRHF network were identified and their relationship to innovation explored. Network characteristics were examined across the ten case studies and common themes were explored. In particular, the chapter has surmised that the areas of the network that display high levels of density and durability also demonstrate high levels of innovative activity. These areas have existing networks that assist the NRHF endure between years and assist the ongoing processes of innovation. Achieving an optimised network also assists in fostering innovation, by making use of existing hubs and the existing relations within those networks.

The summary of innovations has demonstrated a good deal of innovative activity resulting from the festival network across many of the previously identified types of innovation. The processes and elements that lead to innovation from the NRHF network included interaction with a variety of other nodes in the network, but also
included strong personality traits of entrepreneurial opportunism as well as other strong rugged individuals.

Other facilitators of innovation include the many talents and knowledge that are shared throughout the network. Differing network members bring differing resources; food specialists bring new knowledge, regional cuisine members bring new activities and stall-holders bring produce and entrepreneurial skills. The contribution of each node to the network increases the capacity for the network to innovate and provide a range of new products and services to the event. Alternately, barriers to innovation have been identified in some areas of network as being related to a lack of participation in network activities, and the relative newness of the industry.

How and why innovation occurs has been identified as relating to strategies used by the festival coordinator to create and nurture the NRHF network. These strategies have been identified as making use of existing hubs, creating effective channels for information flow, creating a synergistic experience, selecting the right type of actors and encouraging a legitimised network for the development of innovation.

Based on the preceding results, the following chapter concludes the study, examines the implications for event managers and stakeholders and provides suggestions for further research.
Chapter Seven - Conclusions and Implications
7.1 Introduction

The aim of this study has been to demonstrate how and why innovation can occur as a result of participation in a network, using the context of a regional festival. This final chapter summarises the results of this study (Section 7.2) and suggests the implications of its findings for event managers and stakeholders in Sections 7.3. The contribution of this knowledge is discussed in Section 7.4 in relation to the application of network analysis to a special event as well as to the theory of innovation. Limitations to the study are given in Section 7.5 with suggestions for further research discussed in Section 7.6. This is followed by concluding comments to complete the study.

7.2 Summary of the Study Findings

The research objectives provided a logical sequence through which the aims of the study could be achieved. The following section summarises the results of each of these objectives.

The first of the research objectives aimed to identify the characteristics of the NRHF network. This was achieved by an extensive review of the network literature across a broad range of disciplines and applications. The common structural characteristics through which a network is analysed were identified as being the actors, channels, density, durability and centrality of a network. Additionally, relational issues such as trust and reciprocity, power and influence, efficiency and effectiveness were also identified as characteristics which could be examined as part of network analysis. The use of multiple case studies allowed data to be collected from in-depth interviews, and other secondary sources, in order to form a number of descriptive and illustrative narratives. Through cross-case analysis, a final illustration of the NRHF network could be formed and analysed, both for structural and relational characteristics. The major findings for this objective included empirical evidence of the application of a ‘brokered network’ as proposed by Heracleous (2003) and, as a consequence of these findings, moderate levels of durability and interdependence were found. Parts of the network displayed no durability where, for example, the position of Festival Coordinator is abolished for six months between festivals. Other nodes displayed strong durability where Local Government and Tourism nodes remain a static base between festivals, providing
some legacy of the past festival and promoting the next. Moderate interdependence was also visible where some nodes, such as the Arts Performers, need fewer resources from other nodes, while others relied heavily on a number of nodes to coordinate their festival activities.

A further characteristic of the network is the high centrality around the Festival Coordinator, especially by those with high vested interests such as Sponsors and Local Government. Interestingly there was also high centrality from those who have high levels of influence over the activities and outcomes of the event, such as Regional Cuisine and Convention Organiser nodes. A further characteristic of the network was its high level of density, with actors displaying embeddedness to the local business community as well as to other social networks. The Festival Coordinator utilised these strong ties to the community by tapping into the trust and association of existing networks to assist in the design of festival activities. Additionally, the coordinator harnessed weak ties from outside the established networks of the local region by inviting celebrity chefs and herb industry experts to take part in the network, bringing new creative ideas and perspectives. The use of weak and strong ties to their best advantage also contributed to the overall efficiency of the network as described by Burt (1992). Strong ties in existing hubs were utilised to distribute information both within and outside the festival network. The regional cuisine hub was especially useful for disseminating information and generating commitment from its existing membership base. The Tourism node was utilised to disseminate information to potential visitors through its established tourism networks in neighbouring regions.

The second of the research objectives aimed to identify the types of innovation occurring from participation in the festival network. Identifying any innovation resulting from a festival had not been the focus of any previous research, and as such, identifying the types of innovation was a useful starting point for analysis. The in-depth interviews described above provided evidence of a surprising amount of innovative activity in the network, where every node claimed to have generated innovation from their participation in the NRHF network. The most common types of innovation were found to be product and marketing innovation, resulting from opportunities to interact with customers and others in the network. Notably, the types of innovation included social innovation, exemplified by new community
initiatives as a part of the festival – and by the festival itself. This is notable for two reasons. Firstly, empirical research in the literature focuses heavily on innovation related to economic pursuits, such as product, process and commercial innovation providing only limited examination of the process or outcomes of social innovation. Secondly, as related to the very nature of network analysis itself, social innovation is highly relevant to this study as it stretches beyond the limits of many innovation theories as a way of explaining the embedded relationships between businesses and their social environment. This is especially true when examining the development of the NRHF vision where the event aims to celebrate natural living through showcasing the herb industry’s products and services. In effect, it is bringing the business and social communities together to ‘celebrate’ and ‘showcase’.

A number of important findings have been made in relation to the third research objective, identifying the processes and elements of the network that facilitate the development of innovation in the network. Many of the characteristics identified in response to the first research objective also contribute to facilitating innovation. The selection of actors, the use of channels, achieving high levels of density, extending durability and optimising the efficiency of the network all contribute in some way to the facilitation of innovation. The most important processes appear to be related to fostering interaction between actors, where interaction leads to information and resource sharing. The Festival Coordinator has an essential part to play in providing an optimal venue and program for interaction to occur, especially in relation to interaction between audiences/customers and small businesses, but also in relation to interaction between businesses. Interaction between celebrities/experts and entrepreneurs and businesses has also had positive results towards innovation, and this also is an area where the Festival Coordinator can play an important part in the process. The most important elements of the network that facilitate innovation have emerged as being the density of the network, where actors can rely on their social relations to assist them in their innovative activity and importantly can rely on these links to provide an audience and customers to the festival. The least important element of the network that facilitated innovation was related to centrality. Those who were more central to the Festival Coordinator did not appear to benefit in terms of accessing
more resources and did not show any greater signs of innovative activity as a result of their participation in the network.

In relation to the fourth research objective, the answer to how and why innovation occurs as a result of network activity at the NRHF is both simple and complex. It is simple in observing that all innovation has occurred as a result of interaction. It is complex in identifying when, how and with whom that interaction should occur. The results of the study have suggested eight strategies used by the Festival Coordinator that have incubated innovation through the development of a supportive and flexible network structure. These eight strategies include the use of existing hubs and networks, creating effective and efficient channels, creating a synergistic experience, selecting the right types of actors, encouraging network development, fostering specific types of innovation, linking festival development to industry growth and designing methods of information distribution.
7.3 Implications

The aim of this study has been to demonstrate how and why innovations occur within a festival network through the use of a case study of the NRHF. Network analysis has provided a tool to allow examination of the structure and relations of the NRHF network through examination of ten individual case studies. This examination has provided analysis of the structural and relational aspects to the network and has demonstrated how and why innovation occurs as a result of these interactions. From these results, it is possible to propose a number of implications for event managers and other event stakeholders, such as sponsors, local government and community groups. It is noted, however, that the case study methodology should not allow generalisations to be made beyond the scope of the study. Similarly, the limitations of the study (Section 7.5) provide an indicator of the limits to which implications can be provided.

7.3.1 Implications for Event Management

The recognition of a network formed to stage a festival can have significant implications for festival coordinators in enhancing their ability to harness the expertise and knowledge of the stakeholders and wider community. As suggested by Human and Provan (2000), legitimising the structure assists in gaining commitment and trust to the network and its objectives. This involves having the actors recognise and support the concept of a network structure - in effect legitimising its existence. In this case, a distinct type of network has been identified consisting of a number of clearly identifiable nodes, many of which would be replicable in other networks. The use of the event stakeholder model suggested by Allen et al. (2002) as a basis for analysing this particular festival network suggests that this type of NRHF network could be used as a diagnostic tool for network analysis of other special events. The identification of this network allowed useful analysis of the centrality, durability, density, actors and channels and offers the opportunity to examine the contribution of each node to the outcome of the festival. Further legitimisation of this structure may assist the festival coordinator in defining communication strategies and identifying those nodes that can be of strategic importance for reaching other networks and providing resources.
Additionally, assessing the efficiency and effectiveness of the network is a useful diagnostic tool to assess the flow of information to relevant contacts. Specifically, the following areas are suggested for optimising the network structure to maximise the capacity for innovation.

**Actors**

Membership of the network should include a variety of actors from previously established sub-networks, hubs and/or relations so as to optimise information flows and potential for information sharing. Given the evidence for the existence of entrepreneurs in networks and their potential for innovation, they should be encouraged to participate as stall-holders and as other hub coordinators. The festival coordinator can also encourage a variety of weak ties to draw in new ideas from outside the normal range of experience.

**Density (and Social Embeddedness)**

To some extent the level of density that a network exhibits is dependent on whether a festival is community based or imposed. This study has shown how an imposed festival can achieve high levels of density by tapping into existing hubs and networks and consequently utilise existing levels of trust and reciprocity. Further, this has had implications on gaining commitment and resources from all areas of the community. This poses important implications for all event managers wishing to optimise relationships within a festival network.

**Centrality**

The examination of the NRHF network has also demonstrated the likelihood for a festival network to be highly centralised when a festival coordinator is provided with the sole responsibility for issuing resources and creating the festival program. The use of a festival coordinator dictates that the structure will be affected by the central coordinating unit and as such there are significant implications for resources allocation and information flows. The implication of a highly centralised network is that much of the information and power is controlled here. In this case limited empowerment of important stakeholders has led to a more efficient network and one that is encouraging innovation. However, other event managers may need to consider the implications of sanctioning the power at the centre of the network through the appointment of one festival coordinator.
Durability

The durability of any festival is limited by its short time frame. There is no suggestion that the complete network should or could be maintained between festivals; however, there is some evidence that more benefits can be created if measures are taken to maintain part of the network structure. This may increase the likelihood that the network will endure beyond the event and continue to innovate in other industries such as herb drinks and tourism. In the case of the NRHF, this may mean a new role for the festival coordinator ‘between festivals’ or the adoption of network maintenance by an active hub (such as the regional cuisine or the Lismore Events Coordinator). Similarly, the updating of the website as a base for information about new herb products and herb industry news may assist in maintaining the network over time. Efforts to maintain the network may benefit stakeholders when coordinating next year’s event. For other event managers there may be a multitude of ways to continue the network structure and thereby enhance the potential for ongoing innovation, the most common of which is to employ the festival coordinator to manage a second and/or third festival throughout the year.

Channels

Maintenance of the network structure may also assist in sustaining open channels that move across industries that would not normally occur. As an example, the results from this study show cross-pollination has produced new ways of retailing cuisine based products through tourism outlets in the region. The maintenance of these channels between the herb-based businesses and tourism was initiated at the festival, but now continues past the duration of the event. Similarly, other event managers may also be able to identify specific channels that could benefit from ongoing relations. For example, benefit could be gained from encouraging relations between artists and food processors, where art designs can be used as labels and for marketing.

Development of a Significant (Flagship) Festival

The benefits of developing a network that can produce innovative festival activities have extended benefits for the whole region through the development of a significant festival. The growing competition in the festival marketplace requires festivals to be innovative and exciting to draw in increasing audiences. They need to offer new and exciting programs and new activities that will also project a
suitable image within the community. The NRHF provides an example of a new festival that has contributed to providing new social opportunities for the local community as well as providing new activities and entertainment to engage audiences. Event managers may find that increased effort to engage nodes in cross-node communication will result in similar new activities.

### 7.3.2 Implications for Event Stakeholders

The ability of a festival to act as an incubator for innovation has extended benefits for the stakeholders of an event both for the economic and social development of a region. In this study the festival has focussed on an agricultural theme that has encouraged certain types of industry development. This has had excellent spin-off benefits in business development and innovation, as well as in community and social innovation. The implications of these benefits are described further in the following section.

**Extended Benefits for Existing Networks**

The inclusion of existing networks in festival planning and operations provides opportunities for community networks to leverage their own activities from participation in the event. Existing networks can use the event for self promotion of their own objectives. Examples of these benefits are demonstrated repeatedly in this study in the areas of performance art, tourism and regional cuisine. In the case of regional cuisine, innovation that occurs has extended benefits in terms of achieving their own objectives in developing regional cuisine products and image. Their understanding of these extended benefits is well recognised as described by the Regional Cuisine Coordinator: ‘We all expect that to go on. I wouldn’t do it just if I thought it was only going to be for the few days. It’s an investment really’.

**Contribution to the Regional Economy**

There is a range of ways in which the festival network can contribute to the regional economy. As discussed by Cooke (2002), innovation is a desirable objective for regional governments because of the wide ranging impacts on the economy, jobs and investment. While it has not been the focus of this study, the contribution to the regional economy has been highlighted in several areas. Significantly, the ability for the festival to foster product, marketing and service innovation in SME’s assists in the development of the economy. Product
innovation that results in business development and the introduction of new products to the market allows a wide range of benefits for local producers including increasing sales into new and local markets, sourcing new local suppliers, pooling marketing resources and knowledge. This study has provided examples of these types of benefits both with stall-holders and with the herb industry, where small businesses have demonstrated product development as a result of their involvement in the NRHF network. Stakeholders who provide financial support such as sponsors and local government may wish to recognise and pursue the value of these innovations when assessing the value of an event to the community.

Contribution to Development of Industry

There are significant implications for stakeholders such as local government and state government financiers in developing local industry where a festival offers the impetus to initiate the innovation process. Local industry is prompted to design, create, perfect and manufacture products and services to take to the festival. In the case of the NRHF there is evidence that innovations in food and tourism have extended beyond the timeframe of the festival, however a range of other extended activities are conceivable that will contribute to industry development. It has been demonstrated that the festival pulls together a network of actors that may continue to innovate in future activities. Food specialists and stall-holders, herb growers and buyers, tourism representatives and herb growers are drawn together for the purpose of the event. Evidence from other authors suggests that this will develop complementary activities. As stated by Lipparini and Sobrero (1997:127), ‘by clustering in geographically limited areas they co-determine complex networks of complementary activities’.

Contribution to Social Capital

A number of stakeholders potentially gain from the social innovation that occurs from the network formed to stage a festival. Those involved directly in creating new social activities such as arts performers, festival coordinators and regional cuisine members can work toward their own objectives. Furthermore, other stakeholders such as local government, state government and the community also gain from the development of social innovation through the shared celebration of the regions people, produce and creative talents. The development of social capital
aims to contribute to the community capacity and social capital and this has wide ranging implications for all stakeholders in the festival network.

7.4 Contribution to Knowledge

The results of this study have contributed to knowledge from both an empirical and methodological perspective. These two areas are discussed further in the following sections.

7.4.1 Contribution to Empirical Knowledge - The Identification of a Festival Network

The contribution to empirical knowledge is provided by verifying the existence of a network in the context of a festival by experience and observation. A primary contribution of this study has been to verify that a network is formed from staging a festival. The network is formed as a result of the efforts and strategies of the festival coordinator and as a result of social interactions that encourage members of the community to become actors in the network.

7.4.2 Contribution to Methodological Knowledge

The literature demonstrates the propensity for network analysis to be applied to a growing number of organisational phenomena including health care networks, supply networks, industry networks, bio-technology networks and inter-organisational networks. To the knowledge of this author, the application of network analysis to the field of events management has not previously been achieved. This study has demonstrated how the use of qualitative case studies can collect relevant data from festival stakeholders and how that data can then be used as the basis of analysis for the festival network. An understanding of this network structure allows the researcher to depict the relations among actors. These relations may relate to power, decision making, resource allocation and importantly the capacity for innovation. It is important to note, however, that this type of structuralist approach is limited in attempting to describe an organic structure that evolves and changes with the passage of time.

Given this understanding, the festival network has a distinct structure that can be described in terms of the stakeholders of a festival that become its ‘actors’. The previous work by Allen et al. (2002) has been successfully applied as a basic framework for identifying the stakeholders of an event and as such can be used as
a template for depicting the basic structure of a festival network. However, as the individual festival network is further examined it is highly probable that other stakeholder groups or nodes will become apparent as has been the case in this study.

There is also a strong potential for this type of methodology to be used in other regional contexts. The methodology has yet to be applied systematically to other tourism research in Australia, and yet provides valuable insights into the contribution of social and business relationships to building stronger economies.

### 7.5 Limitations to the Study

The following limitations have been recognised in the development of this study:

a) Network analysis provides a static perspective of a fluid and ever-changing phenomenon. While the snapshot provides a useful analytical tool, the changing dynamics of a network limit the generalisations of this study to other festival networks.

b) The case study methodology provides an in-depth analysis of one event, however the context specific relations between actors limit the generalisations of all the findings.

c) The NRHF is a certain type of festival that could be described as an industry/community event. Other types of festivals will no doubt have differing stakeholder nodes depending on those involved. The level of innovation evident at other types of festivals may be lessened as a result of this fact.

### 7.6 Suggestions for Further Research

There are four areas of further research that have been identified from this study.

Firstly, the use of network analysis in the field of event management has not been previously attempted, and yet, the results of this study demonstrate that network analysis is a useful diagnostic tool for examining the relationships between stakeholders and the festival coordinator. Other studies that repeat this methodology would firstly assist in testing the rigour of the technique, and secondly provide useful comparisons of network structure and relations. Of most interest would be comparison to a community-based festival, as opposed to the
imposed festival in this study, where it is anticipated that differing issues of weak/strong ties, density and durability would occur. Also of interest for comparison would be a metropolitan-based festival, where comparison of the network’s density, durability and stakeholders could be made. There is a vast array of festival types and themes that would make useful comparisons for differing research agendas.

The second suggested area of research relates to examining other outcomes of the festival network. While this study has examined innovation, a number of other outcomes could be assessed including cost reduction, increased resource sharing, increased learning, exporting behaviour and reduced competition.

The third area of research that would benefit from the use of this methodology is that of innovation. Although there is a useful array of literature covering the relationship between networks and innovation, there is little empirical research in this area. The methodology described in this study could be applied to other networks in the study of innovation - these may include tourism networks, convention networks and other areas where innovation is perceived to be occurring.

A fourth area of potential research is in relation to identifying the types of individuals involved in network activities and the roles that they play in developing innovation. The results of this study suggested that certain types of people are involved in networks, such as entrepreneurs, ‘rugged individualists’ and coordinators. However further empirical research could provide a more useful typology of these actor types and the characteristics that assist in innovation. It is also suggested that other types of actors may be attracted to networks, although there is little evidence from this study to show who they might be.
7.7 Conclusion

The aim of this study has been to contribute to the understanding of how and why a network has facilitated innovation. Examining the development of a network for the Northern Rivers Herb Festival has allowed a study of structural and relational aspects that assist in the facilitation of innovation. The study has demonstrated that festivals offer a pertinent opportunity for regional communities to develop innovation that relates to social, as well as economic, goals. Furthermore, characteristics such as actors, channels, durability, density and centrality can be managed to optimise the structure of a network for innovation.

The results of this study demonstrate a surprising amount of innovative activity occurring as a result of interaction within the festival network. The interaction amongst actors has assisted the process of innovation through sharing information, knowledge and experience around aspects of product development and marketing. This has resulted in a range of types of innovation occurring in product, process, marketing and social innovation.

A number of important elements and processes have been identified that assist in the development of innovation in a festival network. A prominent element emerging from within the literature and from this study is the inclusion of local entrepreneurs in the network to assist in stimulating innovative activity. Where entrepreneurs are able to meet with suppliers, customers and other intermediaries to develop products and marketing strategies, this activity has prompted innovation. Other prominent elements include the selection of actors, the use of channels, achieving high levels of density, extending durability and optimising the efficiency of the network, all of which contribute in some way to the facilitation of innovation.

Festivals offer a somewhat unique opportunity for communities to achieve social and economic goals. An effective network can assist in achieving those goals by encouraging the right people to interact in the right way to achieve positive outcomes. This study has shown that a range of different types of innovation are possible from one regional festival and that these innovations are seldom the result of one individual’s effort. Innovation has occurred as a result of interaction during the planning and staging of the festival and has resulted in new products, new
markets and new social experiences. From this perspective, the festival acts as an incubator for this innovative activity, an incubator which can be managed through the adoption of a network approach to the management of the festival.
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Joanne Mackellar 15 June 2004

