



**A Research concerning
the Opportunities of Traditional Consultants
in the Agricultural Sector**

MSc- thesis



Anneke Blaauw

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the Opportunities of Traditional Consultants
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Student	Anneke Blaauw MME- Management Studies 850515-069-040 anneke.blaauw@wur.nl
University supervisor	Dr. E.F.M. Wubben emiel.wubben@wur.nl
Second reader	Dr. ir. L.W.A. Klerkx laurens.klerkx@wur.nl

** Picture on front page obtained from www.webwinkelwiki.nl 04.03. 2010*



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This thesis is conducted as part of the study Management, Economics and Consumer studies with the specialization Management at the Wageningen University, The Netherlands.

The picture on the cover of this report (wooden shoes or “klompen”) symbolises the importance of the consultants’ role in supporting agricultural entrepreneurs. A consultant should be able to function as a soundboard in stead of being the one making decisions. It is important for the consultant to know, to what extend, he should put on the wooden shoe of the agricultural entrepreneur.

I would like to take the opportunity to thank some people. First of all thanks to Dr. E.F.M. Wubben for his feedback and his patience. Your vision was inspiring and contributed a lot in directing this thesis. I also want to thank Dr. ir. L.W.A. Klerkx for his critical and valuable contribution with regard to this thesis.

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MANAGEMENT SUMMARY

To deal with the structural changes in the environment a more active attitude of agricultural entrepreneurs is expected. These changes affect some entrepreneurs more than others, but it usually goes beyond the radius of action of individual entrepreneurs. As a consequence of not being able to handle the changes by themselves, several functions are emerged. The three functions, network formation, demand articulation and innovation process management, can be implemented by systemic intermediaries (group 1) and increasingly by traditional consultants (group 2). Systemic intermediaries play an important role in translating theory to practice and are the pivot between companies, knowledge institutes and government. The objective of this research is to identify the opportunities of traditional consultants in the agricultural sector, by deriving a classification based on the differences and similarities of the different groups. The traditional consultants group is subdivided in larger companies (> 15fte) and smaller companies, including independent individual consultants (ICC) (\leq 15fte). Group one is used as a mirror in order to clarify the differences and similarities between the intermediary group.

The literature study provides a basis to classify the intermediary group. First, a classification is made on the basis of international organisation theory, hereby the hard elements of the 7-S model are used; structure, strategy and system. Second, a classification is made on the basis of social network theory. Networks are increasingly becoming important for the activities in the agricultural sector. Therefore, literature about differences in networks is explained. The basis for the classification is found in the management challenges intermediaries have to deal with; functional ambiguity, funding paradox and the neutrality paradox.

In order to verify the data from the literature face-to-face semi-structured interviews with two experts and 17 respondents are conducted. This method makes it possible to elaborate on interesting issues allows formulating new questions during the interview as a result of what the interviewee says. The selection of respondents took place by making use strategic sampling. The main criterion was that respondents should have as well a task, - as process oriented manner of working. The comparability of the companies was enhanced by two additional features namely active in the agricultural sector and located in the south- eastern part of the Netherlands. The interviews were recorded and literally written down, i.e. transcribed, to ensure validity and reliability.

A comparison of the results in combination with literature provides insight in the differences and similarities and results in an improved classification of the intermediary group. Based on this classification five opportunities can be described for traditional consultants. For both larger and smaller companies: (1) the entrepreneur wants the traditional consultant to be a soundboard for his ideas (2) consultants should have an open relationship with their clients. Opportunities for larger companies are (3) the development of a one-stop-shopping-model (4) and effective knowledge management within the organisation. For smaller companies networking is of high importance for their continued existence (5).

KEYWORDS: Agricultural entrepreneurs, consultancy, intermediaries, networks

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1. INTRODUCTION

The environment of agricultural entrepreneurs is changing. This is expressed in a number of important structural changes. First, agriculture has increasingly to deal with the ecological and social borders, where nature and biodiversity are under pressure. Second, there is a growing gap between on the one hand the social wishes and on the other hand the actual practice of the agriculture and food production (animal welfare, food safety etc). The agriculture is not the dominant proprietor of the country economy anymore. Lots of other economic functions as recreation, nature development and water management are active within the field. Third, the international competitive position of the Dutch agricultural sector is under pressure. The rise in cost of labour and cost of field and more strict legal claims and limitation, in the national and local environment, give higher cost prices. On the same time there is an increasing liberalisation on the world market and an expansion of the European Union (De Lauwere et al., 2003). The market defines the ability for an entrepreneur to produce (price) and the environment if an entrepreneur has permission to produce (license to product) (Beldman et al., 2009). In general it can be stated that there is a shift going on from a supply driven market to a demand driven market (De Lauwere et al., 2003). In this complex situation, it is for entrepreneurs important to weigh out the decisions for the long term (LNV, 2000). Agricultural entrepreneurs are expected to do more of their own searching for new ways. It affects some entrepreneurs more than others. Not every entrepreneur is able or prepared to start doing things differently and to adapt to a demand driven market. It usually goes beyond the radius of action of individual actors. This can be the result of his knowledge and competences and his personality characteristics (Theuws et al., 2002; De Lauwere et al., 2003).

In order to deal with this complex situation Van Galen & Verstegen (2008) emphasize that cooperation between companies, knowledge institutes and government will be of incredible importance for the future of the agricultural sector. Research of the Landbouw Economisch Instituut emphasizes that agricultural entrepreneurs by making strategic and operational decisions mostly make use of knowledge from literature, suppliers, accountants and clients. Increasing they make use of entrepreneurs networks and research institutes but less of universities and professional institutes (Van Galen & Verstegen, 2008). The opportunities to collaborate are not equally available to all parties; in here a 'gap' or 'hole' exist (Ahuja, 2000a). Three different gaps can be defined: information gaps, managerial gaps and system gaps. When an information gap exists, actors are imperfectly informed about possible cooperation partners and what these can offer. There exists information asymmetry. A managerial gap exists, when actors lack the technical and commercial competences required to successfully implement new knowledge and technology. The third gap that may exist is a 'system gap', which is about the fit of the innovation within the broader system (Klerkx & Leeuwis, 2008a).

To improve the cooperation between agricultural entrepreneurs, researchers and consultants and to overcome the mentioned gaps, the intermediary has emerged. Ketting (2009) explains that these intermediaries emerge partly from the scientific and practical field and partly from the stimulus policy of separate departments/ ministries (own translation, Ketting in Klerkx & Steuten, 2009).

This introduction chapter aims to describe the objectives for research by explaining the problem analysis (paragraph 1.1). In paragraph 1.2 the research problem is formulated. Paragraph 1.3 presents the research framework, which shows the steps that are taken in order to answer the research problem.

In relation to the previous paragraph, in paragraph 1.4 the research questions are formulated. The last paragraph shows the chapter arrangement of this report.

1.1 Problem analysis

The intermediary function can be seen as a function within an organisation, while delivering job specific knowledge or as an organisation in which intermediation is a key activity (Howells, 2006). The function creates value through four different acts: 1) creating awareness for the interest and needs in groups; 2) sharing best practices; 3) recognizing differences in groups and 4) recognizing opportunities from bringing together two different groups (Allen & Taylor, 2005). Klerkx & Leeuwis (2008b) define this as demand articulation, network formation and innovation process management. Demand articulation means articulating innovation needs and corresponding demands in terms of technology, knowledge, funding, and policy. Network formation is the facilitation of linkages between relevant actors and innovation process management the facilitation of learning cooperation in the innovation process (Klerkx & Leeuwis, 2008a). Intermediaries play an important role in translating theory to practice and are the pivot between companies, knowledge institutes and government. The need for these services is also perceived by consultants. Increasingly, consultants sell their services on the basis of shared problem solving and have a clear commercial interest in developing a longer-term partnership as opposed to selling one-off products (Bessant & Rush, 1995; Klerkx & Leeuwis, 2009b). Research of Beemer & Den Boer (2003) has shown that there is friction between these two groups. Mainly in the function of innovation process management, so after demand articulation and network formation. Unknown is to what extent differences and similarities exist between intermediaries and consultants. In order to understand the relation of intermediaries and consultants in the research two groups will be distinguished: systemic intermediaries and traditional consultants.

Group 1

Systemic intermediaries as independent organizations where the intermediaries act as an agent or broker in any aspect of the innovation process between two or more parties (Howells, 2006). This function can be fulfilled by portal sites, innovation consultants and entrepreneur networks (Klerkx & Steuten, 2009). The decision for these three is made because they all aim individual entrepreneurs. Intermediary activities include helping to provide information about potential collaborations and broker a transaction between two or more parties or acting as a mediator to help and find advice, funding and support for the innovation outcomes of such collaborations. Howells (2006) mentioned that an intermediary can perform his activities on different levels e.g. between a supplier and its customer on an 'on-to-one-to-one' basis. However, intermediaries are increasingly involved in more complex relationships, including both vertical and horizontal relationships, such as e.g. many-to-one-to-one or many-to-many-to-many collaborations.

Group 2

Traditionally, consultancy has been seen as a linear activity, implying a transfer of expert knowledge from supplier to user. Increasingly, consultants sell their services on the basis of shared problem-solving and have a clear commercial interest in developing a longer-term partnership as opposed to selling one-off products (Bessant & Rush, 1995). Management consulting can be defined as an independent professional advisory service assisting managers and organizations in achieving

organizational purposes and objectives. By solving management and business problems, identifying and seizing new opportunities, enhancing, implementing changes. In general, consultancy activities help clients to achieve their goals. Clients ask for professional advice to solve problems, based on the fact that they believe the advisor has more experience and knowledge about the specific subject (own translation, Twijnstra et al., 2002).

1.2 Research problem

In the previous paragraph two groups are distinguished. The focus in this research is on group two, the traditional consultancy group. This group is subdivided in larger companies (> 15fte) and smaller companies, including independent individual consultants (IIC) (\leq 15fte). Group one is used as a mirror. The scientific interest is in clarifying the differences and similarities of group two in comparison to group one. From this it is possible to formulate the research objective:

The objective of this research is to identify the size distribution and the opportunities for traditional consultants in the agricultural sector, by deriving a classification based on the differences and similarities of the intermediary group.

On one hand this research is theory testing. In theory testing research projects, existing views are tested, adjusted if necessary and/ or redefined (Verschuren & Doorewaard, 1999). The existing theory about the first group is applied on the second group, to check if the theory corresponds. On the other hand this research can be called theory developing. It gives new insights into the changing position of traditional consultants. In this research the focus is on consultancy companies in the agricultural sector. More information about the data gathering can be found in the methodology chapter (chapter 5, page 41).

1.3 Research framework

In order to identify the opportunities of traditional consultants in the agricultural sector, by deriving a classification based on the differences and similarities of the intermediary group, Figure 1.1 Research Framework, is followed.

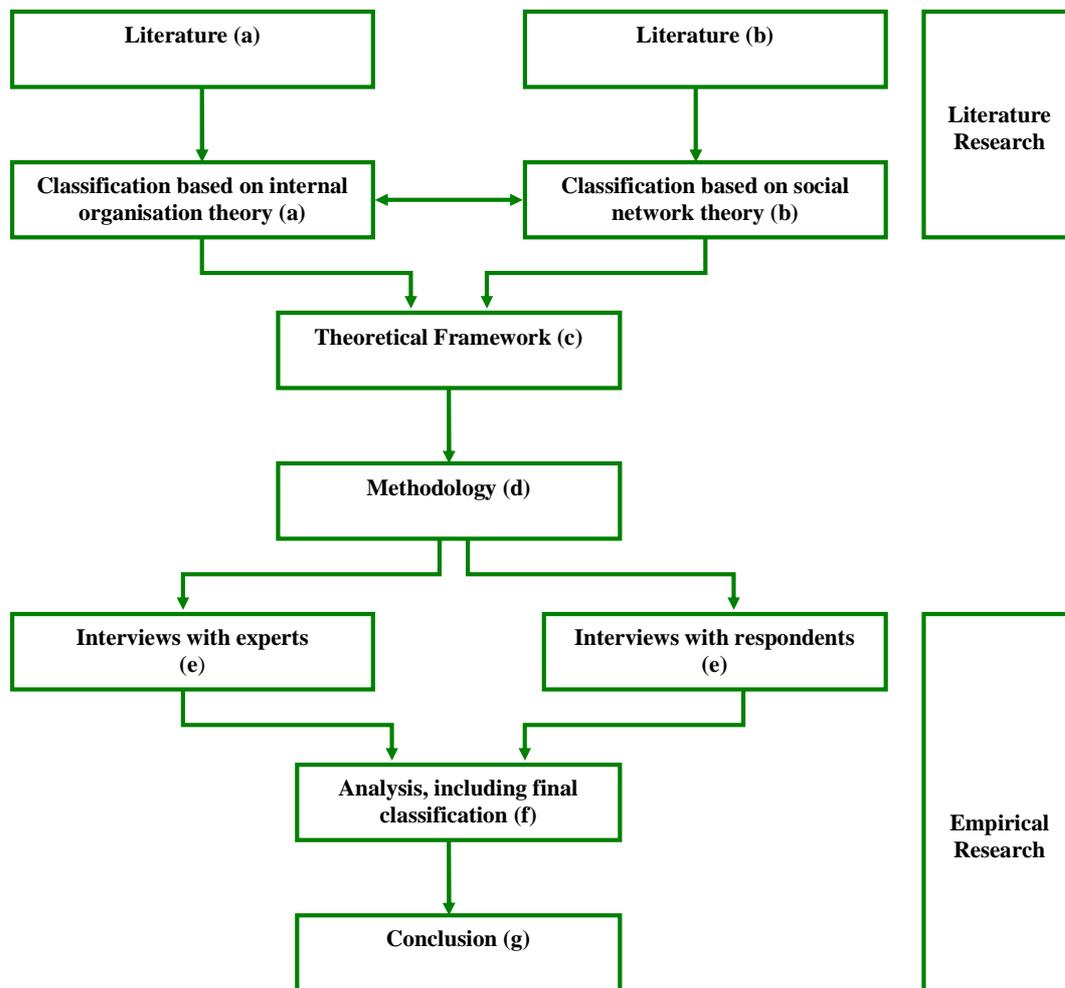


Figure 1.1 Research Framework

By studying literature about internal organisation theory (a) and social network theory (b) a classification of the different groups is given (a & b). The literature is linked on the empirical research (c). Based on the classification, experts and respondents are selected and approached (d). Interviews with experts and respondents are conducted and the results are classified on several elements and challenges (e). A comparison of the results in combination with literature provides insight in the differences and similarities and results in an improved classification of the intermediary group (f) gives insight into the size distribution and opportunities for traditional consultants (g).

1.4 Research questions

To acquire the knowledge to answer the research objective, research questions are formulated.

Formulating the general research question: **What is the size distribution and what are the opportunities for traditional consultants?**

In order to answer the general research question, sub questions are formulated. The characters from the research framework correspond with the questions below. Every question corresponds with a chapter in this report.

- a) Which classification can be made on the basis of internal organisation theory?
- b) Which classification can be made on the basis of social network theory?
- c) In what way are the several concepts related?
- d) In what way can intermediaries be classified with the help of identified criteria?
- e) What are the results of the interviews with experts and respondents?
- f) What are the most important differences and similarities within the intermediary group?
- g) What is the size distribution and what are the opportunities for traditional consultants?

1.5 Chapter arrangement

This report starts with a literature study in order to classify. In chapter 2 the internal organisation theory is described and ends with a classification of the several groups (a). Chapter 3 provides insight in the social network theory and also ends with a classification of the several groups (b). Chapter 4 gives insight in the relationships between the several concepts of this research, i.e. the theoretical framework (c). Chapter 5 bridges the theoretical framework and the empirical research. The chapter gives insight in the data selection, the translations of the literature into interview questions and the completeness of the research (d).

In the empirical section interviews with experts and respondents are conducted. In chapter 6 the results of the interviews with experts and respondents are presented in a structured manner (e). In chapter 7 a systemic analysis and discussion of the results are linked to the theoretical framework (f). In chapter 8 the general research question is answered (g): What is the size distribution and what are the opportunities for traditional consultants?



2. INTERNAL ORGANISATION

In this chapter the first research question is answered: Which classification can be made on the basis of internal organisation theory? In this chapter the 7- S model is used as a framework. The model is developed by Mc Kinsey Consultants and used as a management tool. The model demonstrates that organizational performance is in fact contingent on numerous elements, each of which is mutually dependent on the others (Figure 2.1). These key elements are present in every organization and they largely define the nature of internal organizational interactions, the way the organization deals with its environment, and the effectiveness of its operations (Saldanha, 2006; Van Dam & Marcus, 2007).

The 7- S model makes a distinction between ‘hard’ and ‘soft’ elements. ‘Hard’ elements are easier to define or identify and management can directly influence them; these are the factors strategy, structure, system. ‘Soft’ elements can be more difficult to describe, are less tangible and more influenced by culture; these are skills, staff, style and shared values. Although ‘soft’ elements are as important as ‘hard’ elements for an organization to be successful, in this research only the hard elements are instruments to classify, the elements are defined by the management team can be changed in the short term. As a result, in this research the interest is in their structure, strategy and system, these are the most often identified elements in research (Saldanha, 2006). The elements are further explained in respectively paragraph 2.1 till 2.3. Paragraph 2.4 gives a classification of intermediaries based on internal organisation theory.

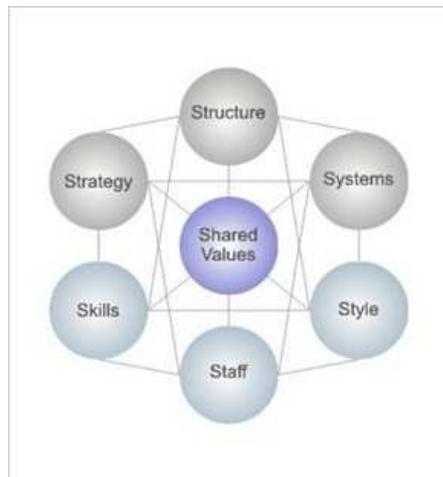


Figure 2.1 7-S model (Van Dam & Marcus, 2007)

2.1 Structure

The first element described is structure. The structure of an organization refers to the arrangement of the organisation, where a distinction can be made in four elements: specialization, formalization, centralization of authority, and organization size (Barclay, 1991; Johns, 1983; Keuning & Wolters, 2007). In paragraph 2.1.1 the traditional structures are described. Besides the more traditional organizational structures, new organizational structures are coming up (see paragraph 2.1.2) (Johns, 1983). The structures will be discussed by using the four elements.

2.1.1 Traditional Organization Structure

A traditional principle in organizing is that performance improves when people are allowed to specialize and become an expert in specific jobs or tasks. As a consequence there is a clear division of tasks and decisions must be made for every department, but should also be linked to each other in a coordinated way. The coordination of these aspects has resulted in three major types of organizational structures: the functional structure, the divisional structure and the matrix structure. These structures are described below (Schermerhorn, 2005).

Within the functional structure (Figure 2.2), a group of people have similar skills and perform similar tasks. It is an appropriate structure for smaller companies or those with narrow product ranges. Advantages of this type of structure are the fact that responsibilities and roles are clearly defined. Closely connected to that, it enhances the experience of each function, because all engineers are working on the same department and thus they will exchange knowledge and support each other. Besides this, it will save money because of the economies of scale. A disadvantage is that senior managers get too focused on their functional responsibility and therefore lose their view on strategic issues. It also makes the coordination between different departments more difficult than other structures and does not allow for flexibility because of the centralization. When companies become bigger a divisional structure is introduced (Schermerhorn, 2005; Johnson et al., 2005; Keuning & Wolters, 2007).

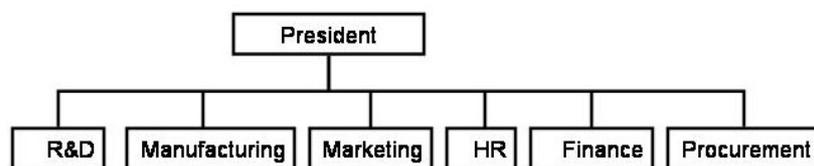


Figure 2.2 Functional Structure (Schermerhorn, 2005)

Within a divisional structure (Figure 2.3) a group of people are working on the same product, in the same area, with similar customers, or on the same processes. It is a decentralized structure and thus allows for flexibility and quick response to environmental changes, which also enhances innovation. A disadvantage is that the structure does not support the exchange of knowledge between people working in the same profession. As a result that some of them are working in one division and the others are working in other divisions. An example is a decentralized strategic business-unit (SBU), where the SBU has the possibility to determine their strategy, which should fit in the company strategy. A SBU can be defined based on their products, clients, distribution channels and/ or geographical areas. Increasingly, companies make use of strategic business units (Van Dam & Marcus, 2007; Schermerhorn, 2005).

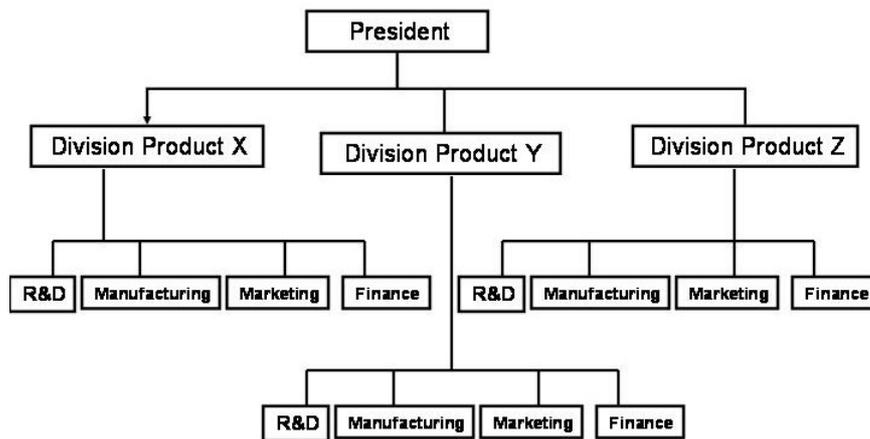


Figure 2.3 Divisional Structure (Schermerhorn, 2005)

The last traditional structure that will be described is a matrix structure (Figure 2.4). Within this structure a combination of the functional and divisional approach is made. The goal of this structure is to emphasize project and program teams, by putting specialists from several departments on a specific described project. These specialists spend part of their working time on the project and the other on their ‘normal’ work. By ending the project all employees turn back for 100% on their normal job. An advantage of this structure is that separate areas of knowledge and skills can be easily integrated in the different structural dimension. This makes this type of structure flexible. A disadvantage is the high chance of conflicts between different structural dimensions. It is also very hard to specify the precise tasks and responsibilities of all persons of the division. A key ingredient of a successful matrix structure is the collaborative relationship between the different structural dimensions (Schermerhorn, 2005; Van Dam & Marcus, 2007; Johns, 1983).

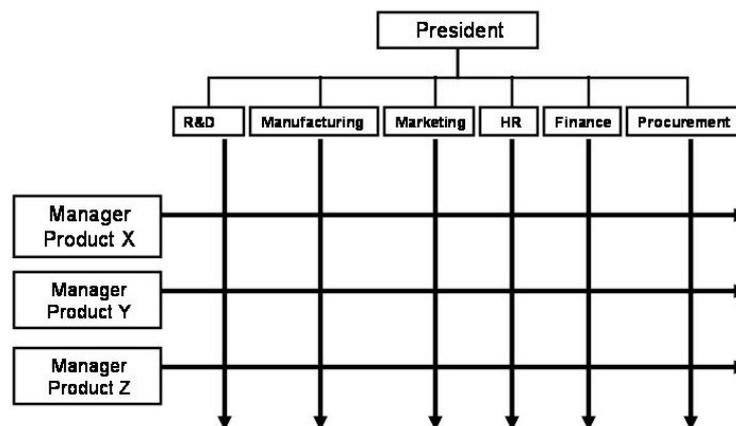


Figure 2.4 Matrix Structure (Schermerhorn, 2005)

To summarize, the functional, division and matrix structures give different opportunities on the aspect of knowledge exchange. Within the functional structure there is a high degree of knowledge exchange between employees who have similar skills and perform similar tasks, but less attention for knowledge exchange between different departments. The divisional structure on the one hand does not support the exchange of knowledge between people working in the same profession. On the other hand employees are more focused on a product group or customers and can react fast on changes in the environment. In the structure there is a high degree of flexibility and knowledge exchange is integrated in different projects.

2.1.2 Contemporary Organization Structure

The more organic organizational structures remove bureaucracy and have a more decentralization of decision making. In this paragraph the most common structures are described: network organization, virtual organization, spin-off and community of practice.

Network organization; this structure depends strongly on market mechanism. The connections of the network are an organized set of relationships among autonomous or semi-autonomous work units. Their goal is to deliver a complete product or service to the consumer. These network forms are found both inside companies and across a set of companies. A key advantage of the network form is its flexibility and adaptability (Mintzberg et al., 2003).

Virtual organisation; the virtual form is an organisational structure in which employees, suppliers and customers are geographically dispersed but united by technology. A network of continually evolving independent organizations that share skills, costs and access to one's another market. This structure is even more flexible than a traditional matrix structure (Mintzberg et al., 2003).

Spin- off; this organisational structure starts inside a company when they establish fresh entities inside from new business concepts and then send them off (at least partially) on their own. The parent organisation act as a mentor or protective incubator, but sooner or later they are pushed out and become independent. Spin-offs are an excellent way for not only developing, but also commercialising expensive and risky emerging technologies. Because they become legally separate from the corporate parent, they can pursue variant growth strategies and financing objectives (Mintzberg et al., 2003).

Community of practice; this structure focus on social relationships and is receiving growing attention (Stacey, 2003). According to Wenger (Wegner in Stacey, 2003) community of practice are fundamental processes through which people learn and so become who they are, thereby making a close link between social practice and identity formation.

To summarize, contemporary organisation structures stimulate the knowledge exchange between different actors, what can be face-to-face or by technology.

2.2 Strategy

The second element that will be described is strategy. The strategy of an organisation focuses on the intended action designed to achieve a particular goal. Johnson, Scoles and Whittington (2005) define strategy as the direction and scope of an organisation over the long term. A strategy should achieve advantage for the organisation through its configuration of resources within a changing environment and should fulfil stakeholders' expectations. A strategy can be made for different groups of people and/or activities within an organisation. By the development of a strategy it is important to understand the position of the organisation, which is part of the field of strategic management (Johnson et al., 2005). In strategic management the most common distinction is between the corporate, business and functional level (De Wit & Meyer, 1999). The focus in this paragraph is on corporate and business level, according to the generally accepted boundaries of the strategic management field (De Wit & Meyer, 1999). The strategies of the different levels are described in respectively paragraph 2.2.1 and paragraph 2.2.2.

2.2.1 Corporate level strategy

The corporate level strategy is concerned with the overall purpose and scope of an organisation. The main focus is on how value will be added to the different business units (Johnson et al., 2005). Porter (1985) emphasizes that the corporate strategy is what makes the synergy of the different parts in stead of only the sum of the separate business units. It is about the portfolio of businesses and what should be done with them. To realise such synergies, more coordination is needed (Stacey, 2003). A pitfall is that managers only focus on their own business responsiveness. The paradox of responsiveness and synergy is a challenge for strategists. Following from this paradox two perspectives can be distinguished: the portfolio perspective and core competence perspective. The perspectives can be plotted against each other (De Wit & Meyer, 1999).

In the portfolio perspective the emphasis is on responsiveness over synergy. Strategists taking this perspective usually argue that each business has its own unique characteristics and demands and following from this, strategic objectives must vary between businesses (De Wit & Meyer, 1999). Within the core competence perspective the emphasis is on synergy over responsiveness. It is believed that a set of shared competences is the best central core for a multi-business company. They determine their strategy on corporate perspective and compete across businesses.

The coordination of the different business units can be done by corporate centres. The corporate centres can add value in many ways, e.g. they achieve better beneficial control on businesses and better resource allocation through the access to internal information and real time decision making (Johnson et al., 2005). In the absence of corporate centres, strategic business units (SBU) can be a pitfall for themselves e.g. managers of these units will under invest in developing core competencies and core products, because no single unit may feel responsible for maintaining a viable position in core products. Other points of attention are imprisoned competencies, some managers are unwilling to lend their people and restrict the development of new opportunities. When competencies become imprisoned, the people who carry the competences do not get assigned to the most exciting opportunities, and their skills will not be further developed. The last point of attention is bounded innovation, if core competencies are not recognised, an individual SBU will pursue only those innovation opportunities that are close at hand- marginal product line extensions of geographical expansions. Recognition of the

core competencies widens the domain of innovation (De Wit & Meyer, 1999). However, there are also contrary arguments. The corporate centres actually tend to destroy value by 'bureaucratic fog' and delayed decisions. As a consequence businesses would be better off without corporate centres (Johnson et al., 2005).

To summarize, the corporate level strategy should find a balance between the portfolio perspective and the core competence perspective. Corporate centres play an important role in creating synergy by combining the unique characteristics of the different units.

2.2.2 Business level strategy

A business level strategy sets out how a business unit is going to achieve the performance objectives set on corporate level and how to build competitive advantage by creating a market position that is superior to its rivals. A strategic business unit is a part of an organisation for which there is a distinct external market for goods or services that is different from other business units (De Wit & Meyer, 1999; Stacey, 2003; Johnson et al., 2005).

Within the business level strategy two perspectives can be identified: the outside → in perspective and the inside → out perspective (De Wit & Meyer, 1999). To understand the different perspectives, four criteria that need to be met by a good strategy are described. First, strategies must be feasible. Feasibility is concerned with whether a strategy could be made to work in practice, and therefore with the practicalities of resourcing and strategic capability. Second, strategies must be consistent, so no mutually exclusive goals or policies. Third, they should be capable of providing a competitive advantage. The last criterion is the suitability between the organisation and its environment. The differences of the two perspectives lie in the interpretation of the third and fourth criteria (De Wit & Meyer, 1999, Mintzberg et al., 2003, Johnson et al., 2005).

Strategies following an inside → out perspective believe that a strategy should be built around companies' strengths i.e. the competence-based approach. Companies should focus on the development of difficult-to-imitate competences and/ or on the acquisition of exclusive assets. As a consequence markets should be subsequently chosen, adapted or created to take advantage of these specific strengths. The strategists emphasize the importance of the firms' competences over their tangible resources i.e. physical assets. However, the idea that competitive advantage on a long term basis can be achieved through differentiation, on the basis of their competences, is questionable. On the one hand, if the competences are unique to the organisation, then it may be very difficult for competitors to imitate them. On the other hand, a customer needs' change and therefore bases of differentiation will change. Besides that, even if relatively constant customer needs can be identified, over time competitors may be able to imitate bases for differentiation (Johnson et al., 2005)

Strategists following an outside → in perspective believe that firms should continuously take their environment as starting point when determining their strategy i.e. the positioning approach. The strategists believe that successful companies are externally- oriented and market-driven. It is all about market positioning and understanding and responding to external developments (De Wit & Meyer, 1999). Companies should first analyse the internal and external environment of the organisation and after that react on those external developments. A SWOT analysis is a method to evaluate and identify the Strengths, Weaknesses, Opportunities, and Threats of a company. The internal analysis (SW) starts with identifying the core competences of a firm. Core competences are special strengths that give a

company competitive advantage, which can be special knowledge and expertise or superior technologies (Schermerhorn, 2005). The goal is to leverage core competences by building upon organisational strengths and minimizing the impact of weaknesses. The external analysis (OT) can be identified by using the five competitive forces model of Porter (1988) (i.e. the entry of new competitors, the threat of new substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors) (Porter, 1988). When the capabilities of the company and his environment are clear, the bases of competitive advantage can be identified. A representative of the outside → in perspective is Porter. Porter (1988) believes that achieving sustainable competitive advantage can only be achieved by making a clear choice between one of the generic strategies): cost leadership, differentiation, cost focus and differentiation focus (Figure 2.5).

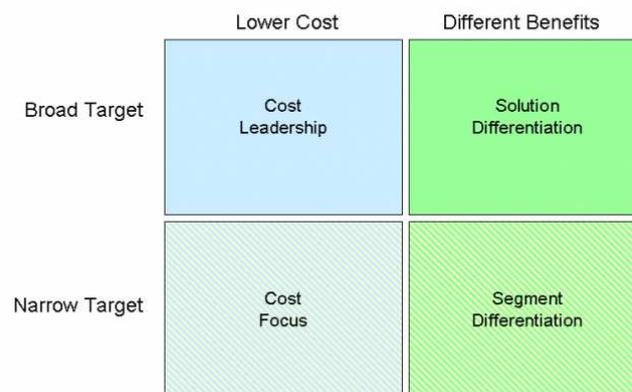


Figure 2.5 Generic Strategies (Porter, 1988)

By following a cost strategy, the organisation seeks to achieve a lower price than his competitors while trying to maintain similar value of product or service to that are offered by competitors. On the one hand this can be achieved by entering a market segment unattractive to competitors or on the other hand by lowering cost that might give sustainable advantage, which is a more challenging situation (Porter, 1988; Johnson et al., 2005).

A differentiation strategy seeks to provide products or services unique or different from competitors in terms of dimensions widely valued by buyers. This strategy might be achieved by uniqueness or improvements in products, for example by investment in R&D, design expertise or building on the innovatory capabilities of the organisation. Companies also try to build differentiation on the basis of their competences (Porter, 1988; Johnson et al., 2005).

Treacy and Wiersema (1995) have modified Porter's strategies to describe three basic "value disciplines" that can create customer value and provide a competitive advantage. They are operational excellence, product leadership and customer intimacy (CRM) (Figure 2.6).



Figure 2.6 Value disciplines (Treacy & Wiersema 1995)

Operational Excellence means that a company provides the customer with reliable products or services at competitive prices, deliver with minimal difficulty or inconvenience. The focus is on short, efficient lines with their clients. This corresponds with a low cost strategy defined by Porter. Customer intimacy means that the company sells the customer a total solution, not just a product or service. Porter defines this as a differentiation strategy with a customer relationship focus. Product leadership means that a company differentiates them by offering only the most excellent product or service. To achieve product leadership, a company should innovate on the base of creativity and fast commercialisation of ideas, often this is based on their strengths and could therefore also seen as having a more inside → out perspective. Porter defines this as a focus strategy with the focus on the innovation capabilities of the organisation. Complementary to Porter, Treacy and Wiersema (1995) also mention the importance to focus on one strategy. The other strategies should be on a stable level.

To summarize, followers of the outside- in perspective believe that firms should continuously take their environment as starting point when determining their strategy. The related strategies are operational excellence and customer intimacy. In contrast, followers of the inside-out perspective believe that companies should first try to build on their unique competences and markets should be subsequently chosen, adapted or created to take advantage of these specific strengths. It is important to know companies' strengths in order to offer only the most excellent product or service, i.e. product leadership.

2.3 System

The last element that will be described is 'system'. The element includes communication systems and all formal and informal procedures. This paragraph shows the several levels and dimensions of communication.

The nature of an organisational system, this means the way in which power is used, has an important impact on the capacity to learn (Stacey, 2003). The use of power may be relatively accepted when it is based on legitimate positions in the hierarchy and exercised according to the accepted procedures of the organisation. Nowadays more levels are coming in. One or two persons at the top control what goes through the organisation, and at lower levels there are some control persons or department, they report this to the top. When both leaders and followers feel the exercise of power, this can result in a high ability of active consensus. Consensus is based on trust and this can become even more when there is a good internal communication system and the different parties can share their information (Fisher et al., 1997).

An aspect of this communication system is the span of control. The span of control is the number of persons directly reporting to a manager. When span of control is 'narrow', only a few people are under a manager's immediate supervision while a 'wide' span of control indicates that the manager supervises many people. The ideal span of control was never found but the span of control principle developed that there is a limit to the number of people a manager can effectively supervise. It is important that care should be exercised to keep the span of control within manageable limits (Stacey, 2003). Flat structures have wider spans of control and fewer levels of management, as we see in a functional structure. When span of control increase, overhead costs will reduce and workers will benefit from more empowerment and independence. Tall structures have narrow spans of control and many levels of management, as we see in a divisional structure. Tall companies have more managers and as a consequence they are more costly. Besides that they seem to be less efficient, less flexible, and less customer sensitive than flat companies (Stacey, 2003).

Within the span of control, managers make use of several levels of communication. According to Kreps (1989) four levels of communication can be distinguished. The first level is intra-personal; in this level people interpret messages and develop messages to send to others. The second level is interpersonal, where communication is usually face-to-face between two people, but it can also be by using media. The third level includes communication within small groups. This means that by interacting with each other three or more people try to adapt to their environment and achieve commonly recognized goals. The fourth level is the multi-group, interdependent small groups share the performance of tasks to achieve commonly recognized goals.

The influence of span of control and the levels of communication within a company also depends on the dimensions of communication. Fisher et al., (1997) state that communication deals with three dimensions of communication: frequency, bidirectional and coerciveness of influence.

- Frequency: the number of times information is exchanged over a period of time. Research shows that too much communication degrades the quality of information exchange between several departments. Communication frequency is therefore a necessary, but not a sufficient condition for increasing inter-functional integration.

-
- Bidirectional: the degree to which communication between two actors is a two-way process. The intention is to reduce misunderstandings due to language barriers by providing an opportunity for both parties to increase the clarity of communication exchanges.
 - Coerciveness of influence: the degree to which communication references has negative consequences for non-compliance. Coercion is an explicit attempt to change the behaviour of a target that is resisting the position of the influencer. This form of pressure can show the differences in goals, preferred solutions and trade-offs. It can cause people in both functions to be less motivated to work collectively and thus can discourage integration.

To summarize the structure of a company and hereby span of control has influence on the four levels of communication and the dimensions of communication. Flat structures have wider spans of control and fewer levels of management. Communication is mainly on an inter-personal level with a high degree of bidirectional face-to-face contacts, as we see in a functional structure. Tall structures have narrow spans of control and many levels of management, as we see in a divisional structure. As a consequence communication is mainly intra-personal.

2.4 Classification on the basis of Internal Organization Theory

In this paragraph the first research question is answered: Which classification of intermediaries can be made based on organization theory? A classification of systemic intermediaries, traditional consultants, larger companies and smaller companies is made. This classification finds his basis in the internal organization theory. Table 1 summarizes the classification and figure 2.7 summarizes the classification on a continuous scale.

2.4.1 Structure



Systemic Intermediaries

As Klerkx & Steuten (2009) point out the intermediation function is fulfilled by portal sites, innovation consultants and entrepreneur networks.

Portal sites (a) Portal sites are virtual organizations, where actors of the network are geographically dispersed, but united by technology. Their goal is to share knowledge (Mintzberg et al., 2003). These actors can be independent persons or part of another organization. The portal sites are either privately or publicly financed researches or extension projects. The sites will differ with regard to their prospective audience namely agricultural entrepreneurs or project related audience (Klerkx & Leeuwis, 2008b).

Innovation consultants (b) During the start-up phase an innovation consultant works alone or with a maximum of two persons. After a certain time more knowledge is obtained by hiring experts on a project base. This working method can be seen as a network organization structure. In some occasions the company is even extended with experts of other fields. By the recruitment of experts a more functional structure is coming into the organization of innovation consultants. However, networking is still of incredible importance.

Entrepreneur networks(c) The structure of entrepreneur networks is characterized by the fact that they make use of face-to-face meetings. These networks exist of actors with a similar background regarding content. During the meetings of the networks an intermediary will act as a facilitator. This means that he will not give a total solution for a problem, but his focus is on the concept that the actors gain self-insight into a problem. This can be achieved through the expertise of the facilitator to ask the right questions to the actors (Van den Berg & de Best, 2008).



Traditional Consultants: larger companies

Traditional consultants, who sell their services on the basis of shared problem solving and focus on the development of long-term relationships, are organised in a strategic business unit (SBU) or as a spin-off from the mother company. The development of a new business unit starts with just one or two employees, who are involved in a project from the beginning till the end, like a matrix structure. When positive effects can be measured, more employees will be organised in a division, i.e. business unit. Then, the organisation of these employees becomes more formalised. Subsequently there are two options: either becoming and staying a SBU or becoming a SBU and after that a spin-off from the mother company. Both options offer the opportunity, for the employees, to develop their own strategy and the possibility to operate as separate entity acting legally and financially independent. The advantage of a SBU is that there are more facilitation possibilities usually in the form of a secretary or an office. Besides this, SBU have the availability of an extensive network of experts. As a result of this

traditional consultants have a reputation on serving excellent quality. In contrast when spinning out, the consultants will have more difficulties to serve this high quality.



Traditional Consultants: smaller companies (incl. IIC)

Independent individual consultants (IIC) can origin from two different backgrounds. The first group exists of (ex-) employees from a university, who want to bring scientific knowledge to the market. The focus mainly on their social relationships and for this they organise a Community of Practice (CoP). This group can work as profit centres within the university but will finally result in a spin-off. However, after spinning out they are often not able to give the surplus value of facilitation. The second group is a group of consultants who worked for larger companies but for several reasons started their own form. Together with other consultants they try to form a (virtual) network organisation.

2.4.2 Strategy



Systemic Intermediaries

On corporate level, systemic intermediaries believe that a set of shared competences are the best central core for a multi-business company, this corresponds with the core competence perspective. Following this perspective, the success factor lies in the competence leveraging, in order to create synergy for rapid competence building by a joint strategy development. The real sources of advantage can be found in the ability to consolidate technologies and skills into competencies that empower individual businesses to adapt quickly to changing opportunities. The strategy on corporate level will be translated to strategies on business level. The application of this is mentioned below.

Portal sites (a) Portal sites have a passive brokerage role, this means that portals create order in wealth of information sources and give an overview, but do not serve as a selection aid (Klerkx & Leeuwis, 2008b). The sites offer a broad range of links for addressing both operational and tactical problems and strategic innovation issues for the short time horizon (Klerkx & Leeuwis, 2008a). Hereby those portals act in response on market needs. They recognize a certain need to share knowledge and put this into practice by utilizing an outside → in perspective. The portal sites are available for many entrepreneurs after paying fees (Klerkx & Leeuwis, 2009a). The sites offer the client a service which can be obtained and used quite easily. This corresponds with a low-cost and operational excellence strategy

Innovation consultants (b) Innovation consultants make use of an inside → out perspective. Following Treacy and Wiersema (1995), the main focus is on the product leadership approach, which comes down on making use of the innovation capabilities of an organisation. The consultants use their competences, which include creativity, fast thinking and good communication skills, to anticipate quickly on changes in the market. These consultants are able to commercialise ideas promptly.

Entrepreneur networks(c) Entrepreneur networks make use of both an outside → in and inside → out perspective. The networks focus on finding solutions in the process rather than being based on content. On one hand entrepreneur networks react on recent market mechanism, demand and supply. On the other hand they combine their knowledge to proactively put ideas on the market.

Traditional Consultants: larger companies

Traditional consultants of larger companies follow an outside → in perspective. Traditionally, the business of the traditional consultants focuses on solving the clients' concrete request. As Bessant & Rush (1995) state traditional consultants increasingly search for long term relationships. Within this relationship the consultants' main role is to guide the process and to make use of the concept in which the client solves the problem himself (Van den Berg & de Best, 2008). Although consultants pursue on corporate level a core competence perspective. In practise, due to arrogance and reputation, a portfolio perspective dominates. On business level the new focus corresponds with the customer intimacy (CRM) strategy of Treacy and Wiersema (1995). By offering this, they choose for differentiation of their core business and react on present market needs.

Traditional Consultants: smaller companies (incl. IIC)

Traditional consultants of smaller companies follow an inside → out perspective. Starting point are own competences. The consultants believe that the market needs more scientific knowledge. Their unique selling point is the ability to translate scientific knowledge into practice and bring knowledge together from different disciplines. By offering this unique product or service, the companies use a product leadership strategy. In these companies hardly any differences exist between corporate or business level strategy. On corporate level they follow a core competence perspective.

2.4.3 System

Systemic intermediaries

Systemic intermediaries researched by Klerkx & Leeuwis are generally small (< 5 fte) although they also observed some larger organizations (> 25 fte) (Klerkx & Leeuwis, 2008b)

Portal sites (a) Portal sites are available for entrepreneurs after paying fees (Klerkx & Leeuwis, 2008b). As mentioned in paragraph 2.4.1 the organisation structure of a portal site is defined by the administrator and the users. The level of communication is intra-personal. This structure makes portal sites easy to approach for different network actors and the actors can decide by their own the number of times they want to make use of the site. The mutual accessibility results in a flat organisation structure.

Innovation consultants (b) Innovation consultants work in a less bureaucratic system. The authoritarian use of power is accepted, equality exist between consultants.

Entrepreneur networks (c) Within the entrepreneur network there is equality between the actors of the network. The actors of the network can communicate on an interpersonal level but also in groups, the actors within the network have a common goal. The frequency of communication depends on the time the actors want to spend in the network. The system allows easily joining and leaving the network and presence during meetings is voluntarily.

In the literature it is mentioned that flat companies are more efficient, more flexible and more customer sensitive than tall companies (Stacey, 2003). This comes down on the above mentioned, and therefore can be concluded that systemic intermediaries have a flat structure.



Traditional Consultants: larger companies

A predominate tall structure exists in larger companies. Consultants are organised as a partnership with other consultants and are self directing. Underneath the top-level a hierarchical system exists. However, when they develop a specific business unit, they are more flexible than before.



Traditional Consultants: smaller companies (incl. IIC)

The first group has in the start up phase to deal with a more complex system from the university. Later on in the process, companies will have a flat structure.

A summary of the classification of internal organisation theory is given in Table 2.1.

Table 2.1 Summary classification on basis of Internal Organisation Theory

Group →	Systemic intermediaries	Traditional consultants Larger companies (>15fte)	Traditional consultants Smaller companies (incl. IIC) (≤ 15fte)
Hard elements ↓			
Structure (2.4.1 page 25)	<ul style="list-style-type: none"> ▪ Functional Structure (b) ▪ Virtual organisation (a) ▪ Network Organisation (c) 	<ul style="list-style-type: none"> ▪ Divisional structure ▪ Strategic Business Unit ▪ Spin-off 	<ul style="list-style-type: none"> ▪ Spin- off ▪ Community of Practice
Strategy (2.4.2 page 26)	<ul style="list-style-type: none"> ▪ Core competence perspective ▪ Outside → In (a, c) ▪ Inside → Out (b, c) 	<ul style="list-style-type: none"> ▪ Portfolio perspective ▪ Outside → In 	<ul style="list-style-type: none"> ▪ Core competence perspective ▪ Inside → Out
System (2.4.3 page 27)	<ul style="list-style-type: none"> ▪ Flat structure (a, b, c) 	<ul style="list-style-type: none"> ▪ Tall structure 	<ul style="list-style-type: none"> ▪ Flat structure

The classification is illustrated in Figure 2.7, by making use of a continuous scale (Aaker & Day 1990). The different groups are rate by placing a mark at an appropriate position on one line that runs from one extreme of the variable to the other (Aaker & Day, 1990).

The prevalent structure in larger companies is the traditional organisation structure. More to the other side of the spectrum, the smaller companies are situated. Organised as spin-offs and community of practices these smaller companies have a more contemporary organisation structure. In sum, the prevalent structures of systemic intermediaries correspond with the contemporary organisation structure.

For larger companies the dominant corporate strategy is the portfolio perspective. The strategic business units should compete with each other and take their environment as starting point. The units have a predominant outside → perspective. Relatively speaking, out of the systemic intermediaries, only portal sites take a more outside → in perspective. Smaller companies are situated on the other side of the spectrum. Managers of these companies believe that the starting point of strategy formulation should be their own competences. Relatively speaking, innovation consultants show a similar perspective.

Regarding system, systemic intermediaries and smaller companies have a flat structure. On a continuous scale, larger organisations have a taller organisation system because larger companies bring some extra levels of management.

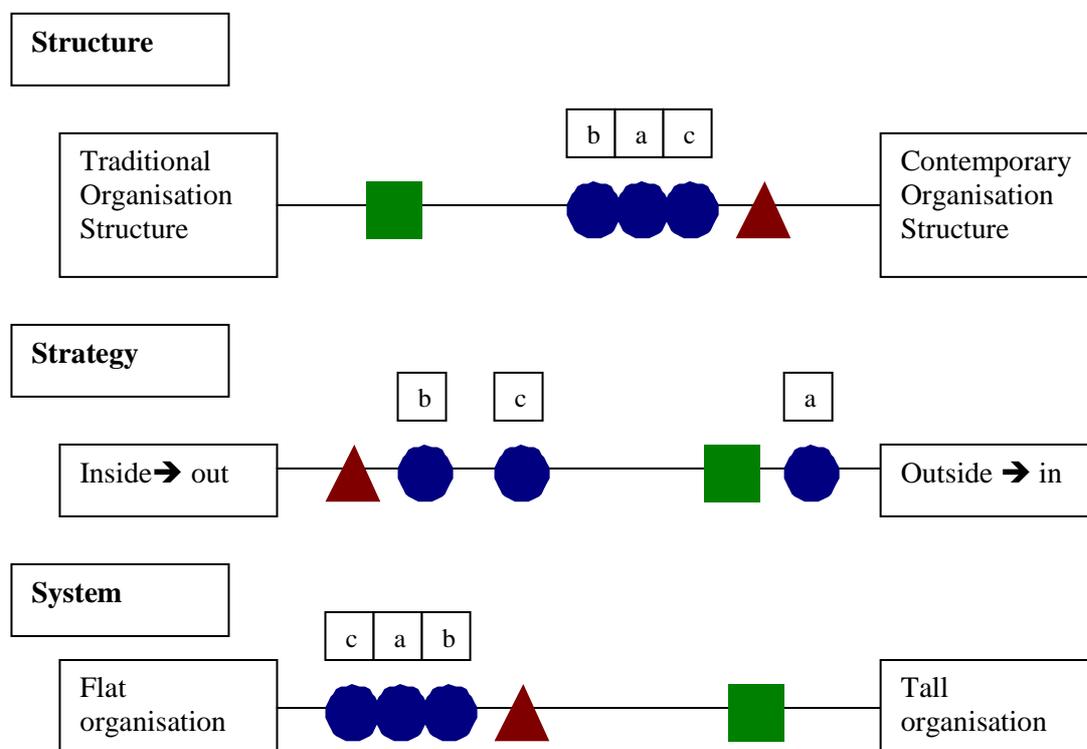


Figure 2.7 The position of the several intermediary groups compared to each other (source: own elaboration)

To conclude, systemic intermediaries have a prevalent traditional organisation structure. Regarding strategy, the groups are scattered. Larger companies have a prevalent traditional organisation structure and the managers of these companies believe that the starting point for strategy formulation should be their environment. Within the companies there is a formal communication structure. Smaller companies have a prevalent contemporary organisation structure and managers of these companies believe that the starting point of strategy formulation should be their own competences.

3. SOCIAL NETWORK THEORY

This chapter gives answer on the research question: Which classification can be made on the basis of social network theory? Networks are increasingly becoming important for the activities in the agricultural sector. Networking becomes more important in the agricultural sector. These networks can have several dimensions with many differences. The basis for these networks will be explained in paragraph 3.1. In paragraph 3.2 different theorists about the optimisation of a network and paragraph 3.3 about network level strategy. These paragraphs are background information for paragraph 3.4 and 3.5. Paragraph 3.4 shows the ambiguity and paradoxes consultants have to deal with. Paragraph 3.5 gives a classification based on social network theory.

3.1 Dimensions of Networks

Networks can have several dimensions with many differences. Van Geenhuizen & Soetanto (2009) distinguish between size of the network, tightness of relationships, strength of relationships, heterogeneity of partners' background, spatial proximity of partners, and content of the knowledge involved. The basis for these dimensions can be found in the aspects: relations, ties and composition (own translation, Van Baalen et al., 2003).

3.1.1 Relations

Relations are characterized by contents, direction and strength. The content of a relationship refers to the middle that will be exchanged, for example knowledge. When an actor assists another person, two relations can be identified namely: receive help and give help. When two actors have friendship, they share this and there is no specific direction. Relations are also available in diverse strengths. Actors can communicate once a day, weekly or yearly. They can exchange important or insignificant, big or small amounts of information and money or services (own translation, Van Baalen et al., 2003).

3.1.2 Ties

The construction of a network exists of ties. A tie connects one of more relations. Two actors can have a relation based on one tie, for example as members of the same organisation, or have a multiplex tie, based on more relations, for example by sharing information or giving financial support (own translation, Van Baalen et al. 2003). Ties can be direct or indirect. A direct tie is a direct connection with another actor. By sharing competences and skills, knowledge can be enhanced and stimulate innovation performance. An indirect tie means the number of other actors it can reach in the network through its partners and their partners. They do not provide just knowledge and experience held by partners, but also the knowledge and experience held by its partner's partners. A third aspect of ties is the degree to which a firm's partners are linked to each other, so whether there are structural holes in the network. The number of direct and indirect ties can positively influence the firm's innovation performance. Research had led to the important insight that building networks with large numbers of indirect ties may be an effective way for actors to enjoy the benefits of network size without paying the costs of network maintenance associated with direct ties (Burt, 2001). An important note is that the impact of these indirect ties on innovation performance is moderated by the firm's level of direct ties (Ahuja, 2000a).

3.1.3 Composition

The composition of a relationship or a tie is deducted from the social attributes of both participants; for example does the tie exist between people from the same gender or different genders, or exist the tie between employer and employee (own translation, Van Baalen et al. 2003).

The literature distinguishes between two types of networks on which firms can draw: formal and informal. Formal networks include venture capitalists accountants and lawyers. These are the people or companies which are directly connected with business matters. Under / and over formalization of the network are both recognized as being detrimental to innovation (Nooteboom, 2000; Pittaway, 2004). Informal networks may include family, friends, previous colleagues or former professors. These networks have been established long before the entrepreneurs launched their business. Informal networks are dynamic from time to time (Van Geenhuizen & Soetanto, 2009). To overcome the structural hole and make the linkages direct (or indirect), intermediation takes places. Some authors argue that intermediation is non neutral because the idea and strength of (inter-firm) networking are generally related to informal activities and personal relationships, but intermediation is connected with a degree of formalization of structures and goals. They argue that formalization may destabilize and erode the informal basis upon which networks are build (Klerkx & Leeuwis, 2008a).

3.2 Optimizing Networks

This paragraph describes the advantages and disadvantages of closed and open networks. Strategists have different opinions about the network structures that appropriately be regarded as beneficial.

According to Coleman, who is called a cohesion or cluster theorist (Allen & Taylor, 2005), densely embedded networks with many connections and social structures are seen as advantageous to the extent that networks are closed (Coleman, 1988). These dense networks of direct ties foster as well the development of shared norms, routines, and the trust necessary for the sharing of proprietary information as it helps to curb opportunism (Uzzi, 1997; Allen & Taylor, 2005; Ahuja, 2000a). Information about one actor's opportunistic acts diffuses rapidly to other related actors, so sanctions for deviant behaviour are more easily imposed (Ahuja, 2000b).

Network closure gives two advantages for people within the closed network. First, it affects access to information. A person who is not greatly interested in current events but who is interested in being informed about important developments can save the time required to read a newspaper if he can get the information he wants from a friend who pays attention to such matters. Direct connections improve communication between actors. Second, network closure facilitates sanctions that make it less risky for people in the network to trust one another. In combination with shared norms of behaviour, sharing knowledge, and combining skills, it is possible to be productive and get advantages from networks (Coleman, 1998; Coles et al., 2003). Trust is a dimension of interpersonal relations that is associated with three elements: 1) interdependence among actors, 2) uncertainty or risk regarding the behaviour of the other party to a transaction, and 3) expectations that the other party will not abuse the trusting actor's vulnerability (Bijlsma- Frankema & Klein Woolthuis, 2005). Three types of trust can be distinguished: interpersonal trust, network trust and institutional trust. Interpersonal trust depends on information that comes from personal experience of an actor with particular others. Network trust is based on information about transaction partners that comes from social networks in a form of referrals

or gossip (Burt, 2001). This source of trust is based on indirect ties between an actor and the exchange partner with a mediator/ intermediary playing a key role in linking the two parties. Network trust enables actors to multiply their reach within the limits of their time budget constraints and thus broaden their access to resources and opportunities (Bijlsma- Frankema & Klein Woolthuis, 2005). Institutional trust is often called systemic trust (Lane 1998 in Bijlsma- Frankema & Klein Woolthuis, 2005) since all actors in a given system face the same incentives and constraints; they are expected to behave in a uniform way.

Structural hole or brokerage theorists believe that ties are redundant to the degree that they lead to the same actors (Ahuja, 2000a; Allen & Taylor, 2005). Burt (2001) believes that “social structure advantages derive from the brokerage opportunities created by an open social structure”. The formation and functioning of innovation networks and systems can be problematic, because of the existence of several gaps e.g. information, managerial and system gaps (Klerkx & Leeuwis, 2008a). For example, managerial gaps arise when there is a lack of managerial capabilities. These gaps are weaker connections between groups. In the social network theory this is mentioned as holes in the social structure of the market. Performance of each management activity can be improved through experience. However, these capabilities are often not present or poorly developed (Bessant & Rush, 1995). These holes create a competitive advantage for an individual whose relationships span the holes. Structural holes are thus an opportunity to broker the flow of information between people and control the projects that bring together people from opposite sides of the hole (Burt, 2001). This intermediation function creates value through four different acts: 1) creating awareness for the interest and needs in groups; 2) sharing best practices; 3) recognizing differences in groups and 4) recognizing opportunity from bringing together two different groups (Allen & Taylor, 2005).

Researches suggest that people who locate near holes in the social structure of networks have a higher propensity to innovate and create more value (Allen & Taylor, 2005). It is argued that opinion and behaviour tend to be more homogeneous within groups than between groups; therefore, people who are better connected across groups have greater opportunities to experience different ways of thinking and behaviour and, as a result, gain access to more opportunities of innovation (Allen & Taylor, 2005). In an open structure reputation cannot arise and collective sanctions that would ensure trustworthiness cannot be applied.

To summarize, an open network stimulates the access to knowledge and information which can be important for innovation. It gives the possibility to show new patterns of cooperation when another relation gets stuck. A closed network with strong relationships stimulates trust and trust is necessary to share information and invest in a relationship. In a closed network the chance of opportunistic behaviour is smaller than in an open network. At the same time in closed networks the possibility of power games increases. It is all about the balance between safety of a closed network and inspiration and creativity of an open network. Probably more open networks are better to create new ideas and more closed networks for the realisation of these ideas.

3.3 Network level strategy

Theorists have their vision about the most optimal construction of networks, but what type of relationships does a company want or need to have with other companies in its environment? Do they prefer to develop long-term collaborative relationships with other firms or do they remain independent (De Wit & Meyer, 1999). On the one hand, inter-organizational relationships can be primarily competitive. On the other hand they can be cooperative. Two major issues are important here namely boundaries and relationships. To which activities the firm wishes to limit it and how it wishes to interact with companies or individuals in its environment. In the following paragraph two opposite perspectives on boundaries and relationships are formulated: discrete organisation perspective and embedded organisation perspective (De Wit & Meyer, 1999; Clarke-Hill et al., 2003).

Strategists from the discrete organisation perspective believe that it is the best for the companies to be primarily competitive in their relationships to all outside forces. They argue that firms should remain independent and interact with other companies under market conditions. A disadvantage can be that a firm will be infrequently exposed to new insights and technologies adopted elsewhere. There may be a real threat of missing important external developments. By approaching this disadvantage with a structural hole approach, the disadvantage can be transformed into an advantage in which companies can profit from the inspiration and creativity of other companies and in this way provide more possibilities to innovate (ibid).

Strategists following the embedded organisation perspective believe that companies should build up more cooperative relationships with key companies in their environment. The strategists argue that firms can reap significant benefits by surrendering a part of their independence and developing close relationships with other companies. This is corresponding with the vision of cohesion theorists. In most simple case, a firm can have a number of bilateral collaborative relationships, in the form of joint ventures, strategic alliances and value –adding partnerships. These collaborative clusters of companies, which can also include not-for-profit institutions such as government, agencies and universities, are referred to as networks. The companies in such networks align their strategies, or even develop their strategies jointly, in an effort to benefit the other network participants. A disadvantage can be that there exists reduced flexibility. When once integrated into one firm, operating units can become fully dependent on each other. Their interdependence will limit the extent to which adaptation to these changes will be possible (ibid).

In sum, two perspectives can be distinguished. First, strategists from the discrete organisation perspective believe that it is the best for the companies to be primarily competitive in their relationships to all outside forces. By approaching this with a structural hole approach, companies can profit from the inspiration and creativity of other companies. Second, strategists following the embedded organisation perspective believe that companies should build up more cooperative relationships with key companies in their environment and profit from the mutual knowledge.

3.4 Ambiguity and paradoxes

This paragraph provides insight in the management challenges intermediaries have to deal with. These challenges are defined by Twijnstra et al., (2002), Chesbrough (2006) and Klerkx & Steuten (2009). The challenges are used for the classification in the next paragraph.

3.4.1 Functional ambiguity

Functional ambiguity exists when the goals of one's job or the methods of performing are unclear (Klerkx & Leeuwis, 2008a). Ambiguity might be characterized by confusion about how performance is evaluated, how good performance is achieved, or what the limits of one's authority and responsibilities are. Several elements can lead to ambiguity: e.g. organizational factors, the role sender, the focal person (Johns, 1983). Chesbrough (2006) asks the question: "How to demonstrate the value of their service to their clients?" In a task-oriented approach the focus is on solving the clients' concrete request and results can easily be measured by fulfilled or not fulfilled, solved or not solved. A process-oriented approach focuses on guiding the process and makes use of the concept in which the client solves the problem himself. The added value of the presence of a consultant or an intermediary is difficult to measure, what can lead to functional ambiguity (Twijnstra et al., 2002; Van den Berg & de Best, 2008; Batterink et al., 2010). The overcome functional ambiguity intermediaries should describe measurable tasks within a process-oriented approach.

3.4.2 The funding paradox

The funding paradox implies that by solving the clients' problem, he will not need your services anymore (Klerkx & Leeuwis, 2007a). The paradox implies that by tackling the gaps in the knowledge market, you also suffer yourselves from that market. Bessant & Rush (1995) refer to the work of intermediaries as 'missionary work' which needs to be recognised as a long term education and development of process rather than short time consultancy (Klerkx & Leeuwis, 2008b). The paradox also includes the degree in which a consultant exactly tells what to do, so he is only managing the process. By speaking the language of the client he can stimulate his clients and create understanding about the changes and processes (Twijnstra et al., 2002). To clarify the paradox an example will be given. There exist a difference exists between know-how and information (Ahuja, 2000a). Know-how entails accumulated skills and expertise in some activity and is likely to include a significant tacit or non-codifiable dimension. Information refers primarily to facts, discrete quanta of information that can be transmitted through simple communication in relatively complete form and without loss of integrity (Ahuja, 2000a). So when know-how changes to information, the value of the structural hole decreases some level of equilibrium is achieved where the advantage disappears (Burt, 2001). The challenge for intermediaries is to support the client during the process but also to create an 'essential' position for another time (Batterink et al., 2010).

3.4.3 The neutrality paradox

The neutrality paradox implies that intervention is connected with a certain degree of formalization of structures and goals. Such formalisation may destabilize and erode the informal basis upon which networks are built (Klerkx & Leeuwis, 2008a). Scientists argue that intervention is non-neutral because the idea and strength of (inter-firm) networking are generally related to informal activities and personal relationships. In contrast, Twijnstra, Keuning and De Kaluwe state that in an advice relationship

neutrality means that the consultant keeps distance of the principal, and place him in an impartial and independent position, to use his expertise in an unhindered way (Twijnstra et al., 2002; Batterink et al., 2010). Consultants attach much value to maintaining their independence and hereby their neutrality/impartiality. Twijnstra et al., state that this should not be a problem because consultants should even in a dependant position be objective (own translation, Twijnstra et al., 2002). Also the shared 'rule of conduct' of the Orde van Organisatiedeskundigen en Adviseurs (OOA) and the Raad van Organisatie Adviesbureaus (ROA) do not give unambiguous advices about the norms where the participating consultants should suffice. However, the management of network relationships is difficult. For example the role friendship or reputation plays in identification of partners (Pittaway, 2004). Alongside, pressure from financiers or other stakeholders, or the combination of different demands in a mutually acceptable solution, play a role staying independent.

An example will illustrate the neutrality paradox. Coleman states that closed networks give advantages. A consequence of this is that intermediaries want to become part of the closed network. To achieve this systemic intermediaries hire local people because they know the norms and routines of the network and so it becomes easier to be part of the network (Klerkx & Steuten, 2009). A point of attention is that employees become too much involved and that they are not able to handle independent. Howells (2006) believes that the context of the (multiple) relationships and linkage networks of intermediaries are becoming more important. The increasing number of relationships also changes other attributes such as power dependency between intermediary and its clients. So the more clients an intermediary has, in this way they can show their expertise, the more power an intermediary has over any particular client.

To summarize, functional ambiguity exists in on one hand guiding the client through the process but on the other hand not solving his problem, while he does have to pay for it. The funding paradox is that by solving the clients' problem, he will no longer need your consultancy services to help him. This means no long term relationship. The neutrality paradox implies neutrality regarding individual interests.

3.5 Classification on the basis of Social Network Theory

This paragraph answers the research question: Which classification of intermediaries can be made based on social network theory? A classification of systemic intermediaries, traditional consultants, larger companies and smaller companies is made. This classification finds his basis in the internal organization theory. Table 3.1 summarizes the classification and Figure 2.7 summarizes the classification on a continuous scale.

3.5.1 Functional ambiguity



Systemic intermediaries

Portal sites (a) Portal sites make use of a task-oriented approach. When the actors can find the information they need, the (added) value of the portal site is seen. Concluding from this can be said that no problems with functional ambiguity exist. If not, then actors will simply ignore this portal site and search for another place to receive the desired information.

Innovation consultants (b) Innovation consultants make use of a process-oriented approach. The first solution to overcome ambiguity is, to include on forehand a small number of scenarios in the contract: a best case, a normal case and a worst case scenario. However, innovation consultants believe that an overly detailed contract would decrease the level of freedom and creativity, which is perceived as detrimental to innovation (Batterink et al., 2010). The second solution to show his expertise and added value, stimulate his clients and explain them the innovation process. Despite of the fact that innovation consultants try to overcome functional ambiguity, a certain pressure/tension field can be noticed.

Entrepreneur networks (c) Entrepreneur networks utilize a task-oriented approach. By defining on forehand goals and conditions, actors are informed about the possibilities of an entrepreneur network. When the expectations of the actors are met, e.g. they receive the desired knowledge, an entrepreneur network will be seen as an added value of their regular information sources and there will be no problems with respect to functional ambiguity. If not, actors will leave the network.



Traditional Consultants: larger companies

The style of the consultants was a task-oriented approach, but nowadays it is becoming a more process-oriented approach (Bessant & Rush, 1995). The reputation of traditional consultants makes it that they are leading in presenting/demonstrating added value on their services. Their contribution is therefore more considered a task than a service. The expectation is that they have less or no problems with functional ambiguity.



Traditional Consultants: smaller companies (incl. IIC)

The specialists from one or two person companies want to bring more scientific knowledge to the market. Results of this transfer of knowledge are not always directly measurable, also due to the fact that they make use of a process-oriented approach. Despite of the fact that in most cases results are not always visible, the reputation of the specialist influences the fact that they have no problems with respect to functional ambiguity.

3.5.2 Funding paradox



Systemic intermediaries

Portal sites (a); Portal sites offer the possibility to find information about a specific subject by your own. The information displayed is useful for different actors and can be (more than ones) used by several actors. Portal sites do not have to deal with a funding paradox.

Innovation consultants (b); Innovation consultants try to tackle the gaps that exist in the knowledge market and try to create understanding about the changes and processes. At the same time they try to create an 'essential' position for themselves by searching for new opportunities. Innovation consultants deal with a funding paradox.

Entrepreneur networks (c) Entrepreneur networks can find their funding in money and support by the government and/ or university. When this funding stops, it is still possible to go on with their meetings. As long as the actors in the network experience advantages of being part of a network, networks will exist. A funding paradox does not exist.



Traditional Consultants: larger companies

Intermediation can be a side activity for consultants. When intermediation is not profitable anymore, they will return to the linear problem solving i.e. solving the clients' concrete request. That work will always exist, due to the fact that companies do not have the competences, knowledge and/ or time to solve the problem by their own, thus traditional consultants do not have to deal with a funding paradox.



Traditional Consultants: smaller companies (incl. IIC)

Smaller companies do not have to deal with a funding paradox. Intermediation can be a side activity for consultants. When intermediation is not profitable anymore, they will return to the linear problem solving i.e. solving the clients' concrete request. Besides that the focus of smaller companies can be to bring more scientific knowledge in the market.

3.5.3 Neutrality paradox



Systemic intermediaries

Portal sites(a) The neutrality of portal sites has to deal with the interest they serve. As being an information instrument of the government, the portal site can be ignored by businesses. Due to this, businesses experience their involvement as non-neutral. Portal sites pretend to be neutral, but due to the financing aspect this is not really possible. There exists neutrality - paradox

Innovation consultants (b) Innovation consultants pretend to be neutral, to entrepreneurs and authorities/ government. Due to informal relationships the focus of innovation consultants is on entrepreneurs. To attract and keep clients they will do their upper best to create solutions as positive as possible, for example by making use of funding from subsidies. To acquire these subsidies they will serve the interest of authorities. The neutrality of the innovation consultants depend on the interest they have to serve and loyalty towards their colleague. So, there exists a neutrality paradox.

Entrepreneur networks (c) Entrepreneurial networks are often an instrument of the government. As a consequence, agricultural entrepreneurs experience them as non-neutral. Entrepreneur networks pretend to be neutral, but due to the financing aspect this is not really possible. There exists neutrality – paradox.

 **Traditional Consultants: larger companies**

Twijnstra, Keuning and De Kaluwe state the neutrality paradox this should not be a problem because consultants should even in a dependant position be objective (Twijnstra et al., 2005). Traditional consultants should have (only) formal contacts with their clients, so it is easier to stay neutral. Due to the fact that traditional consultants are a business unit from a mother company, salary will be paid from the mother company, and consultants are not influence by financers or other stakeholders. However, within the company the consultants have a great self-interest, and they will handle in the interest of the own company. There exists a neutrality paradox.

 **Traditional Consultants: smaller companies (incl. IIC)**

Specialists, with a scientific background, strive to work independent and ignore pressure from stakeholders. As long as financing is not a problem, neutrality is also not a problem. The neutrality paradox does not exist.

A summary of the classification of internal organisation theory is given in Table 3.1 on page 38.

Table 3.1 Summary classification on basis of Social Network Theory

Group →	Systemic intermediaries	Traditional consultants Larger companies (>15fte)	Traditional consultants Smaller companies and IIC(≤ 15fte)
Aspect ↓			
Functional ambiguity 3.5.1 Page 34	Task oriented approach (a, c) and process oriented approach (b). By describing their tasks, in theory no problems with functional ambiguity (a, c), practice could be different (b).	Changing from task-oriented to process-oriented approach. Evaluated by clients as task-oriented.	Process- oriented approach. Reputation of specialist plays an important role in valuation of the service.
Funding paradox 3.5.2 Page 34	On one hand tackling the gaps in the knowledge market, and on the other hand creating an ‘essential’ position. No funding paradox (a, c) Funding paradox (b)	No funding paradox. When intermediation is not profitable they will return to the linear problem solving.	
Neutrality Paradox 3.5.3 Page 37	Due to the financing aspect it is not always possible to stay neutral. There is a neutrality paradox (a, b, c).	Based on reputation traditional consultants should be neutral. In practice consultants have a great self interest. There is a neutrality paradox.	No neutrality problem

The classification is illustrated by Figure 3.1, by making use of a continuous scale (Aaker & Day, 1990). The different groups are rate by placing a mark at an appropriate position on one line that runs from one extreme of the variable to the other, yes means that an ambiguity or paradoxes exist and no means that an ambiguity and/ or no paradox does not exist (Aaker & Day, 1990).

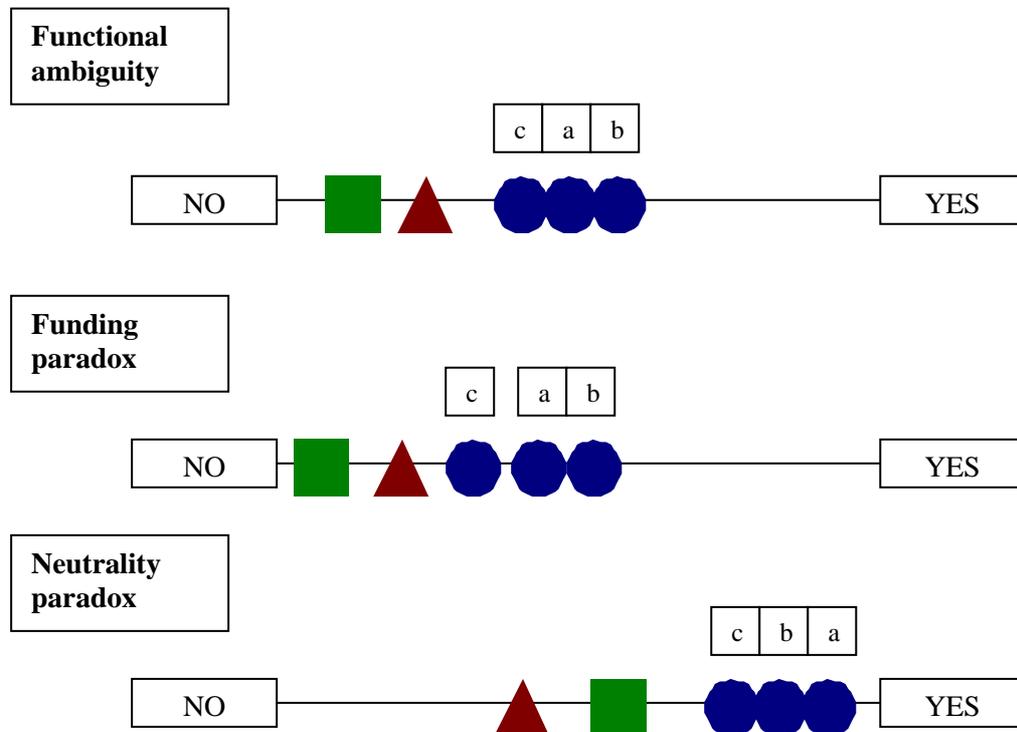


Figure 3.1 the position of the intermediary group compared with each other (source: own elaboration)

When looking at the functional ambiguity, larger companies are leading in demonstrating the added value of their services, followed by the smaller companies. In contrast, out of the systemic intermediaries, innovation consultants have most difficulty in showing the added value of their services. The expectation is that both larger and smaller traditional consultants take profit out of the fact that based on their reputation, they deliver adding value activities.

A similar pattern can be identified by the funding paradox. Both larger and smaller companies do not deal with a funding paradox. For them, intermediation can be a side activity next to their core business. Smaller companies have no problems with respect to the neutrality paradox. Based on reputation consultants of larger companies should be neutral, but in practice consultants have a great self interest. For this reason this group is place in the middle. In contrast, mainly the systemic intermediaries and especially portal sites deal with the neutrality paradox. The reason for this can be found in the financing aspect.

To conclude, systemic intermediaries deal most with the ambiguity and paradoxes. Relatively speaking, both larger and smaller companies seem to have no problems with the challenges.

4. THEORETICAL FRAMEWORK

In this chapter the theoretical framework is presented and explained. It provides insight in the relationships between the several concepts of the research, and answers the research question i.e. *in what way are the several concepts related?*

The objective of this research is to identify the size distribution and the opportunities for traditional consultants in the agricultural sector, by deriving a classification based on the differences and similarities of the intermediary group. In this research two groups are distinguished; systemic intermediaries and traditional consultants. The focus in this research is on the traditional consultancy group. The systemic intermediaries will be used as a mirror. From this point on, by speaking of traditional consultants this refers to process-oriented traditional consultant companies (Klerkx & Leeuwis, 2008a). A further explanation of selection of companies and finding respondents can be found in paragraph 5.3.

The general research question in this research is: **What is the size distribution and what are the opportunities for traditional consultants?**

In order to identify size and opportunities, operationalization of the two characteristics is necessary. Within this research, size is defined as, the number of full-time equivalent (fte) of traditional consultants. The number of fte is depending on the companies' elements as defined in paragraph 0. Opportunity is defined as the ability to increase in numbers full-time equivalent (fte) considering traditional consultants. This ability is depending on the ambiguity and paradoxes as defined in paragraph 3.5.

Following from this, two questions can be formulated:

- Q1 What is the size distribution of traditional consultant companies?
- Q2 What are the opportunities of traditional consultants?

In Figure 4.1 the theoretical framework is presented. This framework provides insight in the relationships between the several concepts of the research. Input for the framework is the literature review as conducted in chapter 2 & 3. In the empirical part of this study 2 interviews with experts and 17 interviews with respondents are conducted. The goal of the interviews was to verify the data from the literature. During the analysis all interviews will be analysed and compared with the literature. This will be the input to answer the research questions. Both classifications (in paragraph 0 and 3.5) are related and influence each other i.e. a causal relationship. Market characteristics can and will influence the relation between the internal elements, ambiguity and paradoxes. For example a change in strategy can influence the challenges; this change can be a necessary result of changing market characteristics. In a market with many competitors, it is expected that consultancy companies will change their strategy. The result of the changing strategy can be measured or seen in the challenges.

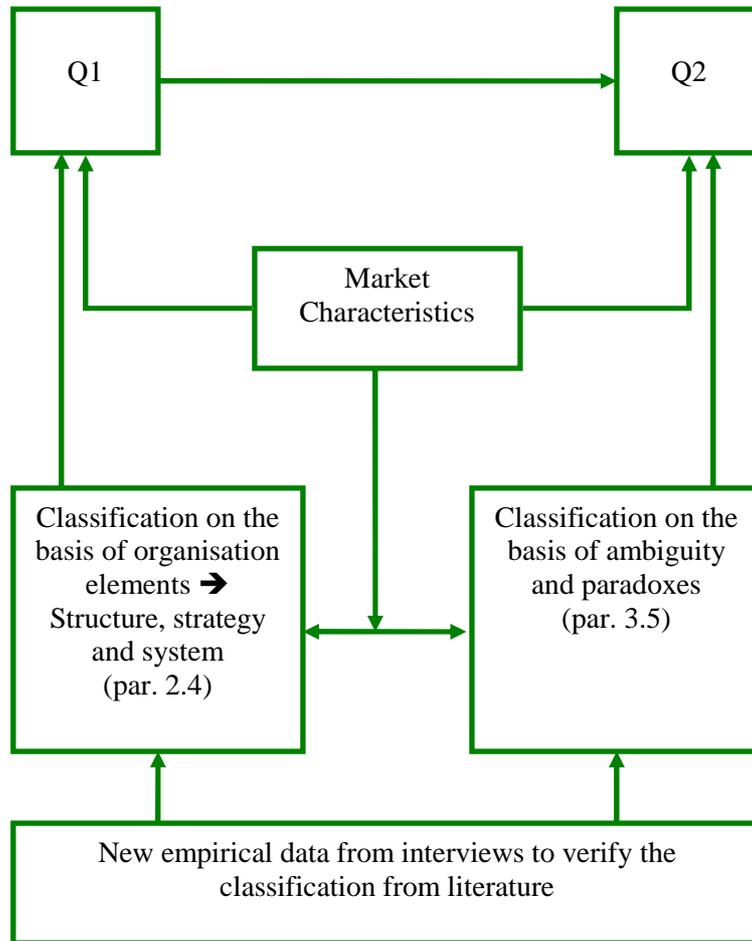


Figure 4.1 Theoretical Framework

To obtain the knowledge which is necessary to answer the research questions, several steps have to be taken. An explanation for every sub-question will be given. To answer the first research question (Q1) the classification based on organisation elements and information of market characteristics are used. The classification is based on literature about the internal organisation and verified by using data from the interviews (literature paragraph 2.4 & questionnaire 6-14). The market characteristics are based on the experiences of the experts and respondents (question 1-5 in the questionnaire)

To answer the second research question (Q2) the results from Q1 in combination with the classification based on ambiguity and paradoxes are used (literature paragraph 3.5 and questionnaire 15-24). This classification is based on literature about management challenges and verified by using data from the interviews. A more detailed explanation of the questions can be found in paragraph 5.2.

5. METHODOLOGY

The methods that are needed in order to get an answer on the research question (i.e. *In which way can intermediaries be classified with the help of identified criteria?*) are presented. This chapter bridges the theoretical framework and the empirical research. Paragraph 5.1 presents the research strategy. Paragraph 5.2 presents the link from the theory to the interviews and describes how the interviews are conducted. Paragraph 5.3 presents the dataset and paragraph 5.4 gives insight in the analyses of the data and finally to the quality criteria that have to be met.

5.1 Research Strategy

The research strategy comprises of several decisions about the way the research project is carried out. Three central decisions are mentioned by Verschuren en Doorewaard (1999): breadth versus depth, qualitative versus quantitative and empirical versus desk research.

Breadth versus depth

The first decision is between breadth and depth. When breadth is preferred, a large scale approach is used which generalisation of the results enables. It will impose limits on depth, elaboration, complexity and a sound foundation of results. If depth, a small scale approach is used, this enables to achieve elaboration, complexity and the sound foundation with a minimum of uncertainties. It limits on generalization of the results (Verschuren & Doorewaard, 1999).

The focus in this research is on depth. A small scale approach gives the opportunity to yield knowledge with fewer uncertainties than large-scale research. It enables complexity and a (thorough) profound foundation.

Qualitative versus quantitative

The second decision is between qualitative and quantitative. Using a quantitative approach means data are presented in tables, charts and numbers (Verschuren & Doorewaard, 1999). By a qualitative approach the reporting is mainly verbal (Verschuren & Doorewaard, 1999, Mason, 2002).

The focus in this research takes a qualitative approach to investigate its subjects. In qualitative research the interpretation of the interview results is very important. This can be a disadvantage because of (possible) subjectivity of the researcher (Baarda et al., 1997). An important advantage of qualitative research is that it can examine complex questions that are hard or even impossible to address with quantitative research. The decision for a qualitative approach is chosen because it gives the possibility to gain high-quality and in-depth answers. Although identification of size seems to ask for a quantitative approach, the focus is qualitative. Identification of the size distribution of the traditional consultants will take place by conducting interviews.

Empirical versus desk research

The research starts with a literature research in order to gain knowledge about systemic intermediaries and traditional consultants. This method is characterized by the use of existing material. In this research scientific literature, i.e. scientific papers, articles from specialist journals and scientific books are used. An advantage of a literature research is the reliability of the gathered material. However, the material is

originally gathered for other purposes than this research which implies the need to settle for a biased perspective on the research material.

The empirical research focuses on whether the theoretical findings and assumptions are perceived in traditional consultancies. Therefore persons are needed. Persons are an important source for information gathering activities. They can provide a very wide variety of information and this information can be gathered in a relatively quick way. There are three ways in which people can act as a source; respondent, informant and expert. In this research two groups are distinguished; namely systemic intermediaries and traditional consultants. To gain a biased perspective and validate the classification interviews with experts are conducted. An expert acts as a supplier of knowledge; he is called a knowledge source (Verschuren & Doorewaard, 1999). Two experts are used to sharpen the classification of the intermediary group and so increase the reliability of the classification. They are well informed about systemic intermediaries, and are also able to answer broader questions. To verify the classification of traditional consultants, data is gathered by doing face-to-face interviews with respondents. This means that traditional consultants supply information about themselves. In this research, 17 respondents are interviewed. The results of these interviews are presented in 6. The analysis of the data is further explained in paragraph 5.4.

Interviews are used to gather the desired information. Having the possibility to steer persons in directions that are important to the researcher is an important advantage of interviews (Verschuren & Doorewaard, 1999). Interviewing is the most used qualitative method in social research, to get high-quality and in-depth answers. According to Downs & Adrian (2004), interviews have five advantages:

1. Interviews allow for more detailed and fuller discussions.
2. Interviews allow the auditor to become more familiar with the persons.
3. Interviews allow for serendipity (i.e. getting unanticipated answers).
4. Interviews are a reward to the participant (i.e. people like to talk about things that are important to them).
5. Interviews have an organic nature (i.e. interviews can grow and change when new topics arise).

No single method is perfect and also interviewing has some limitations. First, interviews are very time-consuming, for both the interviewee and the interviewer and it takes a lot of time to get interviews arranged. Second, interviews take a lot of time to be carefully coded, analyzed, and interpreted. Third, they contain perceptual data (Downs & Adrian, 2004).

There are different techniques of asking questions. These are classified into two main categories, interview and poll, and differ from each other in two aspects; first the degree to which the interview has been pre-structured and second the degree to which the research issue is open. Pre-structuring means that before the interview takes place the questions have been consistently and precisely defined in the same way for all individuals to be questioned, and that we subsequently decide what questions are to be open asked and how and in which order they will be asked. An open style of interviewing gives the interviewer the option to interact with the interviewee. The researcher has a list of questions in the back of his mind. Following from this three interview structures are distinguished: structured, open and semi-structured interviews. In this research semi-structured interviews are used, because of its flexibility. It

allows elaborating on interesting issues or changing part of the order of the subjects and allows formulating new questions during the interview as a result of what the interviewee says.

During the interviews, the questionnaire turned out too specific. The interviews received a more open character, because topics were earlier mentioned by the interviewee, then mentioned by the interviewer. The interviewer anticipated on these topics and as a consequence the interviews developed in organic manner. The fact that the interviewees mentioned some topics by themselves can be interpreted that these topics are really important to them. However, to guarantee the reliability, the interviewer has striven to follow the questionnaire.

For conducting the interviews with respondents, several steps are taken:

1. Semi-structured questionnaire based on the theoretical framework (see paragraph 5.2).
2. Selecting and finding experts and respondents (see paragraph 5.3.1)
3. Preparing the interviews (see paragraph 5.3.2)
4. Conducting the interviews (see paragraph 5.3.2)
5. Putting the interviews on paper
6. Checking with experts and respondents
7. Analysis (see paragraph 5.4 , see chapter 7 for the analysis)

5.2 Operationalization: from theory to interview protocol

The following paragraph provides further details on how the theory presented in previous chapters is used as a foundation for the empirical questions. The first step is to make the central themes and their items operational. The central elements have to be put into smaller segments so that the respondent can understand and answer, which results in the interview questions (Wengraf, 2001). Interviews will be hold with experts and respondents. The questionnaire is placed in appendix 1

The questions are divided in several sections, based on the theoretical framework (chapter 4 page 39)

- General Information
- Market characteristics
- Structure
- Strategy
- System
- Functional Ambiguity
- Funding Paradox
- Neutrality Paradox

General Information

Some information will be asked to verify administrative issues of the organisation. This includes the companies' name, name of the respondent and his/ her contact details. Contact details are asked to be able to ask the respondent additional questions later on if data might be lacking.

Market Characteristics

In order to be able to give a description of the interviewed companies, several figures are asked for or verified by the interviewee. Question 1 gives more insight in the mission and size of the organisation. Question 2-5 indicates the number of clients and competitors of the organisation.

Structure

To operationalize the element 'structure' it is important to identify of which elements a structure exists. These elements are:

- Specialisation
- Formalisation
- Centralisation of authority
- Organisation size

Table 5.1 Operationalization of Structure

Structure	Description	Operationalization	Question
Specialisation	Deals with functional specialities, tasks and responsibilities	Job description Task description Composition of the department	6-10
Formalisation	The degree of formalisation of rules and procedures	Rules & Procedures Written communication	11
Centralisation of authority	Level on which decisions are made	Strategic level Tactical level Operational level	12
Organisation Size	Number of full-time equivalent (fte)	Number of persons/ employees Number of persons/ employees in fte	1

Strategy

In theory about corporate level strategy, two opposed views are discussed; portfolio and core-competence perspective. On business level also two perspectives are identified; outside- in and inside out. In order to be able to classify the strategy on corporate and business level strategy the generic strategies of Porter (1988) and three basic "value disciplines" of Treacy and Wiersema (1995) are used (Table 5.2 Operationalization of Strategy See question 13 in the topic list.

Table 5.2 Operationalization of Strategy

Description	Operationalization	Question
Synergy; creation of added value	The degree in which priority is given to exchange knowledge between departments and learn from each other.	13.1
Corporate centres	The degree of positive involvement on decision making by top-management.	13.2
Operational excellence	The degree in which an organisation supplies the client a cost-efficient product.	13.3
Product Leadership	Being the first one to introduce new products on the market.	13.4
Customer Intimacy (CRM)	Degree in which the strategy is a long term relationship with the client.	13.5
Outside- in approach	The degree that the strategy is determined by questions from the market.	13.6

System

To identify the communication system within an organisation, a distinction in communication dimensions is distinguished from the literature. To indicate the dimensions frequency, bidirectional and coerciveness of influence several statements are formulated (Question 14)

Functional Ambiguity, Funding Paradox and Neutrality Paradox

To gain more insight in the challenges, intermediaries have to deal with one ambiguity and two challenges are identified: functional ambiguity, funding paradox and neutrality paradox.

Table 5.3 Operationalization of Challenges

Aspect	Description	Variables	Question
Functional Ambiguity	The ambiguity exists in on one hand guiding the client through the process but on the other hand not solving his problem, while he does have to pay for it.	Clearness of client question; expectation level	15-17
		Responsibility	18
		Clearness of goals	19
Funding Paradox	The paradox is that by solving the clients' problem, he will no longer need your consultancy services to help him. This means no long term relationship (commercial interest)	Uniqueness of service or product	20-21
Neutrality Paradox	The paradox is in neutrality regarding individual interests.	Reputation Funding	22-24

5.3 Data gathering

In this paragraph the steps to select companies and find respondents are described. Besides that, the steps for preparing, conducting and processing the interviews are described.

5.3.1 Selection of companies and finding respondents

The first selection criterion was that respondents should have as well a task as a process- oriented manner of working. The comparability of the companies was enhanced by two additional features of the sample: all of the companies are mainly active in the agricultural sector, which can be animals or seeds and can include strategic, financial and technical advice. The companies are mainly located in the south- eastern part of the Netherlands. Given this criteria, the selection took place by making use of strategic sampling. Hereby the researcher is continuously guided by the information he tends to extract from these research units (Verschuren & Doorewaard, 1999). The experts are writers from articles, used during the literature research. The experts were asked for respondents and gave a snowball effect. However, also companies were found on the internet e.g. the website of the ‘Vereniging Agrarische Bedrijfsadviseurs’.

5.3.2 Preparing and conducting the interviews

The interviews were prepared by consulting information from internet, such as the websites of the companies and media articles concerning the company/ organisation.

The interviews are conducted face-to-face and took place in November 2009 and January and February 2010. The interviews were conducted in Dutch. This is the language of the interviewer, experts and respondents and tape recorded. At the beginning of the interviews, permission for recording the interview was asked. The research was shortly introduced. The interviews are intended to take around one hour, dependent on the respondent and interesting issues that could arise. During the interviews it often happened that respondents explained issues important to them. After completing, or sometimes during, the interview the researcher sometimes summarize and /or paraphrase the answers of the interviewee, and ask them to correct if there are any misunderstandings to prevent any misinterpretations afterwards. The interviews were literally written down on paper, i.e. transcribed. Afterwards, the interviewees had the opportunity to check the transcripts. This also gave the opportunity to ask additional questions when something is not clear.

5.4 Analysis

The interviews are literally written down on paper, i.e. transcribed. To illustrate the analyses, the decision was made to let the respondents ‘speak’ through (important) quotes; these quotes are translated into the English language. The interviews took on average one hour, ten minutes. During the analysis the transcripts were coded. The results were ordered in a structured manner. Comparisons of the results are made by searching for similarities and differences. The results were put in an excel file, which made it easier to make comparisons and recognize interesting items. Two main quality criteria can be distinguished; these are reliability and validity (Baarda et al., 1997). These quality criteria have to be met as much as possible to perform a good empirical research.

5.4.1 Reliability

Reliability refers to whether the same results would be obtained by a later investigator following the same procedures and conducting the same study again. For this, careful documentation is needed on data analysis (Verschuren & Doorewaard, 1999). For this reason interviews are recorded, transcribed and results were ordered in a structured manner. However, due to the dynamic context in which the studied companies are embedded, the same questions may yield different answers.

5.4.2 Validity

Validity is the ability of a measurement instrument to measure what is supposed to measure (Verschuren & Doorewaard, 1999). Internal validity concerns the degree to which the research methods are adequate to investigate the phenomenon under study. The internal validity was handled by conducting multiple iterations during the interviews. External validity concerns the establishment of the domain to which a study's findings can be generalised (Verschuren & Doorewaard, 1999). The external validity was handled by studying multiple companies and analysing multiple findings.

6. RESULTS

This chapter gives answer to the research question: What are the results of the interviews with experts and respondents? The results of the data collection are presented, as described in the methodology chapter (chapter 5). It starts with a description of the respondents and a description of the market. Next the results in the order of the interview questionnaire will be presented. The transcripts of the interviews are placed in external appendix. The terminology concerning adviser or consultants are both used in the description of the results. Although both terms have the same meaning, the terms are not used unambiguously. The term adviser fits better according to many of the clients.

6.1 Respondents and description of the market

The respondents can be subdivided in two groups: larger companies (> 15 fte) versus independent individual consultants (IIC) & smaller companies (≤ 15 fte). The first group includes 8 out of 17 respondents: numbers 2, 3, 5, 6, 7, 10 and 17. The second group includes 9 out of 17 respondents: numbers 1, 4, 9, 11, 12, 13, 14, 15 and 16. The respondents are owners (7 out of 17), adviser/ senior consultants (5 out of 17), directors of the consultancy department (3 out of 17) a project director and a project, - and account manager (2 out of 17). The information of the companies and respondents is summarized in Table 6.1

Seven (7) out of 17 (1, 4, 12, 13, 14, 15 and 16) respondents are owners of this company. Out of these seven, three respondents are working as an independent individual consultant (IIC), two started alone and later on hired other people, and two owners decided to start together with a friend and/ or colleague. These respondents gained work experience in bigger companies, which include accountants and consultancy companies, banks and communities of interest. The main reason for 4 out of 7 (1, 4, 13 and 16) owners is a personal wish to combine their own knowledge and expertise, by looking after his own interest, without the rules of a larger company. Closely related to the first reason is a mismatch between the established working methods by the companies and the preferred personal way of working. This reason is mentioned by 2 out of 7 respondents (13 & 15). As respondent 15 explains: *“To my opinion my work came under pressure for what I really wanted to do and I realised that I could only do it like that, when starting by my own”*. The third reason mentioned by 2 out of 7 (12 & 14) owners, is that they identified a real need for independent advice. Respondent 12 experienced by his former employer that advice from a community of interest and independent advice on the individual level do not go together on the aspect of independent advice, *“We are actually quite surprised that there are just a limited amount of companies, who identified this need”*. However, this need was identified by the director of the community of interest. For this reason he was one of the initiators of the foundation in which respondent 9 works. The goal of the foundation is to stimulate the social economic activity within the country, and is organised on a higher level. They aim that independency is their strength.

The respondents find it difficult to indicate the number of players in their market segment. As respondent 13 states *“when you stay longer in the market, you become more aware of all the players in the market”*.

Seven out of 17 (2,6,7,12,14,15,17) respondents have (only) clients in the agricultural sector, which include horticulture, intensive pig farming and dairy farming. Another five (5,8,11,13,16) combine the agricultural sector with clients of small and medium enterprises (SME). Respondent 5: *“Our clients are small entrepreneurs, by whom the client is the owner of the company and is doing all the practical work by his own”*. The remaining five respondents have their clients all over the chain. Clients are small multinationals (firm 3), more specific a producer of mozzarella (firm 4) and a flower auction and interest communities (firm 10). Respondent 10 states that *“larger international companies do not have an eye for the agro market. You can either be in retail or in agro, but not in both. Retail seems to be more interesting for them”*. Besides that he mentioned that: *“Our rates are out of pas with the turnover of the farmer”*.

Table 6.1 Description of the respondents and their companies

Firm	Position of respondent	Sector	Main Product	Company size (fte)
1	Managing Partner/ owner	chain	Strategic advice	6
2	Senior Adviser	agro	Strategic and financial advice	110
3	Senior Consultant	chain	Innovatie business development	20
			Financial advice	
4	Director/owner	chain	Market intelligence	6
5	Director Consultant	agro/ SME	Technical and financial advice	40 (700)
6	Director	agro	Technical advice	20
7	Adviser	agro	Strategic and financial advice	40 (of 1000)
8	Director Agro-advice	argo/ SME	Financial advice	500 (of 1500)
9	Project director	chain	Stimulate Social Economic Activit	6
10	Senior managing consultant	chain	Strategic advice	10 (of 500)
11	Adviser	agro/ SME	Financial advice	14
12	Owner	agro	Financial advice	13
13	Owner	agro/ SME	Financial advice	1
14	Owner	agro	Financial advice	4
15	Owner	agro	Strategic and financial advice	1
16	Owner	agro/ SME	Financial advice	1
17	Project- en Accountmanage	agro	Technical advice	180

(The names of the companies and respondents are omitted in the table for reasons of confidentiality.)

The phenomenon of competitors is something the agricultural sector had to get familiar with (respondent 5). Six (6) out of 8 larger companies do not experience competition in the market. Respondent 6 feels some competition of companies who are doing the same activities, but in general *“We do not experience others as competitors, it is more that the competitor says to our clients: “why do you need such an expensive adviser” (respondent 7)*. The other two companies (5,8) mention directly their competitors, which include companies who offer the same services and ex-employees . As respondent 5 explains this: *“We feel some competitiveness of ex-employees, because they know exactly how we work. They have hardly any overhead, and a lower price. In the agricultural sector, price plays an important role”*.

All respondents mention that there is a real need for advice, not only because of a personal interest, but also because of complex external factors. This need for advice is also noticed by accountancy firms and cattle suppliers (5, 6 and 8). Accountancy firms realize that book keeping will decline, because of automation applications, and that advice will become even more important. Respondent 5 explains that they do not only focus on book keeping: *“We have a one-stop-shopping model, which means that the client for all his questions can come to us”*. The opinions about the one-stop-shopping model are divers. Respondent 12 mentioned that *“for many entrepreneurs the model is old-fashion, when they need technical or skilled advice, than they will search for someone who fits in their way of thinking”*. Also respondent 14 says that entrepreneurs find their own way to a skilled adviser, *“they want someone who knows about content and not when it comes to content that they should ask someone else in the organisation”*. Respondent 10 is aware of the move of the accountancy firms, but he does not see them as competitors, *“they are on a different market segment. It is probably more their intention to move to us, than we are going to their field, but I am really not awake of it. The market is big enough and I think that for them it is more of taking advantage of their current relationship”*.

Seven out of eight (2, 3 5, 6, 8, 10 and 17) respondents experience smaller companies as competitors on a regional level. However, they also mention that smaller companies often only focus on a special market segment or niche market which on the other hand limits the level of competition. This can be illustrated with two quotes *“We sometimes make use of IIC, but then we choose them outside our region, otherwise we would compete ourselves”* (respondent 6) and *“IIC do small projects, so we do not experience them as inconvenient”* (respondent 10). Besides that, respondent 3 mentioned that the internal concurrent is much bigger than smaller companies, because clients will try to solve the problem themselves. Respondent 7 does not experience the IIC in the market, *“I think that as an IIC it is really difficult to achieve something in the market”*.

For smaller companies competition is on two levels: ICC and larger companies. In general they do not experience them as competitors. This can be illustrated by a quote of respondent 1: *“On the one hand IIC are not seen as competitors because they have a specialist focus, on the other hand big companies have a more generic focus, so we do not experience them as first line competitors”*. Only respondent 4 feels some competitiveness of larger companies: *“Sometimes you know on forehand, that you will not be the ‘winner’ and that they only use you to lower the price”*.

Also independent individual consultants do not experience larger companies as competitors. Respondent 14 says: *“I do not even know who my competitors are. On forehand the entrepreneurs make the decision for certain work method of certain person. We are active within the region and are a small company, entrepreneurs do like that. I think that is the reason why I do not feel larger companies as a competitor, because entrepreneurs decide on forehand to go for a smaller company or a larger organisation”*. Respondent 14 and 15 call their competitors even colleagues: *“We know each other and some mutual respect, should be correct. We know each other, if we should both make a mess of it; we were already out of the market”*. The respondents mention to have all different accents, so that does not clash. In order to meet the overall goal for the clients, we sometimes have to work together; this is mentioned by respondents 2&4.

All respondents experience the market as ‘big enough’. Respondent 13 supports this by the following quote: *“I suppose I shan’t lose any sleep over that of the ICC and neither do I. Sometimes you notice*

each other, but the market is big enough". Respondent 7 confirms this: *"There is no fight in the market, the demand for advice is bigger than the supply of advice"*.

Four out of 8 (6, 7, 8, 10) respondents of larger companies mention that for an ICC it is difficult to keep his knowledge up to date. They often miss certain knowledge, as a consequence of frequent changes and adjustments. It is often in depth and extensive, so that they can not handle it (6). To maintain and reach the desired quality and certificating of their services they should connect themselves to networks to work on their development (8) Respondent 7 emphasize this: *"I think that it is difficult, as ICC, to arrange something in the market. Your expert knowledge should walk in front of you and should be covered by a trademark. To find quality, the trademark is important for farmers"*.

Contrasting opinions are heard on the side of the smaller companies. All independent individual consultants mention that they have no problems on the quality aspect, but they can imagine that larger companies have some advantages on the training aspect. Respondent 15: *"I am a qualified member of the association; I have a certificate of qualification and study points. That is my formal guarantee, but when you ask me of my clients ask for it? They never ask for it. I do not have the feeling that entrepreneurs select advisers if they are a member or not"*. Complementary, respondent 13 states that account managers of larger organisation have maybe their certificates, but furthermore have no notice of what is going on in the market. They have no specific focus and are inadequate informed about the real situation.

6.2 Structure

Five out of eight larger companies (2, 3, 6, 7 and 17) are organised a business unit of a larger concern. Those companies experience advantages of the larger organisation by having extra knowledge available or a joint (printing) office. The other side is that respondent 7 also has to deal with the rules of a larger organisation and has two labels, which can be used on the one hand for expertise and on the other hand to promote their independent advice. The remaining other larger companies organise their consultancy services as a staff function. The smaller companies are partnerships or independent individual consultants (one-man businesses).

Six out of 8 (2, 5, 6, 7, 8, 10) larger companies make use of a relationship manager or client advisers or coach in combination with an expert or specialist. This means that the coach can be a generalist, with a focus on process. For more specific topics he can refer to a specialist. Respondent 8 support this by the following quote: *"Relationship managers have regular contact with their clients, they have a notice function. First they have to get de question clear and then they contact the specialist"*. In order to arrange this *"every adviser is also educated as coach"* (respondent 7). The idea is that the client can go to one organisation and within the organisation they have all specialisations. This is brought to the market as a one-stop-shopping model (respondent 5). Respondent 7 mentioned that all advisers have a certain quality, when the adviser is aware of the fact that a colleague is really a specialist on a certain topic he will ask his colleague. Respondent 3 has a different way of working, he is an expert, but also sells his own work; this makes him also a relationship manager.

In 7 out 8 (2, 3, 5, 6, 7, 8, 17) companies, advisers are subdivided per sector or specialisation. Only company 10 gives a different classification. For those 7 the agricultural sector is not a specific

department. Colleagues from different fields, who are interested in the agricultural sector, join the regular meeting. It is organised like a matrix structure. The respondent is positive about this: *“An advantage of this is that we can combine specialized knowledge with sector knowledge”*.

In 5 out of 17 (1,7, 8, 12, 17) companies there is a clear distinction between junior and senior advisers, e.g. respondent 7 says that ‘a junior should always ask a senior’ . One small organisation hires only experienced consultants: *“Within the company we only work with experienced consultants. When you start with young advisers you also need time to guide them. Our clients expect a high level of advice (12)*. This time aspect is also mentioned by respondent 11. In 5 out 17 (2, 3, 10, 11, 17) companies, the distinction, between junior and senior, is within the activities and has a payment function. An additional 2 other companies (4 & 6) make no distinction between junior and senior *“sometimes a junior knows even more about the subject”*. In company 6 the focus is on the development of junior employees, respondent 6: *There is no (external) education to learn the world of consultancy, your position within the organisation depends (mainly) on your age”*.

Dependant of the position of the respondent, his activities include company visits, office hours, further development of the company and guiding study clubs and more acquisitions activities. Respondents of smaller companies emphasize the importance of networking. Within the market ‘*out of sight, out of mind*’ is clearly present (13). Also respondent 10 emphasizes that *“it is important to be in a network, because than you become aware of the actual importance of the field”*. Seven respondents (2, 7, 9, 12, 13, 14, and 15) are active within study groups or network meetings. Respondent 2 is the facilitator of the network and paid by subsidies. For the respondents it depends on the activity if they ask money for joining network meetings. Independent individual consultants believe that they will always get ‘something out of it’ and will not ask money for these activities. Ten out of 17 (1, 4, 5, 6, 7, 8, 10, 11, 14 and 16) respondents find that their function and activities is representative for what other companies do. Respondent 5 mentioned that their activities are similar with others, but the concept of the relationship manager is unique in the Netherlands. Seven out of 17 (2, 3,9, 12,13 15, 17) mention that their function is not representative for what other companies do. As respondent 2 mentioned: *“We have much more direct contact with clients than other companies”*. And respondent 13 says that he can spend more time on a specific task, because he does not have to justify everything to his boss.

Most senior advisers have a process oriented approach of working. However, this depends on their experience and competences. Respondent 1: *“Not everybody has the desired competences to work in a process oriented manner”*. Often there is a ‘question behind the question’. When this is clear, the consultant can refer to someone who is a specialist on a certain topic. All respondents mention that a junior adviser should start on content. Respondent 8 explains this: *“The biggest pitfall for junior consultants is to directly give answer to the question. During the process a mismatch develops between the adviser and the entrepreneur. During your career, you develop yourself into a consultant focussing on content or process (or coach). There are also experts who are not able to work with an entrepreneur are an intermediary person is necessary”*. The respondents mention that experience and having a network is really important (10, 13).

Respondents 1 and 10 emphasize that all employees have authority and responsibilities on their own level, one has to prove himself. In addition respondent 4 mentioned that if you are good, it does not

matter where your position is in the organisation and respondent 10: *“The quality of the quote is more important than the position in the organisation”*.

6.3 Strategy

Three out of 13 (3, 4, 5) respondents think they should focus more on knowledge exchange between the different departments, as mentioned by respondents 4 & 5: *“The disciplines are like islands, they should share more, by doing this they can serve the overall goal”* and *“we work in teams of 2 people to stimulate knowledge exchange and continuity to the client, besides that we have only a work meeting, and that’s it! We should do more!”* Respondent 10 states that is not always useful to supply employees with knowledge *“employees gain more knowledge when it is demand driven in stead of supply driven, it is important that you have a good internal system in which you can find the necessary knowledge.”* This is exactly the point of attention mentioned by respondent 3: *“We have a lot of knowledge, but it is not always clear where we can find it, we can/ should improve this”*. To overcome this problem respondent 17 explains that there are persons within their organisation, responsible for a knowledge base. In contrast to respondent 10, respondent 7 believes there is never enough exchange of knowledge between employees.

Respondent 6 believes that the value of advice is mainly within people, you should invest in them, by offering (internal) training components, and you will commit employees to your company. Three out of eight (5, 7 & 8) companies provide external opportunities to expand their knowledge. Respondent 5: *“The company offers many possibilities to keep knowledge up-to-date, it is well organised”* and also respondent 8 mentioned that courses are well organised. We are members of the association, and we want to keep our quality and certificate.

Besides the external opportunities all respondents (except IIC) have a regular work meeting and extra meetings on specific topics. When they experience that the desired level of knowledge is not reached, they search for external opportunities. For example in company 12, not all employees are a member of the association of agricultural business advisors, but some of them are. They can provide the other employees with new input from their meetings with the association. Respondent 4 mentioned that they should spend more time on external learning.

Four out of eight (6, 7, 8, 10) respondents mention that for small companies and ICC it is difficult to keep their knowledge up-to-date. They often miss certain knowledge, as a consequence of frequent changes and adjustments. It is often in depth and extensive, so that they can not handle it (6). To maintain and reach the desired quality and certificating of their services they should connect themselves to networks to work on their development (8) Respondent 7 emphasize this: *“I think that it is difficult, as ICC, to arrange something in the market, your expert knowledge should walk in front of you and your services should be covered by a trademark. Entrepreneurs want quality and a trademark guarantees the quality”*. The training possibilities can be an advantage of working within a larger organisation. Respondents of smaller companies admit the importance of up-to-date knowledge, for that reason they are very active within their own network and go to training sessions. As respondent 14 says: *“I make a consideration: what does it cost and what does it deliver. I dare to state that consultants of big companies have another motivation. They do not make the consideration, but only*

think it seems interesting en maybe I should just go". Contrasting opinions can be identified about the label. Respondent 7 states: "Entrepreneurs find a label very important". In contrast, respondent 15 mentions: "I am a qualified member of the association. I have a certificate of qualification and study points. That is my formal guarantee, but when you ask me of my clients ask for it? They never ask for it. I do not have the feeling that entrepreneurs select advisers if they are a member or not".

The respondents mention that things can be arranged very fast, because of the flat size and informal working method. Besides that in the management team is also active in the field en they know the (current) situation (Respondent 2).

All respondents mentioned that their focus is not to offer low prices and standardised user friendliness. Respondent 4: "Within our company we never give extreme low prices, because we have to stay profitable". Consultants mention that nothing is standard, every person is different and every problem is different, but there is always a certain red thread. In many projects you recognize certain topics, which come up at every client (respondent 5). Respondent 8 mentioned that there is sometimes discussion about the balance between time and availability: "What to do when you have a client with kind of similar assignment. If you start from the beginning, it becomes more expensive. Maybe we should do some more things standardized, but the individual assignment is always leading". Also respondent 3 find that they could do their activities more standardized, "after three times we have implemented something, we think that we should think about something new, while it does not matter for the client, he just want to have his problem solved".

Within the companies the development and implementation of new products or services receive neutral priority. Respondents of smaller companies are not always in the possibility to develop new things.

For all respondents the strategy is focused on a long term relationship with the client. It is important to be interesting for your clients. Respondent 6 explains that "existing clients receive high priority". Within the long term relationship aspect also a financial factor plays a role. Respondent 4 says: "We try to realise balance between the energy we put in and the added value of the client", and respondent 7 mentioned that they also have to get paid: "We can not work with people who do not want to pay for expertise, than we simply do not match".

14 out of 17 companies follow a strategy that is determined by demand in the market. The respondents mention the importance of reacting on needs and wants of the field. As respondent 2 says: "It is important that you make/ implement something what a farmer can handle". Respondent 10 mentioned that: "It is important to know what is going on in the market and as an organisation you should adapt on this. The so- called 'shopping bell' goes not automatically. You should be in the field to know what is going on. When you are in the network, people know you exist and know that you are interested. Clients have good experiences or heard good stories from others. This will finally result that clients return or come to you". We are focused more outside → in, this does not mean that we are not reactive, but more the collection of signals and give meaning on it.

Only 3 out of 17 (5, 6, 17) have a strategy that is inside→ out. Respondent 6 explains this by the following: *“Because we are doing many projects, we walk against some problems and therefore we realise them, we have our expertise, or not, and when we are confronted that we do not know it, we will improve”*.

6.4 System

All respondents mention that there is frequent contact with colleagues and supervisors. Communication is most of the time face-to-face, besides the ‘normal’ work meeting, and often there is an open-door policy (2, 4 and 6). Some companies do have flex possibilities, where others have fixed places. Employees differ and this is also results in the degree of contact and communication.

6.5 Functional ambiguity

All respondents receive task, - as well as process oriented questions. The respondents experience that clients often start with a direct question. Often there is a ‘question behind the question’, and clients have difficulties to exactly define their problem, it then turns out to be a more process approach. Respondent 7: *“When you give directly answer to the question, you come into the field of responsibilities”*. The respondents experience that clients are not always aware of their own problem (1), walk against something (7), or they know that they have a question, but the exact formulation of the question is not yet clear (6). As respondent 10 emphasizes the importance of getting into conversation. You can explain what you have done in other sectors and they will think about it.

Besides this 5 out of 17 respondents (3, 5, 6, 13 & 14) mention that their clients have an expertise question. This can be either the result of their own interest (and dependent of the educational level (5 & 14) or a consequence of external circumstances or rules. Often clients have a repeating question, that is not exactly the same question, but they ask you again for activities/ questions.

The respondents (2, 3 & 13) state that making use of a process oriented approach, depends on the client and his question. As respondent 3 mention, when you develop a more relationship with your client you can come more to process. As a result you will receive more content based questions (6). The surplus value for the consultant is that a process oriented approach makes it easier to get into a conversation, which will often lead to new assignments. Respondent 2, 4 and 7 let the clients give answers themselves. He finds that consultants should work more in a process oriented manner, because sometimes opportunities are not used. When clients do not see the added value of the consultants, he always asks a question back. Respondent 10 does not agree with this approach, he mentioned that: *“There is always a certain degree of process inside a project/ assignment, but the clients’ main interest is on content”*. Respondent 8 confirms this: *“Entrepreneurs do not like it when it is only process oriented; an adviser also has to deliver something on content and directly see the result”*. Respondent 3 mentioned that they are not asked to just join and think about something new, this in contrast to respondent 14 who is asked when clients have an idea, but do not know how to reach that.

All respondents emphasize that it is important to define tasks, responsibilities and goals in a comprehensible way. Clients need a clear overview of what should be done and what will be the deliverables.

Eight out of 17 respondents (1, 4, 6, 7, 8, 10, 13, 15) work with a proposal or order confirmation. This mainly includes a clear overview of what should be done. By working together there is always a certain degree of trust (4 & 6). It sometimes happens that afterwards clients do not agree with the end products/ deliverables. This can be the result of miscommunication or changes in the environment. To overcome this, it is important for consultants to react on changes very fast, to be proactive. It also happens that clients, after the proposal, to do it themselves or ask a competitor, who can deliver the deliverables cheaper. After a while they are coming back, because than it has not the desired quality (3).

For standard assignments the consultants can tell their clients on forehand what will be the costs. Sometimes this is not possible, then an action plan is plan and the clients sign an order confirmation. Within this agreement there is always a certain degree of trust. The costs will then be calculated by hours * price. Two companies have a different approach to calculate the costs. In company 8 every minute is written down on the clients' account. Payment in company 3 is on a fixed fee basis, "it forces you to come somewhere".

"Service is nothing more then the management of expectations, when their question is answered, they have no problems to pay for it", stated by respondent 4, 7 & 15. Respondent 6 and 10 have sometimes discussions about payment. This can be the result that the end product did not match with the expectations. Often there have been, during the process, some more problems with the client. Three respondents (7, 8 & 11) mentioned that the clients not have problems to pay for the time advisers spend on the table, but to pay for the hours made on the office. To overcome this, respondent 8 explains: "Within the financial service you have clearly show your activities to receive compensation for it".

Three out of 17 respondents (3, 13 & 15) mention the importance of linking people to each other. Respondent 3: *"Clients do like it if they are (also) part of our network; we also connect them to others. It is not always possible to get something commercial out of it. For us it is more volunteer / love work". "You can not always charge that, but I could spend a year with it"*. Respondents 13, 15 believe that you will always gain something out of it. "It is the idea of when you do something for them you will also get something back".

6.6 Funding paradox

On the question which approach is the best for a long-term relationship, all respondents have an outspoken opinion! There must be a so-called 'click' between the entrepreneur and adviser, although quality is still number 1! (15) The last 5-7 years price is becoming more and more important. Clients want advice of a certain person, and for which company he is working, that is not of importance for the client (12, 14). Respondent 7 describes 'the click' with the following metaphor: *"It is not that every doctor fits with this patient, a patient searches his own doctor"*. Respondent 12, *'Finally it is all about the person who is sitting on the other side of the table of the farmer, he is the person who should connect the client. Clients trust the adviser and our way of working'*. Respondent 13 mentions that the client is decisive. This means that the clients' question is the starting point. The most important is that

there is trust between client and adviser, often this trust can be reached by showing them that you are interested in them.

For almost all respondents it is important to have an open (working) relationship. Respondent 1 does not want to create a dependent relationship: *“We give them the information that they can go further”*. But he is also aware of the fact that he could sometimes play it smarter, on the other hand he is also afraid of losing his client. When you are not open, someone else will tell all the knowledge to your client. Respondent 3 says: *“You can tell them everything; you will always be the expert”*. However, sometimes respondents try to solve the problem by their own, mentioned by respondents 4 and 10. Two respondents mention that clients are aware that they can not solve the problem themselves and that they come back for the expertise (1). Or they make a conscious decision to board it out, because their focus is on their own ‘key quality’ (4). They really like it when you are proactive and come up with new ideas (5, 6 and 10). When you are involved with your client, they will come back.

6.7 Neutrality paradox

All companies pretend to deliver good quality and competent advice. Smaller companies find themselves more creative than larger organisation. Respondent 6 mentioned that they probably are strictly organised.

None of the respondent is associated with another organisation or institution. The organisation of respondent 7 is a daughter company of a larger organisation. They have two labels; the field knows it which raises no problem. Respondent 10 mentioned that for the client it is important that there is an important name on the research or paper. *“When the paper is written by a serious company, there is no doubt of it”*.

Four respondents (1, 10, 13, 15) mention that the client is the person who makes the decisions. This is explained by respondent 1, who mentioned that: *“we will not shut our p. (mouth) up, we say what we want, but it still the decision what the client does with our advice and respondent 15 who says: “The client have to make the decision himself, but we work in a way that them make up their own conclusions, this means that our questions are guiding”*. Respondent 13 mentioned that account managers of larger companies often have the idea that they have to decide for the client/ entrepreneur.

About the neutrality respondent 10 said: *“If the principal asks me to be positive about a product, then I will be positive, but I have to real find it. Besides that it is important to be transparent, a third person should understand your position”*.

13 out of 17 companies are privately financed. It happens that the client receives a subsidy and with this subsidy the client pays the consultant.

1 foundation (9) is public financed.

3 out of 17 (1,2,16) companies are as well public as private financed. As respondent 1 mentioned that this combination fluctuates per year, this year many things are public financed.

6.8 Future expectations

The agricultural sector changes and becomes more complicated. The respondents expect that the number of agricultural entrepreneurs will decrease (in size); this will also mean a decrease in the number of advisers. The other farms will increase and that there will be more advisers on one farm. More advisers will give more opinions, and this will not always improve the process. Not only the sector is changing, also the entrepreneurs change. One of the respondents mentioned: When they (=entrepreneurs) change, you also have to change, otherwise your out! The client expects a higher level of advice. Some advisers will only be able to stay in the market, when they sell their advice in combination with another service or product, i.e. cross-selling.

Respondents of larger companies believe that smaller companies, including IIC, should be more focused (2 & 6) and/ or that some IIC will return to a large company. In contrast, respondents of smaller companies and IIC emphasize that they have a lot of work and their expectation is that, in the future, this will not change.

7. ANALYSIS AND DISCUSSION

This chapter gives answer to the research question: What are the most important differences and similarities within the intermediary group? Within this chapter the results from the interviews will be analysed in combination with the literature. For reasons of convenience, during the analysis, the order of the interview questionnaire is used.

As mentioned in the previous chapter the respondents can be subdivided in two groups: independent individual consultants (IIC) & smaller companies (≤ 15 fte) versus larger companies (> 15 fte). The first group includes 9 out of 17 respondents. The second group includes (the remaining) 8 out of 17 respondents. The terminology concerning adviser or consultants are both used. Although both terms have the same meaning, the terms are not used unambiguous. The term adviser fits better according to many of the clients.

7.1 Structure

The divisional structure groups each organisational function into a division. This can be a group of people working on the same product, in the same area, with similar customers, or on the same processes (Schermerhorn, 2005). This divisional structure is found in most of the larger companies and organised as a partnership (2, 3, 6, 7 and 17). Within two companies the employees are organised per sector. Three companies made the decision for a partnership because they want to deliver extra services to their clients in order to gain market share. A disadvantage of this structure could be that it does not support the exchange of knowledge between employees, because parts of them are working in one division and the others are working in another division (Van Dam & Marcus, 2007). To overcome this disadvantage there are regularly horizontal and vertical meetings and the respondents emphasize the importance of networking.

From the larger companies concerned, the greater part makes use of a matrix structure (2, 6 and 7). In here, specialists from several departments are put on a specific described project. These specialists spend part of their working time on the project and the remaining time on their 'normal' work (Van Dam & Marcus, 2007). This matrix structure is applied by using the combination of relationship managers and experts. Remarkable is that other large companies (5, 8, and 10) also use this combination. The relationship manager function is organised as a staff function, apart from their core-business (5&8). They call it the one-stop-shopping model (more about this further on). Company 10 provides a different classification, employees are not organised per sector, but per specialisation. Specialised colleagues, interested in the agricultural sector, join sector oriented meetings and estimate what could be their added value in a project. Respondent 10 explains the added value of making use of a matrix structure: *"An advantage is that we can combine specialized knowledge with sector knowledge"*. In total 6 out of 8 larger companies make use of this combination. The other two companies (3 & 17) combine the relationship manager function with an expert role.

Smaller companies make use of a functional structure. Within this group, employees have similar skills and perform similar tasks (Schermerhorn, 2005). The owner starts alone or with a former

colleague or friend. As the activities expand the owners will hire other people with similar skills or different expert knowledge. These smaller companies grow in an organic manner. When companies grow, the owners try to get more structure into the company, for example by making use of a functional or matrix structure. Smaller companies organise themselves as a network organisation. This structure depends strongly on market mechanism. The connections of this network are an organised set of relationships among autonomous or semi-autonomous work units. Moreover, their goal is to deliver a complete service or product to the customer (Mintzberg et al., 2003). As stated in literature, networks can have several dimensions with many differences e.g. size of network and tightness of relationships (Van Geenhuizen & Soetanto, 2009). The relationship between an adviser and a client must be seen as a direct tie, where competences and skills are shared and knowledge and innovation performance are stimulated (Ahuja, 2000a). However, the number of other actors an adviser can reach in the network through its partners and their partners is known as an indirect tie. The results demonstrate that an indirect tie is used when a relationship manager refers to an expert. Remarkable is that the respondents of smaller companies also try to offer a one-stop-shopping service, however then it is based on their (personal) network. Smaller companies build a one-stop-shopping service at the level of their network. According to theorists with an embedded organisation perspective, companies should build up more cooperative relationships with key companies in their environment (De Wit & Meyer, 1999). It is therefore notable that respondents of smaller companies mention the one-stop shopping service as old-fashioned. However, the theorists also mention that the companies should give up part of their independence. In practice, companies will not give up their independence and therefore cooperative relationship should have a certain degree of flexibility. Moreover, clients expect independent advice and search for an adviser who best fits with their working method. This can be illustrated with the following metaphor: *“Not every doctor fits with his patient; a patient searches his own doctor”*. The identified need for independent advice and a disagreement on the established working method, including rules, of their former employer are the main reasons for employees to start their own company (7 out of 9).

It is inherent to the size of the organisation if a distinction is made between junior and senior advisers. Only 5 out of 14 companies make a clear distinction between junior and senior advisers (1, 7, 8, 12 and 17). Being senior or junior mainly depends on competences and experience. A relationship manager is often a senior adviser. An expert can be a junior as well as a senior and mainly depends on the personal wish of the senior adviser. The respondents agree on the fact that a junior does not have the experience to guide a client. First of all juniors should focus themselves on content and develop themselves as an expert, later on competences for guiding a client can be developed. The distinction between junior and senior advisers does not influence contacts between colleagues. This is confirmed by respondent 10: *“The quality (ability) of the quote is more important than the position in the organisation”*. However, experience is needed to guide a client. Often in larger companies more possibilities exist for the development from junior to senior than in smaller companies. On the aspect of engaging junior or senior advisers, respondents of smaller companies differ in opinion. On the one hand respondents mention the time limitation to guide junior advisers, while on the other hand respondents emphasize the advantage of internal practice of junior consultants. Respondent 8 explains the development from junior to senior adviser: *“The biggest pitfall for junior consultants is to directly give answer to the question. During the process a mismatch develops between the adviser and the*

entrepreneur. Within your career, you develop yourself into a consultant focussing on content or process (or coach). You also have expert employees; they can only work with an entrepreneur when there is an intermediary between."

The importance of networking is emphasized by respondents of both larger and smaller companies. Networking includes participation and guiding of study groups and/ or network meetings, moreover the respondents can and will act as a facilitator. The facilitators' task is to help participants in gaining self insight by asking them guiding questions. Experts mention that it is not possible to function both as a facilitator and as an expert. However, payment for these activities mainly depends on the one individual who is asking or the time he spend on an activity. Mainly respondents of smaller companies consider guiding study groups and/ or network meetings as a service to their current clients and as a commercial activity to acquire new clients.

7.2 Strategy

Corporate centres seem to have a positive impact on the control of core competences, which can lead to the leverage of their special knowledge and expertise. As stated in the literature corporate centres can achieve better beneficial control on business and better resource allocation through the access to internal information. It is believed to be the best central core for a multi-business company (De Wit & Meyer, 1999). As mentioned above the business units are organised as partnerships and serve an overall goal. This comes down to the core-competence perspective. Therefore, the conclusion can be drawn that on corporate level companies emphasize synergy over responsiveness.

The respondents are satisfied with the degree of knowledge exchange between employees and/ or divisions. Moreover, respondent mentioned the importance to keep each other informed, as it will create an added value for your clients and thus create synergy. Respondents of two larger and one smaller companies mention that within their company there should be more attention towards knowledge exchange. As respondent 5 mentioned: *'The disciplines are like islands, they should share more. By doing this they can serve the overall goal'*. Two respondents mention that it is even more important to know where in the company you can find the desired information, for example by using a database. A database can provide the employee with the necessary information for a specific task or project. The employee receives the best result in short time. Beneath this, knowledge exchange should be more demand driven instead of supply driven. Moreover, three respondents mention the importance to invest in your employees by offering them the possibility to follow external courses based on their wants.

Advisers believe that every client and every consult is different. An adviser always needs to take into consideration to what extent he wants to develop something new and charge costs for this. All respondents state that when delivering good quality, there should not be a financing problem. In order to deliver this good quality, an adviser should keep his knowledge on high level. As a consequence respondents of larger companies emphasize the importance of courses and certificates. Moreover, their expectation is that smaller companies have difficulties to maintain the high quality level. Respondent 7 emphasize this: *"I think that it is difficult, as ICC, to arrange something in the market, your expert knowledge should walk in front of you and should be covered by a trademark. To find quality, the trademark is important for farmers"*. However, respondents of smaller companies state the opposite. Respondent 15: *"I am a qualified member of the association. I have a certificate of qualification and*

study points. That is my formal guarantee, but when you ask me if my clients ask for it? They never ask for it. I do not have the feeling that entrepreneurs select advisers on the basis of they are a member of the association". The fact that this is primarily mentioned by respondents of larger companies might have to do with the fact that they see smaller companies as competitors.

Larger companies follow a customer intimacy strategy or differentiation strategy. As the literature states the customer intimacy strategy means that the company sells the customer a total solution (Treacy & Wiersema, 1995). Larger companies offer clients by making use of the one-stop-shopping a total solution. When connecting the client to their company, they offer them the service within a closed network. Cohesion theorists believe that closed networks stimulates the access to information (Allen & Taylor, 2005). It is important to create an advice which is well understood and applicable for the client. Moreover, it is more important to be proactive in terms of thinking about relevant services for your client. However, most respondents do not have the intention to bring new products (or services) to the market. The client wants to get his question answered. He does not expect a complete new company, but a well running company.

Smaller companies follow an operational excellence strategy or cost focus strategy. As the literature states operational excellence means that a company provides the customer with reliable products or services at competitive prices, delivered with a minimal difficulty or inconvenience (Treacy & Wiersema, 1995). Smaller companies should benefit from the fact that price is becoming more important. While at the same time they realise that they are not able to serve the whole market. Research has led to the important insight that building networks with a large number of indirect ties may be an effective way for actors to enjoy the benefits of network size without paying the cost of network maintenance associated with direct ties (Burt, 2001). The results of the interviews show that this insight is also perceived by respondents of smaller companies. Smaller companies should identify their qualities, focus on a niche market and understand the importance of having a network. Moreover, the focus should be a differentiation strategy with independency and flexibility as key quality.

A proactive attitude will result in a long term relationship with your client. On the one hand it is important to stay aware of what is going on in the market, on the other hand be aware of your qualities. When a company lacks the desired qualities, it should find these qualities among cooperating partners. In accordance with literature, it is stated that companies by linking up complementary partners can add value to the company (De Wit & Meyer, 1999; Batterink et al., 2010). This can be grounded by the following quote of respondent 6: *"Because we are doing many projects, we have to cope with problems and therefore we realise that, we have our expertise, or not. And when we are confronted that we do not know it, we will improve"*. If you develop something a client is not interested in, the client will go to your competitor.

In sum, managers of these companies believe that the starting point of strategy formulation should be their own environment and therefore can be identified as more outside → in then inside → out.

7.3 System

The way communication is put into practice does not depend on the size of the company. In larger companies as well as in smaller companies a wide span of control is used. In the literature a ‘wide’ span of control indicates that the manager supervises many employees. Flat structures have wider spans of control and fewer level of management (Stacey, 2003). The respondents mention that their companies make use of a flat structure. Moreover, advisers have their own autonomy and have the possibility to work independent. The number of times colleagues have contact vary from daily informal contact to once a week or even a monthly formal meeting. Next, there is also a distinction in horizontal and vertical meetings. The respondents mention that communication is often face-to-face and in both directions. A distinction in junior and senior advisers has no negative influence on the communication system. Literature shows that too much communication degrades the quality of information exchange between departments (Fisher et al., 1997). Respondent 10 confirms this by stating that: “*knowledge exchange should be more demand driven instead of supply driven*”.

Table 7.1 Summary classification based on qualitative research

Group → Hard elements ↓	Systemic intermediaries 	Traditional consultants Larger companies (>15fte) 	Traditional consultants Smaller companies (incl. IIC) (≤ 15fte) 
Structure	<ul style="list-style-type: none"> ▪ Functional Structure (b) ▪ Virtual organisation (a) ▪ Network Organisation (c) 	<ul style="list-style-type: none"> ▪ Divisional structure ▪ Strategic Business Unit ▪ Spin-off ▪ <i>Matrix structure</i> 	<ul style="list-style-type: none"> ▪ Spin-off ▪ Community of Practice ▪ <i>Functional structure</i> ▪ <i>Network organisation</i>
Strategy	<ul style="list-style-type: none"> ▪ Core competence perspective 	<ul style="list-style-type: none"> ▪ Portfolio perspective ▪ <i>Core competence perspective</i> 	<ul style="list-style-type: none"> ▪ Core competence perspective
	<ul style="list-style-type: none"> ▪ Outside → In (a, c) ▪ Inside → Out (b) 	<ul style="list-style-type: none"> ▪ Outside → In and inside → out 	<ul style="list-style-type: none"> ▪ Inside → Out and Outside → in
System	<ul style="list-style-type: none"> ▪ Flat structure (a, b, c) 	<ul style="list-style-type: none"> ▪ Tall structure ▪ <i>Flat structure</i> 	<ul style="list-style-type: none"> ▪ Flat structure

On the basis of the qualitative research Table 7.1 was adjusted to the theoretical summary as described in Table 2.1 (page 28). In Table 7.1 these adjustments are clarified in two different ways. The assumptions on group two (traditional consultants), which have proven to be wrong, are plotted in table 7.1. The on basis of the qualitative research found extra characteristics are marked with the *in italics*

The classification is illustrated by Figure 7.1, by making use of a continuous scale. The different groups are rate by placing a mark at an appropriate position on one line that runs from one extreme of the variable to the other (Aaker & Day, 1990).

Structure: Larger companies are generally organised in a traditional organization structure, shaped as business units or divisions. The prevalent structure is the matrix structure. Relatively, smaller companies make more use of contemporary organisation structures. The smaller companies often act as network organisations. On the element of structure, the research confirms that smaller organisations show more similarity with systemic intermediaries then larger companies do.

Strategy: Eventually it was thought that larger companies have a portfolio perspective. However, the qualitative research proves that larger companies can also have a core competence perspective. Considering the element of strategy, the larger companies show similarity with the systemic intermediaries on a corporate level.

On the business level smaller companies can have a more outside → in perspective then expected. This results in more similarities with systemic intermediaries (b & c). The research results also indicate that larger companies are aware on the importance of possessing own knowledge. This implies a small shift in the direction of the inside → out perspective. As a result larger companies show more similarity with innovation consultants and entrepreneur networks and less with portal sites.

System: In sum, all companies claim to have a prevalent flat structure, in contrast to what was expected. The respondents have mentioned that it is important for employees to know where they can find the right information in the company. Relatively speaking, larger companies have a taller organisation than then the other groups.

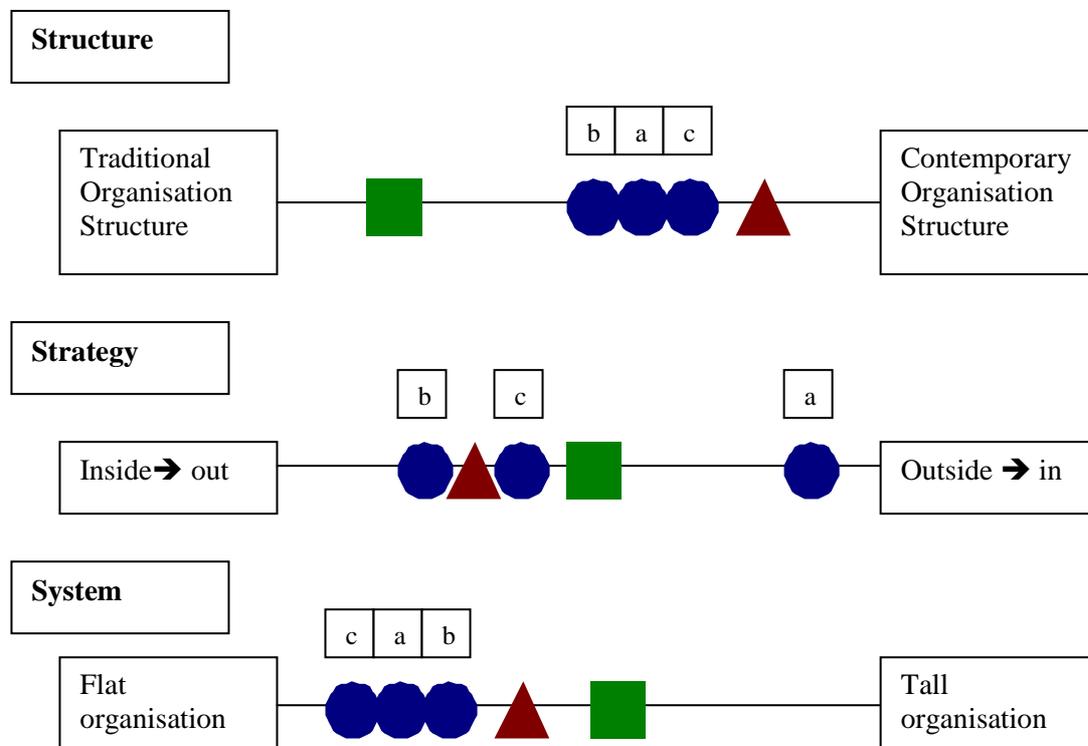


Figure 7.1 the position of intermediary group compared to each other after qualitative research (own elaboration)

7.4 Functional Ambiguity

Functional ambiguity can be described as one the one hand guiding the client through the process but on the other hand not solving his problem, while he does have to pay for it. Traditional consultants do not have problems with this ambiguity. When guiding the client through the process, it is important that the adviser shows his expertise and gives the client more self reflection. The adviser should help the client to get his question answered.

A consult mainly focuses on identifying the '*question behind the question*'. By making use of advisers the real problem becomes clear. Respondent 2 emphasizes the importance of working with a process oriented approach: "*When not working with a process-oriented approach, you will gain less insight in the situation of the client and miss opportunities for the client*". By directly giving answer to the question, you enter the field of responsibilities. It is important to inform your clients about the steps in the process, as a consequence clients will better understand the outcome and see the added value of the adviser in the process "*The best compliment is when the assignment carried out, seems logical for the client*" (respondent 7). This can be interpreted as a client who has been well guided through the process. The respondents mention that clients not only want a process -oriented approach, but also want to receive the expertise of the adviser: "*It is important to show your expertise, otherwise clients do not see the added value and will not pay*". However, it is important to make clear agreements about tasks and responsibilities by using an action plan. A client will pay the bill, when his question is answered and his expectations are met. Further distinction can be made between a client who exactly recognizes his problem and a client who is interested in getting more knowledge on a specific topic. These clients are often entrepreneurs who have a high education level and/ or who are focused on innovation, for these clients, the adviser should be a soundboard.

In order to solve the problem of the client, it can be useful to link clients to other actors in the field i.e. network formation. In here consultants have an intermediation function. Although network formation can also be fulfilled as a side rather than a core activity (Howells, 2006), the literature indicates that in recent years there has been a rise in the number of intermediaries who concentrate exclusively on network formation. However, the results show that consultants increasingly know where to find other actors and link their clients. Larger companies developed the relationship manager function, by making use of indirect ties, they will refer to an expert, and the function seems to become obsolete. The respondents experience network formation as a service to their clients, moreover it is not always possible to charge for it. This can be illustrated by the following quote "*Clients do like it if they are (also) part of our network; we also connect them to others. It is not always possible to get something commercial out of it. For us it is more volunteer or love work. You can not always charge that, but I could spend a year with it*". Bessant & Rush (1995) refer to this work as 'missionary work'. Network formation must be seen as a side rather than a core activity. Despite referring clients to other actors, work is guaranteed. This can be illustrated by the following quote: "*It is the idea of when you do something for them you will also get something back*". It may be presumed that network formation is most present in complex advices.

7.5 Funding Paradox

The funding paradox includes that by solving the clients' problem, he will not longer need your consultancy services to help him. This means no long term relationship (commercial interest). Traditional consultants do not experience a funding paradox. In contrast, they focus on an open working relationship. By showing your expertise a client will return again later.

The respondents are convinced that it is really important that there is a so called 'click' between the client and adviser, this will enhance trust. According to Uzzi (1997) trust is necessary for the sharing of proprietary information. However, quality is still number one and also the financial part becomes more important. As an adviser one needs to show openness. In line with earlier studies, issues like trust, transparency and openness become apparent (Uzzi, 1997; Batterink et al., 2010). This can be confirmed by a quote of respondent 3: *"You can tell them everything; you will always be the expert"*. Even when your knowledge turns into information, you will be the expert and the client will ask you to come back for a new (related) question. Moreover, clients invite an adviser for his expertise. Together with a proactive attitude and involvement, which corresponds with demand articulation but also with innovation process management, a client will normally return to the adviser later on and results in a long-term relationship. The client prefers to focus on his core business and hires an adviser when having a problem or additional tasks to get done. Some clients decide to do it themselves. It often turns out that the client is inexperienced to solve the problem himself and will come back to the adviser. Alternatively the client runs on and still needs the expertise of the adviser to check.

7.6 Neutrality Paradox

The neutrality paradox deals with neutrality regarding individual interests. All respondents claim to be neutral and always try to find the best solution for the client. It is reasonable to think that traditional consultants have a bigger self interest, but there is no evidence from the interviews to support this claim.

A client makes on forehand the decision to go for a larger or smaller company. Mainly smaller companies aim to be neutral and deliver independent advice and have not other interests then delivering an independent advice to the client. It is important to be transparent to your client, but it seems to raise no problem if an adviser works for a larger or smaller company. Larger companies focus mainly on the quality aspect and emphasize the importance of an important name. A critical note can be placed by the one-stop-shopping model of larger companies. The question if you have the best person to solve your problem can be taken in doubt. Consultants will first try to solve the problem themselves or within the own company, while smaller organisations refer to an external partner who has the best qualities to solve the problem. The portal site of a traditional consultant can have both demand and supply functions for entrepreneurs in terms of knowledge or product exchange. At the same time a portal site is an important acquisition method for companies. Entrepreneurs have no problem with the fact that these sites are often connected to a company.

All respondents state that their advice is consultative and the client has to make the decision. By showing their expertise, the advisers guide their client to the solution, so there is a certain degree of steering. Respondent 1 mentioned that he is disappointed when the client does not follow his advice.

Respondent 13 is sceptical about the consultative advice of larger companies. He has the idea that account managers of larger companies decide for the client.

Most companies are privately financed and sometimes paid out of a subsidy the client receives. The financing aspect is not of influence for the neutrality paradox.

Tabel 7.2 Summary classification of challenges based on qualitative research

Group →	Systemic intermediaries	Traditional consultants Larger companies (>15fte)	Traditional consultants Smaller companies (incl. IIC)(≤ 15fte)
Aspect ↓			
Functional ambiguity	Task oriented approach (a, c) and process oriented approach (b). By describing their tasks, in theory no problems with functional ambiguity (a, c), practice could be different (b).	Changing from task-oriented to process-oriented approach. Evaluated by clients as task-oriented. <i>Consultants should show their expertise, while guiding the process. When a clients' question is answered and his expectations are met, the client will pay his bill. The reputation of the consultant and company plays an important role in the valuation of the service</i>	
Funding paradox	On one hand tackling the gaps in the knowledge market, and on the other hand creating an 'essential' position. No funding paradox (a, c) Funding paradox (b)	No funding paradox. Traditional consultants can solve concrete requests and guiding the process. <i>Consultants have an open work relationship with their clients. By showing your expertise a client will return again later.</i>	
Neutrality Paradox	Due to the financing aspect it is not always possible to stay neutral. There is a neutrality paradox (a, b, c).	Based on reputation traditional consultants should be neutral. In practice consultants have a great self interest. There is a neutrality paradox. <i>No evidence that there should be a neutrality paradox.</i>	

On the basis of the qualitative research Table 2.1 was adjusted to the theoretical summary as described in Table 3.1. In table 7.3 these adjustments are clarified in two different ways. The assumptions on group two (traditional consultants), which have proven to be wrong, are plotted in table 7.3. The on basis of the qualitative research found extra characteristics are marked *in italics*.

The classification is illustrated by Figure 7.2, by making use of a continuous scale. The different groups are rate by placing a mark at an appropriate position on one line that runs from one extreme of the variable to the other, yes means that an ambiguity or paradoxes exist and no means that an ambiguity and/ or no paradox does not exist (Aaker & Day, 1990).

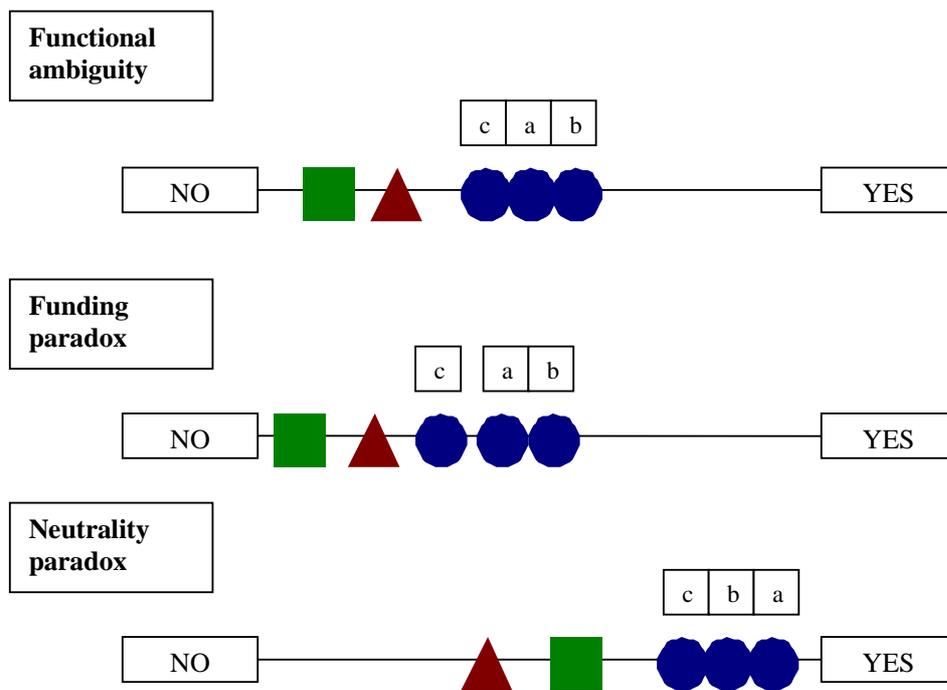


Figure 7.2 The position of intermediary group compared to each other after qualitative research (own elaboration)

Functional ambiguity → Traditional consultants make clear agreements about tasks and responsibilities by using an action plan, even when their approach is process-oriented. For this reason, they have a prevalent task-oriented approach compared to systemic intermediaries. When guiding the client through the process, it is important that the adviser shows his expertise and gives the client more self reflection. The qualitative research has indicated that advisers should help their clients by answering their questions. Both larger and smaller companies do not or in a limited extent have to deal with functional ambiguity. This in contrast to the earlier presented functional ambiguity in literature. The results of the qualitative research show no clear difference between the level of ambiguity between smaller and bigger companies. On the other hand it is expected that bigger companies fulfil tasks in a more traditional way.

Funding Paradox → Traditional consultants believe that by showing your expertise a client will return again later. For systemic intermediaries the funding paradox is more present.

Neutrality paradox → It is assumed that smaller companies have a high level of neutrality. Smaller organisations more often refer to an external partner who has the best qualities to solve the problem. This referring enhances their neutrality. Based on reputation, larger companies are expected to have a high level of neutrality. There is no evidence that there should be a neutrality paradox. The portal site, out of the systemic intermediaries, is not included in the empirical part of this study. Therefore it is placed on the same position as earlier mentioned. This research has shown that portal sites of traditional consults are a useful medium to supply information to entrepreneurs. The fact that portal sites are not neutral is no obstacle for entrepreneurs in using them.

To conclude, the empirical data verify the classification of the literature study. Systemic intermediaries deal most with the ambiguity and paradoxes. Relatively speaking, both larger and smaller companies seem to have no problems with the challenges.

8. CONCLUSIONS AND RECOMMENDATIONS

This chapter gives answer on the research question: What is the size distribution and what are the opportunities for traditional consultants? The answer will meet the objective of this research namely to identify the size distribution and the opportunities for traditional consultants in the agricultural sector. The classification is made on the basis of differences and similarities of the intermediary group and can be found in the previous chapter. In paragraph 8.2 the recommendations for traditional consultants are described.

8.1 Conclusions

This paragraph gives answer on the research question 1 and 2.

Q1 What is the size distribution of traditional consultant?

The research does not supply a complete insight in the size distribution for traditional consultants. The research does show a clear distinction between larger and smaller companies, but does not explain their share on the total market. Generally the market for consultancy companies is described as big enough. Clients have all different needs and wishes for advice. Within larger companies' consultancy is organised in a division or as a staff function, offered in combination with cross-selling. Larger companies generally make use of the one-stop-shopping model. Larger companies have agencies all over the Netherlands and are able to do projects for larger clients or institutions. Smaller companies are of interest for clients who prefer a regional company and shorter lines. However, larger companies pretend to have short lines. In order to offer the client the one-stop-shop model, companies organize themselves as a network structure. Owners of smaller companies often prove to be ex-employees of bigger companies.

Q2 What are the opportunities of traditional consultants?

The structural changes, as described in the introduction, have consequences on the strategic decisions of the entrepreneur. On the one hand entrepreneurs can decide to stop their businesses and as a consequence the number of entrepreneurs will decline. On the other hand the remaining entrepreneurs will have bigger and more complex firms. Besides that, the educational level of the entrepreneur is higher then before. A decline in number of firms means also a decline in needed advice, but large and more complex firms need more advice. This implies that the number of advisers on one firm increases and that the level of advice becomes more advanced.

There are five opportunities distinguished for traditional consultants. Two of the opportunities focus on both larger and smaller traditional consultants. From the other three opportunities two can be assigned to larger traditional consultant companies and one specific to smaller companies.

Opportunities for both larger and smaller traditional consultancy companies:

- The entrepreneur wants the traditional consultant to be a soundboard for his ideas. According to the entrepreneur the consultant should have a proactive attitude in order to realise opportunities for the firm.
- Secondly it is important to have an open relationship. Clients will return when a consultant shows the expertise he has.

Opportunities for larger traditional consultant companies:

- The changing market asks for more complex advices. The larger companies can help to realise this by offering the entrepreneur the possibility of a one-stop-shopping-model. In this situation the entrepreneur only has to deal with one relation manager who is able to connect him with experts on specific subjects. The entrepreneur can maintain focus on his own core-business.
- Another opportunity for bigger companies lies on the aspect of knowledge management within the organisation. The exchange of knowledge is of crucial importance and therefore the core competence perspective is recommended. Larger companies seem to have the best testimonials in order to meet the high knowledge level. Employees often get opportunities to follow courses and quality can therefore be guaranteed. The entrepreneur expects a high knowledge level.

Opportunities for smaller traditional consultant companies:

- Smaller companies need to identify their key qualities and focus on a niche market. This gives them the possibility to meet the high knowledge level. Besides this smaller companies can find opportunities in network building to offer all knowledge. The network should have a function similar to the one-stop-shopping model. For smaller companies networking is of high importance for their continued existence.

8.2 Recommendations

This paragraph describes the recommendations for traditional consultants.

- This research has shown that portal sites are a useful medium to supply information to entrepreneurs. The fact that portal sites are not neutral is no obstacle for entrepreneurs in using them. A portal site can be a very useful tool for acquisition.
- For larger companies it is recommended to recruit a person that is responsible for knowledge management within the company. An example of knowledge management can be the development and maintenance of a database. Although this construction might also fit for smaller companies, budget limitations of smaller companies probably make it more interesting to implement it as part of an existing function.
- Smaller companies are strongly recommended to become members of several networks in order to keep up knowledge levels.

Recommendations for further research

The present study has a number of potential limitations. First, it should be noted that the elements to classify the intermediary group may not be conclusive. Other elements like the soft elements of the 7S-model have been overlooked. Secondly, most interviews are conducted with managers, due to company policy and/ or time pressure. Their way of answering questions might be influenced by their position within the company. For a more complete overview, people in several functions should be asked. Thirdly, the outcome of this study could be context specific and vary between different regions and different institutional settings. An area for further research can be to compare consultants from different regions and/ or divided per sector e.g. animals or seeds. Fourth and final, it is mentioned by respondents to have an independent study towards the opinions of entrepreneurs about the delivered services of the consultancy companies.

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Reference list of the figures used in this research

Cover picture 'klompen' obtained from www.webwinkelwiki.nl/demo2/img/33/2572.jpg 04.03.2010

Figure 2.1 7-S model based on Van Dam & Marcus (2007)

obtained from www.vectorstudy.com/.../img/mckinsey_7s.jpg on 10.08.2009

Figure 2.2 functional structures based on Schermerhorn (2005)

obtained from <http://sameh.wordpress.com/2006/05/13/a7/> on 10.08.2009

Figure 2.3 divisional structures based on Schermerhorn (2005)

obtained from <http://sameh.wordpress.com/2006/05/13/a7/> on 10.08.2009

Figure 2.4 matrix structure based on Schermerhorn (2005)

obtained from <http://sameh.wordpress.com/2006/05/13/a7/> on 10.08.2009

Figure 2.5 generic strategies based on Porter (1988)

obtained from charliealfred.wordpress.com/.../ on 10.08.2009

Figure 2.6 value disciplines based on Treacy and Wiersema (1995) obtained from

www.mfinley.com/experts/treacy/treacy.htm on 10.08.2009

APPENDIX I QUESTIONNAIRE

- Introduction of the research and interviewer
 - Ask for permission for making use of a tape recorder
 - Inform respondents about further steps
 - Emphasize that the results are exclusively for scientific purposes
1. Can you describe the company you are working for? (*Think about the structure of the organisation, the goals, mission of the organisation and the number of employees working for the organisation and/ or the department*)
 2. Can you give an indication of the number of players/ competitors on your market? (*Think about the number of companies and the number of people involved/ working for in this market*)
 3. You have indicated the size of your market. If we consider the market as a 100% segment, then what is the share of your organisation in this expressed percentage? (*think about the number of people working for your organisation and the turnover obtained*)
 4. Can you indicate the number of clients your organisation has? Who are the most important clients and what makes them so important? (*Think about the number of projects or the turnover that a single client brings upon. Beneath this distinction can be made between currently important clients and clients are considered as important over a long term period*)
 5. Can you indicate your most important competitors and why you consider them as so important?

Structure

This part of the questionnaire includes questions about the structure of the organisation.

6. Can you describe your job description? (*Think about your position within the department or organisation you work for and your responsibilities/ tasks*)
7. Are there any people working within the department/ organisation who have the same job description or have the same responsibilities?
8. Is your job description representative compared to the one of colleagues within other organisations?
9. Considering a process orientated way of working. Can you indicate the percentage of time you are indeed working process orientated? (*In percentage of your total workforce*)
10. Can you give an indication of the number of people (fte) within your department/ organisation that work with a process oriented approach? (*Make distinction between the number of people and the number of fte. Besides that the average of the whole department/ organisation is required*)
11. Can you indicate whether there is insight considering authorities and responsibilities? (*To what level do your authorities reach?*)
12. Can you indicate on what level decisions that have a direct impact on your work are taken? (*What are your possibilities to take initiatives on your own behaviour?*)

Strategy

This part of the questionnaire includes questions about the strategy of the organisation.

13. What are the priorities of the following aspects within the organisation?
 - 13.1 Stimulate learning and exchange of knowledge within the organisation (for example between departments)
 - 13.2 Top management stimulates fast decision making
 - 13.3 Low prices, standardized users comfort.
 - 13.4 Being the first to introduce new products/ deliveries/ services on the market.
 - 13.5 Strategy focused on long-term relationship with the client
 - 13.6 Organisation strategy depending on market questions

System

This part of the questionnaire includes questions about the system of the organisation.

14. Face to face contact/ communication with manager
 - 14.1 Face to face contact with colleagues
 - 14.2 Communication mainly in a written form
 - 14.3 There is easy access to the manager, the company has an open-door policy
 - 14.4 During meetings there are possibilities for discussions

The second part of the questionnaire is about the challenges intermediaries have to deal with. The following questions will provide insight how consultants deal with these challenges.

15. With what type of question you are approached by the client? (Within this it is about a process oriented question and/ or a question based on content)
16. To what matter you are approached with a clear knowledge question? (It is about a direct question/ answer approach)
17. What is your opinion about a process oriented approach for answering the clients' question? Can you please explain this? (*Think about the added value for both client and consultant*)
18. To what extent appointments are set about your tasks and responsibilities? (*Is there for example a contract/ personal appraisal or are appointments made by worth of mouth*)
19. To what extent clear objectives are formulated before an assignment (*Think about gaining results*)
20. Which approach results in the most long-term relationship with your client?
21. How do you make sure the client returns in to you in the future? (*To what extent do you show your clients the steps and do you allow mistakes of the client*)
22. Can you describe the position of your company in the market? (*Think about possible interests*)
23. What is your reputation by clients (*Do they connect your company to university, but you can also think about binding or consultative advice*)
24. How is your payment organised? (*Public or private financed*)

Thank you for your time and valuable information.