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# Internal Branding in the Virtual Web

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Recruitment and communication processes in  
SyNet

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## ABSTRACT

Title:	Internal Branding in the Virtual Web: Recruitment and communication processes in SyNet
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Keywords:	Virtual web, virtual organization, internal branding, communication, recruitment process, net brokers
Thesis Purpose:	This thesis aims to explore to what extent internal branding efforts foster the level of understanding necessary to allow a brand to act as the uniting force of a virtual web.
Methodology:	This is an exploratory qualitative study conducted from an interpretive perspective.
Theoretical Perspective:	Previous research concerning virtual organizations / virtual webs is combined with literature on internal branding to provide a theoretical basis.
Empirical Foundation:	The empirical basis is a case study of a virtual web in the management consultancy industry. Interviews compose a bulk of the empirical material, but some documents were provided by the case company.
Conclusion:	Focusing on recruitment can establish a baseline for brand understanding, but refined communication processes are necessary to facilitate the level of understanding required to encourage web members to actually support the brand (consequently allowing it to act as the glue that holds web members together).

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# 1 Introduction

Since the early 1990s, the concept of the “virtual organization” has received much attention in both business press and academia (Reinicke, 2010). In just two decades, coincident with the explosion of the internet and the worldwide availability of computers, these adaptive and flexible organizations have proliferated. Goldman et al (1995) list several reasons for this: increased global competition (due to the ability to source and sell worldwide), enhanced technology, and an increased ability for product customization. In addition, Pang (2001) notes that several *organizational* trends have contributed to the phenomenon; they include more telecommuting, outsourcing (so that companies can focus on core competencies), and the development of strategic partnerships and alliances that are intended to increase competitive advantage and gain new customers. These advances have effectively altered the competitive landscape and have prompted companies to adopt more flexible forms of organizing.

However, despite the numerous reasons for its development (and the consequent attention it has received), the virtual organization remains a difficult concept to characterize. One cannot find a common definition in the literature, and authors frequently cite a variety of differing criteria and attributes that qualify an organization as “virtual.” At least one common theme, however, is the fact that these organizations are temporary in nature, made up of several firms that join together to exploit a single market opportunity and then promptly disband once the project is complete (see Byrne, 1993; Franke, 2002). The fleeting nature of these organizations poses many questions, namely with regard to how they function. In addition, one has to wonder why there are not more “permanent” forms of virtual organizing.

Goldman et al (1995) introduce the concept of the “virtual web,” which is a collection of pre-qualified firms that join together to constitute a pool from which various virtual organizations can form. One can see how this is a particularly strategic and advantageous setup: if partners are pre-qualified, it means that they have been selected based on complementary competencies. It also engenders a certain level of quality control and allows a sense of trust to develop among members of the web, since they will most likely work together over the long term as various market opportunities require. But is there some other force that holds this web together?

To the casual observer, our case company (SyNet) appears to be a global leadership development and consulting organization with business offices located worldwide. SyNet boasts its ability to present clients with customized solutions, locally adapted to any culture. Those interested

in purchasing services are instructed to contact one of three hubs located in either the United States, Europe, or Australia. Upon further inspection, one notices that SyNet is actually composed of various small to medium-sized consulting companies located worldwide that have effectively pooled their resources under the umbrella of the SyNet name. The intent is that, when appropriate market opportunities are presented, these firms join in various configurations to address the client's needs. SyNet is, effectively, a virtual web - and these three hubs are its managing entities (net broker organizations<sup>1</sup>).

This thesis began in an exploratory manner. SyNet certainly seemed to be some type of virtual business – but how it “worked” and whether or not it was similar to any concepts found in the literature was a relative mystery. It therefore seemed appropriate to allow the empirical material to drive our results, in the sense that we formulated our research aims only after speaking with several individuals. Interviews were conducted in parallel with research in order to see if there were constructs in the literature that reflected the various characteristics that SyNet seemed to be exhibiting. Though the interviews were only semi-structured (in the sense that we had several themes we initially attempted to explore), we quickly decided to touch upon the topic of branding each time. This became our focal point because, during our first interview with one of the co-founders, we were informed that SyNet is just a “brand” – it is not actually a legal entity. We decided to explore what the members interpreted the SyNet brand to “mean” – how they explained and understood the brand and whether or not this understanding encouraged them to use the brand in their business activities.

The literature reveals that members of virtual organizations require some kind of “glue” to hold them together - something that makes them distinct rather than simply a group of projects (Pihkala et al, 1999). It seems that brand could potentially fill this role, since (among many other functions), brand has been noted to represent “a promise of consistency and quality” (Devasagayam et al, 2010). If web members share a common understanding of a brand, this could potentially serve as a uniting link that alleviates some of the difficulties associated with collaborating in a virtual environment.

However, there is little (if any) literature that discusses branding in virtual webs. We thus found it necessary to cull through the extensive literature on branding in order to find a stream of research that could be applicable to the case of the virtual web. Internal branding seemed particularly relevant, since it aims to shape employee behavior and performance (Punjaisri et al, 2008) to

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<sup>1</sup> These terms will be explained in depth in our literature review.

consequently secure employee buy-in to the brand (Davasagyam et al, 2010). SyNet's three hubs undoubtedly engaged in efforts to encourage web members to "buy into" and consequently support the brand. The literature on internal branding reveals that employers (which, in the case of the virtual web, are the net brokers) can utilize several processes to encourage brand support and commitment ("buy in"). Examples of such processes include hiring, training, and storytelling (Burmam and Zeplin, 2005).

This thesis aims to explore the extent to which internal branding efforts foster the level of understanding necessary to allow a brand to act as the uniting force of a virtual web. We address several questions with regard to this aim: which internal branding processes are particularly relevant with regard to communicating the "meaning" of a brand? What are the variables (such as organizational structure) that affect these processes (for example, organizational structure)? And, most importantly, does an understanding of the brand (or lack thereof) contribute to brand support? We would assume that brand would effectively be acting as a "glue" within the virtual web if web members are actively supporting and using the brand.

In order to accomplish this aim, we first conduct a comprehensive literature review that provides a more thorough exploration of the virtual organization and virtual web concepts. After providing this conceptual background, our review of the literature moves on to discuss internal branding and create a "space" for it within the realm of the virtual web. We do this to show how internal branding can theoretically act as an organizing process in the virtual web, in the sense that it has the ability to foster an understanding of the brand that is necessary if brand is to act as the "glue" that unites the web. Following the literature review, we discuss our methods and methodology. This section intends to clarify for the reader the ontological and epistemological underpinnings of our approach, and to explain that this is an interpretive study which aims to better understand a particular situation. Then, after providing a brief background on SyNet, we present our empirical results. Finally, in our discussion, we take a close look at the internal branding practices that SyNet engages in to determine whether or not they have assisted in developing a common brand understanding.

In the case of SyNet, we found two aspects (processes) of internal branding to be particularly relevant to the development of a common brand understanding: communication and recruitment. Due to the nature of SyNet's recruitment processes, it has been able to establish a common

understanding of its purpose<sup>2</sup>; this purpose is obviously one component of the brand. This common understanding exists because SyNet has effectively recruited members that are all very similar. In a sense, they have not “admitted” anyone who has not understood their fundamental purpose. However, the unstructured nature of SyNet’s communication processes has prevented it from propagating the kind of understanding that is necessary to encourage members to actually *use* the brand. In other words, though SyNet members understand its purpose, they do not necessarily support SyNet by utilizing its logo or materials. In this sense, the internal branding efforts that SyNet’s net brokers engage in have only been partially successful. Consequently, brand is not acting as much of a uniting force in this web.

Ultimately, however, our research does suggest that a brand can potentially act as the “glue” that holds the virtual web together. We argue that, in order to do so, the net broker organization must find an appropriate balance between the two processes of recruitment and communication. In our discussion, we present a matrix that relates these two variables with one another. We suggest that stringent recruitment processes can foster a common understanding of a brand’s purpose but that communication processes must be refined in order to promote a more comprehensive understanding of the brand – one that will encourage web members to engage in activities that support the brand. Once this kind of support is obtained, then a brand can theoretically act as the glue that holds the virtual web together.

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<sup>2</sup> Its value proposition, which will be discussed in our empirical material.

## 2 Literature Review

It is noted in the literature that the term “virtual organization” is vague (Burn and Ash, 2000; Katzy, 1998; Riemer and Vehring, 2008; Reinicke, 2010); this potentially makes it a difficult concept to analyze. A variety of conceptual terms (virtual organizations, virtual enterprises, and virtual corporations) are also used interchangeably, which certainly adds to the confusion. How can one approach the concept if there is not even a consensus on what it *is*? And, while the literature on internal branding is extensive, there is little to none that specifically addresses internal branding in virtual organizations and webs.

What follows here is a literature review that attempts to delineate a number of concepts and issues that are particularly relevant to this thesis. First, virtual organizations and webs will be described in detail. Due to the aforementioned ambiguity, it is necessary to describe several terms found in the literature to establish an adequate definitional framework for the purpose of this thesis. Next, we focus on distinguishing the key elements of these organizations that are particularly relevant to internal branding efforts. Finally, we will illustrate the role that internal branding can potentially play within virtual webs.

### 2.1 What is a ‘virtual organization’?

#### 2.1.1 Virtual organization (virtual corporation)

The term ‘virtual organization’ was first coined in 1986 (Franke, 1999), and it is widely acknowledged that the concept is rather vague and can encompass many forms (Franke, 1999; Purdy et al, 1996; Riemer and Vehring, 2008). Reinicke (2010) notes that some definitions are more inclusive, positioning the virtual organization as a trend or framework, while some are more exclusive in that they delineate the exact qualities a virtual organization should possess. Reinicke (2010) remarks that this is problematic, since it is then difficult for the researcher to know which findings using which definitions can be applicable to one’s research.

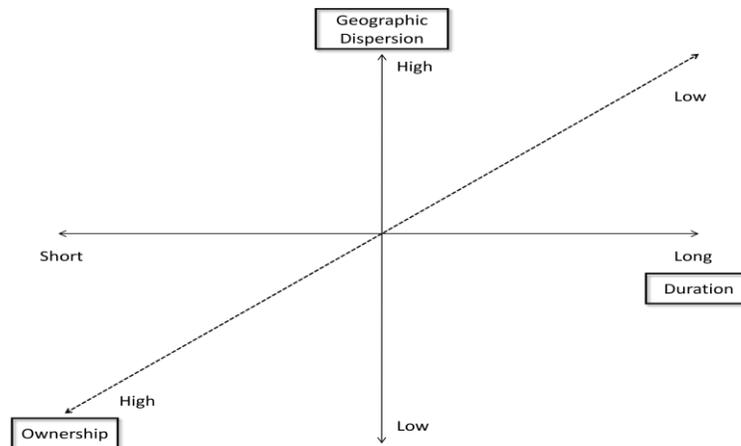
What do these inclusive and exclusive definitions look like? DeSanctis and Monge (1999) describe the virtual organization as “a collection of geographically distributed, functionally and/or culturally diverse entities that are linked by electronic forms of communication and rely on lateral, dynamic relationships for coordinating” (p. 693) - while also acknowledging that some kind of common identity needs to hold the organization together. This is obviously a more exclusive definition. Meanwhile, Franke (2002) claims that “one can constitute that the ‘virtual organization’

is a partnership network enabled and facilitated by modern information and communication technology (ICT)” (p. 2); this definition is much more inclusive since Franke makes no mention of geographical location, cultural diversity, or lateral relationships.

Alexander (1997) even draws our attention to the fact that the term ‘virtual’ is vague; it can imply either a lack of proximity (geographical distribution) or a lack of ownership (in terms of employees and assets). Echoing this sentiment, Holland and Lockett (1998) note that many authors apply the term ‘virtual’ even when there is no recognizable IT component. Holland and Lockett (1998) also remark that it is the extent to which virtual organizations believe they are a single entity (though they are composed of multiple parts) that distinguishes them from other kinds of cooperative alliances.

With so much ambiguity, it is no surprise that some academics have chosen to compile the literature in order to establish definitional frameworks for future research. Riemer and Vehring (2008) develop a three-pronged typology of virtual organizations where the distinguishing factor among them is their network structure. The first they label the *virtualized corporation*, which is essentially a single company that relies on virtual teams to bridge gaps of geographical distribution. The second they refer to as the *virtual network organization*, because this particular network is often composed of SMEs (small to medium-sized enterprises) that join together their core competencies in short-term alliances to exploit current market opportunities. The final type is known as the *virtual value chain network*, where the virtual organization is actually a “network of suppliers (or customers) of one core company that is in charge of strategy and coordination of this network. The VO [virtual organization] results from outsourcing of business activities...thus leading to the distribution of activities to a network of partners coordinated through the application of ICT” (Riemer and Vehring, 2008: p. 358). The authors go on to note that the *virtual network organization* is the most frequently discussed in the literature.

Reinicke (2010) delineates eight “Sectors” of virtual organizations that vary in terms of their dispersion, level of ownership, and duration. The figure on the following page is a three-dimensional model intended to represent these eight Sectors. For example, Sector 2 is characterized by high dispersion (geographically), low ownership (of operations and assets), and long duration (companies will work together for extended periods of time on multiple projects). The intent of Reinicke’s model is to establish three continua that allow for varying degrees of virtuality along multiple dimensions so that the various conceptions of virtual organizations found in the literature can be related to one another (Reinicke, 2010).



**Figure 1** – A framework for the research of Virtual Organizations (Reinicke, 2010)

The reader will note that the heading of this section also mentions the *virtual corporation*, and we would like to briefly address this topic. Though the concept appeared in the literature prior to the publication of their article, Byrne et al (1993) seem to be credited with popularizing the term “virtual corporation.” They define it as:

...a temporary network of independent companies—suppliers, customers, even erstwhile rivals—linked by information technology to share skills, costs, and access to one another’s markets. It will have neither central office nor organization chart. It will have no hierarchy, no vertical integration...this new, evolving corporate model will be fluid and flexible—a group of collaborators that quickly unite to exploit a specific opportunity...In the concept’s purest form, each company that links up with others to create a virtual corporation contributes only what it regards as its core competencies. Technology plays a central role in the development of the virtual corporation.

Franke’s (2002) definition is less explicit: “virtual corporations are inter-organizational adhocracies that are configured temporally of independent companies in order to serve a particular purpose” (p. 1).

We see that in both definitions, there is a common emphasis on the temporary nature of these organizations, as well as their lack of a hierarchical structure – both of which have also been mentioned in relation to the virtual organization. In the literature, the terms are used more or less interchangeably. For example, Riemer and Vehring (2008) review 58 articles when constructing their typology of virtual organizations, many of which are written about virtual corporations. This is

also the case for Reinecke's (2010) model. Therefore, for the purposes of this thesis, we assume that the terms *virtual organization* and *virtual corporation* are synonymous<sup>3</sup>.

The aforementioned models and terms have been described to show the reader that the virtual organization is somewhat difficult to quantify, but that academics have made an attempt to “pin down” the concept (for example Reinicke, 2010; Riemer and Vehring, 2008). And though a precise definition of *the virtual organization* may not be possible, a majority of the literature *does* acknowledge several common facets: they rely heavily on trust-based relationships, they are organized to exploit specific market opportunities, and they have rather dynamic organizational and communication processes. All of these will be elaborated upon later in the review, since they are particularly relevant with regard to internal branding efforts.

### 2.1.2 The virtual web

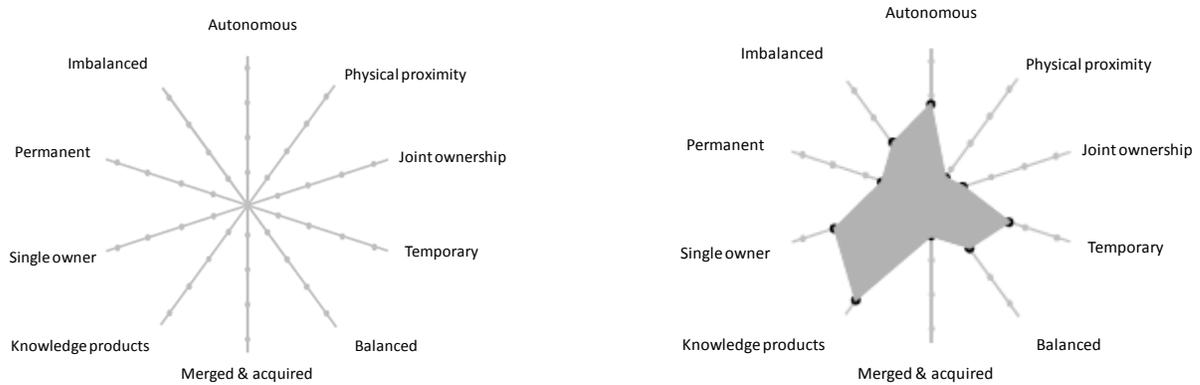
Goldman et al (1995) are credited with originally introducing the concept of the virtual web. They describe it as a “collection of pre-qualified partners that agree to form a pool of potential members of virtual organizations...For each customer, a unique combination of companies is pulled into a virtual relationship because of the distinctive requirements of that customer” (p. 220-21). The virtual web is *consequently a more permanent entity* from which any number of virtual organizations may be formed. Franke (2000) describes the web as a sort of warehouse of the resources kept by its member companies. An important clarification should be made here: while the terms “virtual organization” and “virtual corporation” are used more or less interchangeably in the literature, the term “virtual web” remains distinct in that it is the “home base” of virtual corporations (Franke, 1999).

Of course it must be acknowledged that, just as there are disparities among virtual organizations, so are there variations among virtual webs. Meijers (2002) creates a Web-positioning model to clarify these differences; noting five key dimensions (see Figure 2). The first refers to the size of revenue of each node of the web – whether it is balanced or imbalanced. The second refers to the way in which the web is grown, either by merging & acquiring or autonomously. The third refers to the duration of the web – permanent or temporary. The fourth addresses whether or not the web is owned singularly or jointly, and the final dimension specifies the type of product –

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<sup>3</sup> We will always use the term virtual organization unless we are quoting from an article that makes reference to a virtual corporation.

knowledge or physical (Meijers, 2002). An illustration of this model and an example of how a particular web might be positioned is shown below.



**Figure 2 – Web positioning model (Meijers, 2002)**

Meijers (2002: p. 144) also makes some important observations about this mode of organizing:

...Instead of focusing on shareholder value, the focus is on optimizing customer and employee satisfaction. These Webs act like a franchising umbrella to evoke a higher-level purpose that enables professionals to conceive of and do things they cannot conceive of or do independently. These Webs are multi-purposeful, allowing simple and effective clustering of individuals. If no sense is seen in an initiative, no clustering takes place...social structure is more important than technical. Critical is the free and uncontrolled flow of information as lifeblood between the entities.

Several important points must be gleaned from this. First, we see a need for some “higher-level purpose” that connects members in the web; it is not just a random association of companies, but rather firms that have joined together because they see that it provides them with a certain advantage. Secondly is the importance that is placed on social structure rather than on something more formal. We also see an emphasis placed on the free flow of information, implicating transparency on the part of member companies. The “operating environment” of virtual webs and virtual organizations will therefore be discussed in more depth later in this review.

Franke (2002) notes that the virtual web is just one component of what he calls a Virtual Web Organization. The first piece is the virtual web itself, which he conceives of as a relatively stable platform whose main function is to facilitate the formation of virtual corporations (which are the second component). The third and final component is the management organization that is responsible for maintaining the virtual web platform and facilitating the development of virtual corporations. This organization is often referred to as a “net broker” and its roles will later be described in depth.

Many terms have been mentioned thus far, so it is necessary to briefly summarize the important points that the reader should keep in mind before proceeding with this review. Table 1 provides an overview of the distinguishing characteristics of virtual organizations and virtual webs. This review will continue on to discuss the elements and problems of virtual organizations generally, but may at times make specific reference to virtual webs; the reader should therefore make note of this distinction.

Concept	Definition & Important Characteristics
<b>Virtual organization / corporation</b>	Independent entities who have pooled resources to address a particular client need <ul style="list-style-type: none"> <li>• Geographically distributed</li> <li>• Reliant upon lateral relationships but there is often a coordinator (<b>net broker</b>)</li> <li>• Coordination occurs through ICT</li> <li>• Temporary in nature – dissolve once customer need has been met</li> <li>• Can vary in terms of length of partnership, level of ownership, etc (Reinicke, 2010) &amp; (Riemer and Vehring, 2008)</li> </ul>
<b>Virtual web</b>	Pool of pre-qualified partners that join up in various configurations to form virtual organizations – which Franke (2000) refers to specifically as <b>Virtual Web Organizations</b> <ul style="list-style-type: none"> <li>• Geographically distributed</li> <li>• Usually managed by a <b>net broker(s)</b> who forms the virtual organizations based on the competencies required to address a client’s need</li> <li>• Coordination occurs through ICT</li> <li>• More permanent in nature</li> <li>• Webs can vary along many dimensions: level of ownership within the web, types of products produced, etc (Meijers, 2002)</li> </ul>

**Table 1** – Definitions and important characteristics of virtual organizations and virtual webs

## 2.2 How does the virtual organization operate?

Now that several concepts have been more explicitly described, we can proceed to an overview of the various themes and issues that surround the nebulous concept of the virtual organization. We gain this understanding by considering research pertaining to two essential questions: what are the unique characteristics of virtual organizations? And how are they managed? First, however, we will briefly describe why they form.

### 2.2.1 Why do virtual organizations form?

Since firms within these organizations can sometimes be considered competitors (Franke, 1999; Loebbecke and van Fenema, 2000), what is it that leads them to join forces in a virtual organization? The answer lies in the competitive advantage that this organizational form offers. This advantage can come in the form of access to resources (Pihkala et al, 1999; Riemer and Vehring, 2008), an increased ability to maximize flexibility and adaptability (Daniels, 1998; Franke, 1999; Meijers, 2002), and the opportunity to access new markets (Byrne, 1993; Riemer and Vehring, 2008). These companies unite to accomplish together what they cannot do alone (Franke, 1999; Meijers, 2002; Riemer et al, 2001). The concept of the virtual organization allows companies to gain clout without actually having to grow in size (Byrne et al, 1993).

### 2.2.2 What are the more unique characteristics of virtual organizations?

Before discussing how virtual organizations are managed, it is perhaps necessary to be specific about some of the more unique facets of virtual organizations. The literature points to several areas where virtual organizations differ from more traditional organizational forms, namely with regard to communication & technology, structure & processes, and the role of trust.

#### 2.2.2.1 *Communication and the role of technology*

As DeSanctis and Monge (1999) note, “the virtual organization provides a metaphor for considering an organization design that is held together, literally, by communication” (p. 694). Given that these organizations are frequently geographically dispersed, one can easily imagine how crucial the element of communication is – it is effectively all the organization “has.” DeSanctis and Monge (1999) point out that communication can become very relationship-based, noting its fundamental role in the development of trust across distance. Communication is also used to clarify goals, relationships, and responsibilities among organizational members (Grabowski and Roberts, 1999).

One can argue that communication plays such roles in *any* organization. However, there are some challenges that are more common in the virtual world, due to the heavy reliance upon information and communication technologies (ICT). DeSanctis and Monge (1999) remark that achieving communication efficacy and message understanding in an electronic mode can often be difficult. Warner and Witzel (2002) stress that communication must ensure the efficient and timely flow of knowledge, which plays a role in holding these organizations together. Burn and Barnett

(1999) further this sentiment, noting that a successful virtual organization will be one that efficiently stores and communicates knowledge. Holland and Lockett (1998) remark that an important characteristic of most virtual organizations is their high information intensity, due to the amount of coordination that is required. Since these organizations allow for multiple individuals to work simultaneously on a single project, we see immediately the coordinating role that communication plays within the virtual organization. The correct information has to reach the correct people in a timely manner.

One must pause here to reflect on an important point. Hansen et al (1999) note that there are two strategies for managing knowledge: codification and personalization. In the case of codification, “knowledge is carefully codified and stored in databases where it can be accessed and used readily by anyone in the company”; with regard to personalization, “knowledge is closely tied to the person who developed it and is shared mainly through direct person-to-person contacts” (Hansen et al, 1999: p. 107). One can argue that both occur in the case of the virtual organization. Since nearly all of the communication occurs electronically (and many develop shared databases), this implicates that knowledge is somehow codified and transferred. However, as was already noted, communication (knowledge transfer) often becomes very relationship-based in virtual organizations; this can implicate a certain level of personalization. For example, if a virtual organization does not have any kind of shared database, members must know who has what information so that they can contact the appropriate person when needed.

Regardless, ICT plays a driving role in the formation and evolution of virtual organizations (Franke, 1999; Byrne et al, 1993). To manage this vast amount of information (and to facilitate coordination), many acknowledge that a shared information system is a necessity (Meijers, 2002; Holland and Lockett, 1998; Warner and Witzel, 2002). However, Daniels (1998) draws our attention to a fundamental concern in this regard: “communication technologies do not necessarily result in improved communication; there has to be a need to communicate and a will to communicate – by both parties” (p.21). In other words, just because the ability to communicate is present (via some kind of shared platform), this does not ensure that effective communication will ensue. One has to reflect on the nuances that are potentially lost when people do not communicate face-to-face (body language, vocal inflections, and facial expressions), as well as the fact that messages can potentially be misconstrued (*inter alia* slang or the use of capital letters) (Pang, 2001).

In sum, though communication plays a role in every organization, it is of particular importance to the virtual organization. Without it, spanning the boundary between component entities would

not be possible (DeSanctis and Monge, 1999). Also, we see that it is a major factor in the development of trust and, enabled by technological advancements, serves a crucial role in the transfer of knowledge throughout the organization.

#### *2.2.2.2 Structure & processes*

Structure and processes are both very fluid and adaptive aspects of virtual organizations. Several noteworthy characteristics of the “structure” surrounding virtual organizations and webs can be found in the literature. Widely acknowledged is the fact that they almost always lack a hierarchy (Byrne et al, 1993; Daniels, 1998; Franke, 1999; Meijers, 2002), and all partners are essentially considered to be equals. While Warner and Witzel (2002) comment that this could implicate a lack of role clarity within the organization, Schreyögg and Sydow (2010) note that blurred inter-organizational boundaries actually facilitate the formation of relationships with a set of partners that constantly changes. It is also noted that the structure of the organization at any given time is determined by the current market opportunity (Katzy, 1998; Warner and Witzel, 2002), with each initiative requiring a different structure to achieve optimal results (Meijers, 2002).

As Schreyögg and Sydow (2010) note, “...flexibility has been associated with organic structures reflecting loose coupling and improvisation, whereas maintaining efficient routines is assumed in conjunction with mechanistic structures reflecting ... routinization, control, and bureaucracy” (p. 1257). Since it has already been mentioned that flexibility is an asset of the virtual organization and that its structure is quite loose, it is no surprise that processes within these organizations are consequently improvised and ever-changing. It is noted that it is not always required that cooperating companies sign any sort of contractual agreement (Pihkala et al, 1999). This implicates another important facet of the virtual organization: trust.

#### *2.2.2.3 Trust in the virtual organization*

Virtual organizations rely heavily on trust in order to function (Meijers, 2002; Franke, 1999; Grabowski and Roberts, 1999), mainly because they operate in an environment where cooperating entities are frequently dispersed and face-to-face contact is not common. Daniels (1998) echoes this sentiment, noting that the network between various parts [of the virtual organization] must be strong enough to form true links, with a “sense of shared dependence and motivation for mutual wellbeing” (p. 20). Holland and Lockett (1998) note that businesses participating in virtual

organizations are obviously willing to take risks (shared costs, etc), and trust has been hypothesized to explain this cooperative behaviour.

Franke (1999) explains one of the most important outcomes of trust by noting that a “commitment to the partnership produces a high level of motivation for all collaborating companies, which results in high quality products and services” (p. 215). If partners trust and are committed to one another, the result will be a higher quality product – which undoubtedly contributes to each firm’s overall competitive advantage. Franke (2000) also notes that a relationship that is flexible and grounded in mutual trust will allow for a rapid market response.

Loebbeck and Van Fenema (2000) make a very concrete point regarding the necessity of trust, noting that companies that partner together in these virtual organizations are often competitors. What is to prevent them from utilizing information (such as intellectual property) gained during these partnerships outside the realm of the virtual organization? Obviously there needs to be a great deal of trust in the integrity of the member firms – so how is this fostered and who is ‘monitoring’ it?

### 2.2.3 How are virtual organizations managed?

To operate, an organization requires some kind of coordinating force – and the virtual organization is no exception. However, the managerial practices are slightly different in this case. Franke (2002: p. 3, emphases added) notes that four difficulties need to be addressed with regard to virtual corporations:

1. The *search for suitable partner companies* that keep the complementary core competencies in order to design a successful value chain
2. The *organizational fit of the selected partner companies*, technologically and *sociologically*
3. The necessary *level of trust* between the partner companies in order to accelerate the partnering process, to shorten the time to market process and to reduce transaction costs.
4. The *needs for cooperation management* in order to coordinate the activities of the dispersed partner companies and to build trustworthy relationships between the partnering companies

In addition, Pihkala et al (1999) delineate several conditions for virtual organizations, one of which is that all members of a virtual organization share the view of a common business. We see then a definite need for an organizing force in this virtual environment – someone (or some firm) that moderates the recruitment of partners, facilitates trust, and communicates a coherent idea of the purpose of the organization (common business)<sup>4</sup>.

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<sup>4</sup> This role is particularly more applicable in the case of the virtual web, since some virtual corporations form on a completely temporary basis and may never work with the same partners again.

Franke (1999)<sup>5</sup> introduces the concept of the net broker to fulfill this need. On the macro-organizational level (the virtual web), the net broker assumes a supportive managerial role, initiating and administering . On the micro-organizational level, the net-broker acts as a moderator and facilitator. Though the term is singular, this does not imply that the net broker cannot be a group of managers or even an entire firm within the web (Franke, 1999).

To make the concept more explicit, Franke (2002) delineates a number of competencies that the net broker must possess, which he breaks into three broad categories: initiation of the virtual web platform, maintenance of the platform, and the formation of virtual corporations. The first competency involves tasks associated with establishing the web: creating a vision of how it will look in the future, and acting as a “trust bridge” among web members, in that they rely on the net broker to recruit legitimate members into the web. The second competency is concerned with keeping the independent partner companies together and further developing the web (searching for new partners, facilitating efficient communication within the web and moderating it, and so on). The third competency involves the net broker allocating a purpose for the formation of the particular virtual corporations (Franke, 1999; Franke, 2002). Franke (2002) divides these three main competencies into twenty-one sub-competencies that are listed in the table below.

<b>Main Competence</b>	<b>Sub-competences</b>
Initiation of the virtual web platform	Market research and business plan Development of organizational concept Search for partners Lobbying Finance Organizational & administrative structures PR, sales, and marketing Foundation of the VWO (virtual web organization)
Maintenance of the virtual web platform	Marketing and sales Search for additional/special partners Education and qualification of partners Internal communication External communication Trust/identification management
Formation of dynamic virtual corporations	Search for market Information & market opportunities Order acquisitions Dividing inquiries/orders into sub-performances Selection of project teams Order/project execution Project controlling Dissolution and accounting

**Table 2 – Three Main Competencies and 21 Sub-competencies of the net broker (Franke, 2002)**

<sup>5</sup> The term net broker has been mentioned in the literature prior to Franke. However, here we are specifically discussing the role of the net broker in the virtual web.

One has to note that, in some ways, this net broker role seems to hint at a form of hierarchy. If the web is essentially being manipulated by a central force, is this not counter-intuitive to the allegedly flat structure of virtual organizations? It is important to note a few observations in this regard. As was already mentioned, the net broker can actually be a group of managers or an entire firm. Pihkala et al (1999) note that “the broker’s role...is not that simple, since a number of participating firms may be capable of taking the broker role and thus acting fairly independently in the ‘business space’” (p. 339). That is to say that just because someone (or some firm) acts as a net broker once does not mean that they will always be assuming such a role in the formation of every virtual corporation. Warner and Witzel (2002) provide a word of caution in this regard, noting that web members must have the same level of skills and knowledge in order for them to assume a broker role, and the broker must be sure to facilitate rather than restrict the flow of knowledge.

Meijers (2002) remarks that “critical in the success of such a playing field [the virtual web] is homogeneity in interests and behavior and heterogeneity in thinking. This can only be reached with a common frame of reference, a mutually shared language to guide initiatives” (p. 147-148). Pihkala et al (1999) also note that participants must share a common view of the business. It can be inferred that the net broker is establishing this playing field of like-minded individuals, but are they also establishing the common frame of reference? If so, how are they doing it? Perhaps brand plays a role in this regard.

### **2.3 Internal branding in the virtual web**

There is little (if any) research to be found on this topic, so it is first necessary to make note of some commentary in the literature that could implicate internal branding. It is important to note that the articles referenced here refer specifically to *virtual organizations*; however, they are used to show that there is potentially a space for internal branding to act as an organizing force in the virtual realm. Pihkala et al (1999) note that there needs to be a “glue” that holds a virtual organization together and makes it distinct, rather than simply a group of projects. Daniels (1998) observes that, in order to make decisions and judgments on behalf of the organization, members need to share information and an understanding of the organization’s values and beliefs. Grabowski and Roberts (1999) comment that often a type of cultural adhesive is needed in these organizations. We therefore see a potential role for internal branding to act as a uniting glue that can represent the purpose and values that the virtual web wishes to advocate.

The concept of internal branding is particularly relevant in this case, as it aims to shape employee behaviour, performance, and values (eg. Punjaisri et al., 2008; de Chernatony, 1999), therefore securing employee buy-in to the brand (Devasagayam et al., 2010). In the case of the virtual web, individual firms assume the role of employees in traditional organizations and are the targets of internal branding efforts.

Before proceeding, it is important to acknowledge why internal branding in particular has been implicated here (versus culture or identity management). It is argued in the literature that internal branding efforts target organizational culture and the identities and values held by individual employees (Burmann & Zeplin, 2005; De Chernatony, 1999)<sup>6</sup>. Internal branding and internal brand management therefore take culture, identity, and values into consideration and may even attempt to change or influence them. De Chernatony (1999) makes an important observation in this regard: “culture exists in and through social interactions of staff” - and culture is something an organization *is* rather than *has*. De Chernatony (1999: p. 159) argues that internal brand management “is becoming culture management” and stresses the necessity of fit between a brand’s image and values with those held by employees. Burmann and Zeplin (2005) further develop this notion, emphasizing recruitment, selection, and internal brand communication as key activities in securing this fit. It seems then that internal branding is an umbrella that covers both culture and identity management. What follows is therefore a brief review of the literature on internal branding and further clarification regarding how this concept can be applied to the case of the virtual web.

### 2.3.1 Internal branding or employer branding?

Before moving deeper into the literature, it should be noted that the terms *internal branding* and *internal marketing* are used interchangeably in the literature (Backhaus & Tikoo, 2004). For the purpose of clarity, the term *internal branding* will be used in this thesis, with the exception of direct quotes and paraphrasing of authors who use the term *internal marketing*.

The field of branding is very broad and it is beyond the scope of this paper to position internal branding in relation to the entire field. Internal branding will rather be defined as an aspect of employer branding (Backhaus and Tikoo, 2004). Sullivan (2004) defines employer branding as “a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees, and related stakeholders with regards to a particular firm.” This process consists of

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<sup>6</sup> The discussion regarding the extent to which individually held values and identities can be altered and the organizational culture can be managed expands beyond the scope of this paper (e.g. Smircich, 1983) and will not be addressed.

three steps, or aspects. First is the formulation of the value proposition. The second step involves marketing this proposition, and the third step consists of the aforementioned internal branding (Backhaus and Tikoo, 2004).

Internal branding is the activity by which an employer shares brand values, promises and goals with his/her employees, ensuring they represent the brand and deliver on its promise (Backhaus and Tikoo, 2004; Punjaisri et al, 2008). The employer secures compliance on the employee side through careful hiring, training, motivation and remuneration (Devasagayam et al, 2010; Martin et al, 2005). Backhaus and Tikoo (2004) stress symbolic benefits when evaluating remuneration and motivation of the employees. These are related to the prestige ascribed to working for a specific employer and “the social approval [employees] imagine they will enjoy if they work for the firm” (Backhaus and Tikoo, 2004: p.505).

In addition to brand-related HR activities, Burmann and Zeplin (2005) introduce brand communication and brand leadership as aspects of internal branding. Brand-centered HR activities, brand communication and brand leadership are broad categories, so it best to look at the components that each is comprised of. Some of the HR practices were discussed previously, so there is no need to further elaborate on hiring, training, remuneration and motivation. Burmann and Zeplin (2005) add promotion to the aforementioned list and elaborate on hiring with regards to screening and selection; it is through careful screening and selection that organizations secure “a high person-brand fit” (p. 287).

Brand communication should achieve several goals: it should create a common understanding of the brand among employees (Burmann and Zeplin, 2005) and it should “secure people’s commitment and encourage behavioural change to support the brand” (Punjasri et al, 2008: p. 411). Burmann and Zeplin (2005) suggest two steps in developing successful internal brand communication. First, they stress the need to verbalize the brand and secondly they emphasize the development of stories and their proliferation throughout the organization. This can be achieved through both formal and informal channels to secure full engagement of employees (Burmann and Zeplin, 2005).

Brand leadership deals with the alignment of the leader with the brand that is being promoted. Two levels are considered: firstly, whether the leader supports the internal branding effort and secondly whether his or her traits fit the brand that is being promoted (Burmann and Zeplin, 2005). The term “leader” in this context refers not only top executives and/or founders of an organization but also lower managers and team leaders, who are expected to represent the brand to employees

at all levels (Burmam and Zeplin, 2005). Due to the lack of face-to-face contact among members of virtual webs communication is a determinant aspect of brand leadership.

The table on the following page summarizes internal branding activities as proposed by Burmamam and Zeplin (2005).

Brand-centred HR Activities	- Hiring
	- Training
	- Promotion
	- Motivation
	- Remuneration
Brand Communication	- Verbalization
	- Storytelling
Brand Leadership	- Leaders supporting internal branding
	- Leaders as role models

**Table 3** – Activities that result in enhanced brand commitment on employees’ behalf

### 2.3.2 Application to the virtual web

Just as employees are expected to represent the brand of their employers and deliver the company’s promises to customers ( Devasagayam et al, 2010), so are the members of the virtual web expected to represent its brand. Morgan et al (2007) discuss the implications that internal branding has for partner firms in business-to-business networks, concluding that the reputation of the focal firm is at stake whenever a partner firm interacts with a customer. Morgan et al (2007) position the focal firm at the centre of the network, causing it to have direct relationships with all partner firms and the customers.

One can parallel this concept of a focal firm with the net broker of the virtual web. The reader will recall that the net broker essentially sits at the centre of the web, and is responsible for managing the synergy that is achieved by the coordination of members’ resource and knowledge bases and the collaboration of partner companies in virtual corporations (Franke, 2000). And, returning to the competencies mentioned by Franke (2002), we see that the net broker is responsible for initiating the virtual web platform, part of which entails developing an organizational concept. One can argue that this concept embodies the values, promises, and goals of the web, therefore implying that the net broker engages in internal branding to communicate the web’s message to current and potential members. We can also assume that it is of the utmost importance that this message (brand) is appropriately received by members of the web so that it can be

faithfully reproduced – lest the reputation of the entire web suffer as a result of one of the partner’s actions (referring back to the issue that Morgan et al (2007) address).

### *2.3.2.1 Potential issues*

One of the main issues when applying the internal branding concept to a virtual setting involves the amount of control the web has over its members. Punjaisri et al (2008) discuss HR practices (recruiting, training, motivation, and compensation) in relation to internal branding, but one cannot necessarily do the same with regard to the virtual organization. The net broker of a virtual web can carefully select members and provide them with necessary training, yet he or she has limited influence over the latter two practices, and must instead rely on trust and shared understanding with regard to influencing the behaviour of fellow members.

Meijers (2002) makes an observation that is relevant in this regard. He notes that the “degree of coupling” plays an important role in the formation of a virtual web; tighter coupling implies more alignment with the web’s purpose. Conversely, if the purpose is not clear enough, then the connection will either destabilize or be lost entirely (Meijers, 2002). We can extract two important facts from this: first, participation in these forms of virtual organizing only occurs if there is some sort of relevance for the firm (alignment with purpose). Second, it appears that the purpose of the firm needs to be clearly communicated so that potential participants can judge the relevancy of the virtual organization to their business. It can be argued that a web may have more “control” over its partner firms if they are more tightly coupled with it, meaning that they find it to be particularly relevant to and helpful for their business. If participation in the web is perceived to be crucial to the firm’s success, we can assume that the web consequently exerts a form of control over the firm, causing it to act in the best interest of the web.

Internal branding can potentially play a role in the aforementioned scenario in that the message that has been communicated to potential member firms contributes to whether or not the firm chooses to associate itself with the web. The more the firm identifies with the “brand” of the web, the more apt the firm is to participate in the web and its resulting virtual corporations.

It has already been acknowledged that those who participate in the web do so because they see a benefit in partaking – the chance to seize a market opportunity. This perceived benefit can be ascribed to internal branding efforts. It is the duty of net brokers to formulate this ‘offering’ and ensure the virtual web meets these expectations. But which aspects of internal branding contribute

to communicating this offering? Prior to discussing this, let us first describe the methods and methodology used to accomplish this research.

### 3 Method & Methodology

It is necessary in any study to account for how and why results were obtained and conclusions were consequently drawn. It is also important to examine the ontological and epistemological assumptions implicated in a body of work in order to avoid a potential contradiction in theory and method (Mauthner and Doucet, 2003). This section will commence by examining the ontological and epistemological underpinnings of our methods. Following this, we will describe the methods used to obtain and analyze our data. Finally, we will evaluate our methods and comment on the limitations of this study.

#### 3.1 Ontological and epistemological considerations

Bryman and Bell (2003) note that “an epistemological issue concerns the question of what is (or should be) acceptable knowledge in a discipline” (p. 13). Easterby-Smith et al (2002) describe epistemology as “a general set of assumptions about the best ways of inquiring into the nature of the world” (p. 31). We therefore see that our epistemology relates to our views regarding what knowledge is and how we go about acquiring it. Ontology (in relation to the social sciences) is concerned with whether or not social entities are objective and have an existence outside the social actors or if they are instead constructed from the perceptions and actions of social actors (Bryman and Bell, 2003). In other words, ontology is concerned with the assumptions that we make about the nature of reality (Easterby-Smith et al, 2002) – is there one concrete and objective truth or is “the truth” subjective?

In their influential article, Morgan and Smircich (1980) create a continuum between the objectivist and subjectivist approaches to social science. Put simply, the former assumes the existence of a concrete, observable reality while the latter considers reality to be socially constructed. There is a gray area between the poles and it is the duty of the researcher to appropriately situate him or herself along this continuum - and to be aware of the implied ontological and epistemological assumptions of one’s respective position. Cunliffe (2010) furthers this argument by reframing it as a matter of choosing among three “problematics” – intersubjective<sup>7</sup>, subjective, and objective. Before detailing the implied assumptions of each, she notes that the problematics have a “shifting and fluid nature – as a multiplicity of connecting ideas and approaches with permeable and transient boundaries across which lie overlaps, tensions, and incommensurabilities” (Cunliffe, 2010: p. 7). Clearly this is not a matter of one’s position being

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<sup>7</sup> As this problematic is not particularly relevant for our research, it will not be discussed in depth.

either black or white; distinctions between one end of the spectrum and the other can be blurred and confusing.

Our empirical material is composed almost entirely (aside from the website and several documents provided by SyNet) of the opinions and thoughts (interpretations) of our interviewees – their sometimes overlapping and sometimes dissimilar “realities.” Our semi-structured interview method was therefore very much in line with a social constructionist approach, where “‘reality’ is determined by people rather than by objective and external factors...The focus should be on what people, individually and collectively, are thinking and feeling...” (Easterby-Smith et al, 2002: p. 30). Cunliffe (2010) echoes this sentiment, noting “subjectivist ontologies are usually associated with interpretive approaches to social constructionism, where multiple realities are experienced, constructed, and interpreted in many ways” (p. 10). We are consequently positioned as mediators of meaning between our object of study and the academic reader (Cunliffe, 2010).

It must be acknowledged that we as researchers were never passively absorbing the information given to us by our interviewees. Our aim was to gain a better understanding of SyNet, so we were actively interpreting the information given to us by the interviewees throughout the research process. We were hoping to understand what they perceived to be “going on” in an effort to see if there were any constructs in the literature that might be similar to SyNet. Obviously we see a break away from positivism here; rather than attempting to prove a hypothesis, we were attempting to grasp more subjective meanings (Bryman and Bell, 2003).

Since we were attempting to interpret and understand, an important component of our methodology was hermeneutics. As Alvesson and Sköldbberg (2009) note, “the main theme in hermeneutics has been that *the meaning of a part can only be understood if it is related to the whole*” (p. 92). This is most easily represented by what is referred to as a hermeneutic circle, where part (located at one pole of the circle) and whole (located at the opposing end) spiral eternally into one another. It is therefore the goal of the researcher to continuously interpret how the *part* being observed relates to the overall *whole*. In this sense, we compared the parts (individual interviews) to the overall whole of our empirical material to decipher similarities and discrepancies as we proceeded with our research. This was an iterative process that occurred throughout the course of the study.

Alvesson and Sköldbberg (2009) make an important observation regarding a key assumption of hermeneutics: that the part we are observing has the ability to tell us something about its whole, and that we as the hermeneutician are endowed with the role of “divine interpreter of the

unearthly truth and harmony hidden from ordinary mortals” (Alvesson and Sköldbberg, 2009: p.139). This statement warrants further consideration with regard to how we positioned ourselves as researchers in relation to our empirical material. According to Alvesson and Sköldbberg’s quote, it almost seems that we as researchers assume we have the ability to distance ourselves from the material in order to identify and discuss what we feel are the “hidden truths” contained in individuals’ statements. Easterby-Smith, Thorpe, and Lowe (2002) bring up an important counterpoint in this regard, namely “the recognition that the observer can never be separated from the sense-making process means that researchers are starting to recognize that theories that apply to the subjects of their work must also be relevant to themselves” (p. 34). It is important to acknowledge that we had a role in the creation of this “data” and therefore cannot truly divorce ourselves from its context and claim to have some higher, more objective understanding.

Instead we acknowledge that our particular background knowledge and academic frameworks influenced how we approached the material (Alvesson and Kärreman, 2007). Both of us come from different academic, cultural, and professional backgrounds, and this facilitated our attempt to be reflexive when analyzing our data. As Alvesson (2003) describes, “Reflexivity...stands for conscious and consistent efforts to view the subject matter from different angles and avoid or strongly a priori privilege a single, favored vocabulary” (p.25). He goes on to say that multiple interpretations should be developed in order to produce more varied results. This is particularly relevant with regard to our analytical process.

One final observation must be made here. Since the structure for our analysis was initially derived from the data itself – meaning the data was systemically analyzed to tease out themes, patterns, and so on (Easterby-Smith, Thorpe and Lowe, 2002) – we acknowledge that our empirical material and the resulting conclusions contained in this thesis may not have much relevance outside of their specific context. It is for this reason that we do not aim to formulate a generalized theory, but rather intend to understand what we think is “going on” within the particular context of the case company (SyNet).

### **3.2 An abductive approach**

The case company (SyNet) was chosen due to a personal connection on behalf of one of the researchers; she worked with the company for two years prior to returning to graduate school. This project was actually inspired by a lack of understanding on her part; even after two years with

SyNet, she was still unclear as to “what it is” and “how it works,” and was curious to see how the members and affiliates interpreted and consequently described their relationship with SyNet.

The empirical material for this research was obtained through nine semi-structured interviews that took place over the course of several months. The interviews were conducted and recorded over Skype, transcribed, and later thematized for further analysis. Interviewees were either founders of SyNet, full-fledged members, or affiliates (meaning they had not paid a membership fee), and interviews lasted between 30-60 minutes. The individuals were located all over the globe: America, Germany, Italy, Australia, Mexico, India, Switzerland, and the Czech Republic. One could argue that there is much to be said for the depth that field research and in-person interviews could have provided. We were only able to *hear* what the interviewees “thought” and could not physically be in the office to see whether or not what they said and what they did coincided. However, we were consequently able to experience firsthand what it is like to communicate in the virtual environment; this undoubtedly influenced the way that we interpreted our data.

In addition to the interviews, SyNet provided us with several documents. These included a Power Point presentation from one of the recent global meetings, and several lists of trainer competencies. We also reviewed SyNet’s website.

We utilized two semi-structured interview “guides” during the course of the project: one for the co-founders and one for the members and affiliates. Questions were very broad in nature, ranging from “Please tell us about your background” to “Can you describe how SyNet ‘works?’” These guides served merely as a means for keeping the conversation flowing and were usually not even referred to, since we wanted to refrain from “setting an agenda.” We attempted to touch on similar themes each time, but questions were repeatedly formulated during the interview process based upon interviewee responses; this allowed for emergent topics to be explored both during that interview and those conducted in the future. We sought to have a dialogue with the interviewees – one that centered around their interpretations of SyNet’s purpose, processes, use of the brand, and so on.

Five interviews were conducted in tandem (both researchers present) and four were conducted by one of us alone. All interviews (save for one, which was conducted in Czech) were led by the researcher who had previously worked with SyNet, mainly because she knew all of the individuals personally and had already established a rapport with each. While her background knowledge of SyNet facilitated a stronger understanding of participants’ responses, her fellow researcher’s relative naiveté prompted him to ask questions that exposed knowledge that was potentially taken

for granted on behalf of both the interviewee and the other researcher. Participants' opinions and thoughts on these particular subjects were therefore elicited instead of assumed, thus reinforcing the fact that we wanted to focus on *their* multiple interpretations and reflections.

The initial aim of this study was to obtain a better understanding of what SyNet is and how it functions. We were not setting out to explore any particular phenomenon ahead of time, but rather were interested in what topics and ideas might emerge during our interviews. The hope was that we would encounter something puzzling or unexpected that could potentially become the focus of our research (Alvesson and Kärreman, 2007). The empirical material therefore held a central role in this study, since it was through the acquisition and interpretation of this material that we ultimately formulated our research question.

### 3.3 Being reflexive

We engaged in what Easterby-Smith, Thorpe and Lowe (2002) refer to as *grounded analysis*, where "...the researcher goes by feel and intuition, aiming to produce common or contradictory themes and patterns from the data, which can be used as a basis for interpretation" (p. 117). After transcribing the interviews, each of us (individually) went through the documents thoroughly to identify themes within the data. We created broad categories and coded the material according to each category. Afterward, we met in several sessions to discuss how we had each coded the material. This is where reflexivity entered the picture, since both of us approached this project with different levels of understanding (with regard to SyNet) and differing backgrounds (Alvesson and Kärreman, 2007). There were frequently instances where we disagreed on how the information should be categorized and consequently spent time defending each of our respective positions. This ultimately caused us to challenge the assumptions we made when initially interpreting the material. Reviewing the transcripts multiple times also allowed for more exposure to the material, and more chance for reflection.

Throughout the various stages of coding, we conducted research in order to find theories and constructs in the literature that were relevant to our subject matter. We therefore took an abductive approach, one that alternated between theory (neutralizing, reframing, dialectics) and practice (interviewee accounts) (Cunliffe, 2010) – all in an attempt to make sense of what we interpreted to be happening. We see again a return to hermeneutics: we drew ourselves close to the *part* by examining and categorizing the empirical material and then withdrew to compare how it

did and did not relate to the theoretical *whole*. And, as we engaged in this process, our understanding of SyNet continuously evolved.

### 3.4 Evaluation of methods

With any research, one must evaluate methods and results. While the natural sciences rely on reliability and validity to do so, many qualitative studies instead choose to focus on the credibility of their data and conclusions. Alvesson and Sköldbberg (2009) delineate a number “of criteria for the evaluation and interpretation of data” (p. 108), which they refer to as *source criticism*. A source is “any entity that can provide the researcher with knowledge of a past event” (Alvesson and Sköldbberg, 2009: p. 108), and the four major criteria of this method include authenticity, bias, and distance and dependence.

Authenticity is concerned with “whether or not the source *is* a source” (Alvesson and Sköldbberg, 2009: p. 108). This research assumes that everyone interviewed was sincere in their intentions and did not wish to manipulate the data; we assumed we were receiving “honest opinions.” Bias, on the other hand, is concerned with whether or not the informant is consciously or unconsciously skewing the information (Alvesson and Sköldbberg, 2009). As Alvesson and Sköldbberg (2009) also note, “one should not accept a single piece of information with a possible bias, but always try to complement it with information representing the opposite bias or with information from (relatively) neutral sources” (p. 109). In this regard, we spoke with not only the founding members of SyNet, but also some who were less engaged with the entity (ie affiliates who had gotten no additional business through their association with SyNet). We tried in this sense to incorporate as many perspectives as possible to eliminate bias. The final criteria are distance and dependence; while the first refers to “the fact that the more remote the source is from the event in time and space, the less value it has” while the latter “refers to the number of hands the information has passed through from the source in question” (p. 113). All interviewees were either members or affiliates of SyNet and all were spoken with directly; in this sense, we were as “close to the source” as we could possibly be.

Alvesson and Sköldbberg (2009) also mention that the researcher can complement source criticism with empathy. By empathy, they are referring to “the intuitive understanding ‘from within’ of the object of investigation” (p. 114). This is of particular relevance to our research, since one of us knew each of the interviewees prior to this project. Since she was familiar with all of their backgrounds and styles of communication, she had a more nuanced, contextual understanding of their responses – one that undoubtedly aided her ability to be empathetic in her interpretations.

### 3.5 Limitations

Most of the people interviewed were not native English speakers; perhaps they were consequently not able to express themselves as effectively in a second language and we may therefore have “missed out” on some subtleties. When possible, however, we attempted to avoid this issue – one of our interviews was conducted in Czech and later transcribed and translated.

We were only able to conduct individual interviews and were not allowed the opportunity to hear the network members communicate with one another over the phone, in meetings, or during other occasions. In this sense, we were not exposed to one particular aspect of the social context – that which is evidenced when participants interact with one another...what Cunliffe (2010) calls “intersubjectivism.” Again, however, our ability to do so was made impossible by the fact that members are located worldwide and rarely spend time interacting with one another face-to-face.

Finally, we have already mentioned that one of us had prior experience with SyNet; this could be seen as both a help and a hindrance. It was a help in that she had already established a relationship with all of the interviewees, she was familiar with many of the projects they spoke about, had an understanding of the relationships within SyNet, and could decipher some of the “jargon” that was used during the interviews. However, it was a hindrance in that it limited what she did and did not pay attention to; had she been completely naïve to the subject matter, she may have asked questions that would have prompted the interviewees to “dig deeper” with their responses. Her background knowledge also undoubtedly influenced how she later interpreted and categorized this material – what she did and did not feel was important. Again, we attempted to overcome this by having two researchers undertake this project, one of whom was completely naïve to the subject matter.

Now that we have provided an adequate background for our research (in terms of reviewing the literature and discussing our methods), let us present the case company and our empirical material.

## Background

This section will delineate some of the key points from SyNet’s website and relevant information gained from the interviews and supporting documents to give the reader the essential background regarding SyNet’s business. The idea for SyNet began when the two founding members were introduced to each other via a mutual client; they quickly became friends after realizing their common business philosophies. At the time, their mutual client was looking for a “global network integrated locally” that could provide single points of contact in major geographical regions (US, Australia-Pacific, Europe, and Latin America), had experience handling global leadership development projects, and could offer access to local, native-speaking consultants and trainers. The two began to brainstorm regarding how they could potentially link their professional networks to address this client’s need. Several years later, SyNet was born.

According to the website, SyNet is “a truly global learning and development consultancy providing business professionals worldwide with the personal and professional skills needed to be highly effective in their organizational roles and personal lives” (SyNet, 2011). As such, SyNet specializes in the development and delivery of customized training programs. Topics range from leadership development to change management, and SyNet stresses its ability to meet any client’s needs by delivering customized programs

SyNet presents itself as “a global organization with locally operating units” (SyNet, 2011), but each of those locally operating units is actually an independent entity. There are approximately 11 member organizations and 49 affiliates that entail a total of around 200 consultants distributed throughout the globe. “Members” have paid a fee to be listed on the SyNet website (with active links to individualized profile pages); “affiliates” have not paid a fee and are only listed with the name and location of their office. Most of the members and affiliates are small to medium-sized consultancies consisting of at least two partners each, but there are several “solo” consultants who are either a member or affiliate.

SyNet is “managed” through three hubs: one in America (serving the US and Latin America), one in Europe (serving Europe, the Middle East, and Africa), and one in Australia (serving the Asia-Pacific region). Each hub has an appointed member consultancy that is in charge of overseeing the region; two individuals run the American hub, and one person runs each of the European and Australian hubs. Potential clients are instructed to contact the relevant hub if they are interested in purchasing services.

## 4 Empirical Results

In our attempt to explore how internal branding efforts promote (or fail to promote) a brand as the glue that unites a virtual web, we discovered that communication and recruitment processes were particularly relevant. We consequently present our empirical material as a discussion of these two major topics. The reader will note that we explore these topics in a more general sense without necessarily relating them specifically to internal branding. We are using this chapter to lay the groundwork for the arguments that will be made in the following chapter; this is where internal branding will be discussed in depth.

In the material that follows, the reader will note that we have made a distinction between participants and partners. Participants are those who are either members or affiliates of SyNet; partners are those who operate one of the three SyNet hubs. The reader should not infer that the term *partner* is intended to imply any ownership of SyNet. Rather, this title was chosen because these individuals are listed as “managing partners” on the website.

### 4.1 Three hubs: the net brokers

We would like to first comment on the three hubs within SyNet. We saw the managers of the respective hubs as net brokers, since many of their duties are related to the competencies that Franke (2002) delineates (see Table 2). What distinguishes SyNet as a virtual web (rather than merely a virtual organization) is the fact that it is a more permanent pool of pre-selected partners from which various iterations of virtual organizations form – and this web is “managed” by the three net broker organizations<sup>8</sup>.

We spoke with the individuals who run these three hubs, and all of them commented on their role as facilitators in charge of “representing” SyNet in one of the three regions. Some of the more specific duties of these individuals entailed the following: finding new members and affiliates to join SyNet, bringing together appropriate competencies from within the group to create project proposals, and coordinating global meetings that provide the opportunity for members and affiliates to meet face-to-face. The managerial role that these individuals play was certainly recognized by the members and affiliates of SyNet:

*...it is their baby. They started it from nowhere and they want it to [develop].* [Helena - participant]

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<sup>8</sup> The term “net broker” refers to one of the four individuals who run SyNet’s three hubs. The term “net broker organization” refers to one of the three hubs itself.

This idea that SyNet is the “baby” of these individuals implies that they have assumed a supervisory role. They are responsible for monitoring SyNet and assuring that it develops accordingly. Since the virtual organization is one that is held together by communication (DeSanctis and Monge, 1999), it is only logical that these net brokers should have a hand in mediating communication to assure that SyNet *is* held together. And, if they wish for SyNet to develop as they see fit, they will need to make sure that they carefully select new members. We consequently recognize these net brokers as crucial components of SyNet’s recruitment and communication processes.

## 4.2 Communication

### 4.2.1 Communicating in an unstructured (virtual) environment

We have already commented on one component of SyNet’s structure (the three net broker organizations) – however, there seemed to be few other structural elements in place. SyNet was described as a “network of equals,” hinting at the lack of hierarchy that is characteristic of virtual organizations (Byrne et al, 1993; Daniels, 1998; Franke, 1999; Meijers, 2002). What was interesting is that the partners have not really agreed upon whether SyNet should become more structured and organizational, or if it should instead remain fluid and adaptive.

*Yes, it’s not clear to everybody [how SyNet works]. Also partly because we haven’t sat down and said this is it. Because the four of us always think that it needs to be a sort of a work in progress in a way. I think we all shy away from saying this is SyNet, because it immediately implies and brings about certain rigidity. [Dennis – partner]*

*The goal for the future would be to create a clearer profile on the market for SyNet. What is SyNet, what does SyNet stand for. [Oskar – partner]*

*Like how much control do you assert around this thing? Should we just let it grow? ...I do think that Jenny and Oskar and maybe to a lesser degree Dennis are a little shy-er around putting the structure in. It would be a big thing...what I wonder is would it change the dynamic? Once you insert those rules in there, have you now built an organization versus a network? [Mirjam – partner]*

It is obvious that there is an ongoing debate among the partners regarding whether or not SyNet should become more structured and “organizational” in nature. The lack of consensus surrounding this matter has prevented the partners from establishing many organizational processes. Most are only created as needed, and even the pricing structure varies from one engagement to the next. Though adaptive processes are characteristic of virtual organizations (Franke, 1999), SyNet members

found their ad-hoc nature to be almost disruptive to the flow of business. One has to wonder if (and how) effective communication can occur within such a chaotic and unstructured environment.

As is typical of any virtual organization, a majority of the communication within SyNet is conducted via ICT (email, Skype, telephone). Some are able to meet in person on a semi-regular basis (for example those who live in Europe), but the bulk of business – in terms of creating proposals for clients, agreeing on pricing, etc – is conducted over the internet. There was some frustration voiced on behalf of both partners and participants regarding the difficulties associated with communicating in the virtual realm. Some were specific about their concerns, claiming that email chains involving more than one person were confusing and tedious when there was not a common understanding among all parties. Many spoke more generally about their concerns, acknowledging that there was simply room for improvement with regard to the communication processes within SyNet.

*And I think we have to really ramp up the way in which we communicate, particularly because we're dealing across time zones. [Mirjam – partner]*

*And definitely if I had information on others' products and other people and had regularly the opportunity to talk to them to develop joint business ideas, business needs, that would be best. [Nils – participant]*

*I just haven't noticed a lot of response back from the SyNet network. [Adam – participant]*

Communication processes within SyNet are not particularly streamlined or structured. There is also a perceived lack of access to information. What SyNet is missing is an information hub where others can access resources, learn about other members, and so on. This is a critical component of the ICT that is necessary to facilitate the smooth functioning of a virtual organization (Meijers, 2002; Holland and Lockett, 1998; Warner and Witzel, 2002). We see therefore that SyNet falls short in terms of efficiently storing and communicating knowledge (see Burn and Barnett, 1999). The website does not fulfill this role; there is not even a space for members to log in to access any kind of intranet or Web 2.0 tools. So, though SyNet exemplifies a virtual organization in terms of its reliance upon ICT for communication, it certainly has not utilized the available technology to the fullest. We saw that both partners and participants acknowledged that SyNet is deficient with regard to this crucial component.

*I expected that SyNet was going to be something more active... I somehow got the impression that there is such a thing like a SyNet platform where you can access tools and know-how and see products and you can kind of cross-sell these products through your own network and to your customers. I have no access to anything besides – let's say - two or three presentation slides. And all these presentations, all these talks about the SyNet Marketplace...I have never seen a SyNet Marketplace. [Nils – participant]*

*I'd like to see us create some sort of shared database or platform where proposals and descriptions of services and those things can be there so that people can get through that initial prospecting easier. [Mirjam – partner]*

Since SyNet lacks a centralized information hub (and many feel that communication processes leave something to be desired), one has to wonder if and how people have reached a common understanding of what SyNet is and how it functions. When we asked participants to briefly describe what SyNet “is,” we received a variety of responses. Our intent in asking this question was to see if participants and partners had reached a common understanding of SyNet – did they all use the same terminology to describe it?

*It's a brand. [Oskar – partner]*

*You describe SyNet as a global network of small to medium sized enterprises that want to have a global reach. [Dennis – partner]*

*...a conference of like-minded professionals who have a similar passion for training. [Helena – participant]*

These responses are quite varied in the sense that they do not utilize the same terminology. One can argue that perhaps SyNet's more general communication issues (inefficient email communication and lack of a centralized database) have consequently had an effect on members' relationship with and understanding of SyNet. Is it a brand? A network? What is SyNet's purpose and do people have a common understanding of it?

#### **4.2.2 Communicating SyNet's value proposition**

Answering the aforementioned questions involved discerning what interviewees perceived to be the benefits and overall purpose of their association with SyNet. How (if at all) had an affiliation with SyNet affected their business? Did they gain any sort of competitive advantage? To address these and other questions, we will first present some information accumulated from a document that was part of the SyNet global meeting held in Vietnam in December of 2010. The intent here is to show the message that SyNet wishes to communicate to potential members with regard to its purpose. This purpose can be likened to the value proposition mentioned by Sullivan (2004). If

people understand the “value” that is potentially gained by joining SyNet, they can accurately judge whether or not it is in their best interest to do so. These benefits noted in the aforementioned document included:

*Business growth: more contract opportunities, access to more products and services (assessment tools, etc), the ability to deliver projects globally, and professional and business development opportunities*

*Client benefits: turn key solutions<sup>9</sup>, speed and flexibility in meeting their needs, global quality standards, standardized certification, global and local delivery capacities, consistency in style, accurate market pricing*

Interviewees identified a variety of benefits in relation to one’s association with SyNet. What was interesting is that we certainly saw that many concurred on several points such as the one below.

*I think it [participation in SyNet] adds something...it definitely adds something from a marketing perspective...that I can present myself as part of a global network. [Nils - participant]*

*But I think that it gives you a stress when you are presenting to your clients and you venture that you have the SyNet network behind you. It augments you and enhances your proposal. You look stronger. [Helena - participant]*

*It is in our interest...to show our affiliation with something bigger, wider, and more global. It is a sort of proof of our competence. [Jesper - participant]*

This consensus seems to indicate that at least one component of SyNet’s value proposition has been effectively communicated. Everyone has understood that an association with SyNet allows one to appear to have a stronger, more global presence without having to grow in size. We found this kind of agreement in several other instances as well. Generally speaking, participants’ reasons for joining SyNet mirrored those mentioned in the literature review: they gained access to resources (Pihkala et al, 1999; Riemer and Vehring, 2008), they could access new markets and business opportunities (Byrne, 1993; Riemer and Vehring, 2008), and they were able to accomplish what they could not do on their own (Franke, 1999; Meihers, 2002; Riemer et al, 2001). It is interesting that, despite SyNet’s lack of structure and refined communication processes, members and affiliates still exhibited a common understanding of SyNet’s purpose (value proposition).

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<sup>9</sup> Solutions that require different skill sets and different content expertise – which are effectively coupled by the virtual organization and presented to the client “through one face.”

The reader will recall that the value proposition is a component of employer branding (Sullivan, 2004) which, consequently, is a facet of internal branding. If SyNet members understand its value proposition, theoretically this would encourage them to support its brand. “Support” in this sense would entail utilizing SyNet materials (Power Point slides, assessment tools, and so on), advertising the SyNet logo, and generally promoting SyNet whenever possible. However, this has not necessarily happened.

*I don't use the brand at all.* [Nils – participant]

*Interviewer: There is some material available for the network members: to my understanding, some Power Point slides and things like this. Do you use that material? To be honest, I don't use much of it.* [Helena – participant]

It seems that there are several reasons why members and affiliates are not necessarily using the SyNet brand; the quote below draws attention to the fact that members have had difficulty understanding how to co-brand material.

*I needed to explain to him [a SyNet member] how he could do that - to use SyNet services, but then keep the client. So I told him the way we do that is double branding...so everything will be labeled with a '[Consultancy] - SyNet Group'. That is how we do it now. He understands it now, but some people have not really understood this.* [Oskar – partner]

This is related to a point mentioned in the literature review – that member companies of a virtual web may not wish to replace the web's brand with their own due to strong customer relations (Franke, 1999). We saw that, when it made sense (for example to show a client that one's firm had access to global resources, and so on), then the SyNet brand was drawn upon. This sentiment was echoed by both partners and participants – you used SyNet when you needed it.

In addition to the difficulties surrounding co-branding, the quote below suggests that perhaps there is a more general lack of understanding that prevents people from using the brand.

*...and when we speak with somebody who's a potential new member, we're kind of going off the cuff. It becomes really evident when we're together and we're trying to present ourselves to the world.* [Mirjam – partner]

This idea that the partners are going “off the cuff” when presenting themselves to potential members possibly explains why everyone defines SyNet so differently; it has been explained to each of them in a different terminology. Though members and affiliates all have a general understanding

of the benefits SyNet offers, there is still ambiguity surrounding how one describes and/or actually uses the brand.

A final explanation could be that, though people have an understanding of SyNet, they do not necessarily feel that SyNet is equally relevant to their business. It is worth mentioning Meijers's (2002) observation with regard to the "degree of coupling" in this context; the more relevant a web's purpose is to one's business, the "tighter" they couple themselves with the web. We saw that some members were indeed more tightly coupled to the web than others, and this was demonstrated with regard to the "big players" in SyNet – those who provided SyNet with the most business. The partners made some comments regarding distinctions among the members and affiliates of SyNet.

*You know the main players are the players that put the business in...* [Mirjam - partner]

*Once they make the step from an affiliate to a member, then usually...they want to be participating financially as well.* [Dennis – partner]

It seems that there is a distinction between members and affiliates. Members are those who have made a financial investment on their side (paid a membership fee) and therefore feel more compelled to utilize and influence SyNet. Perhaps one can infer that those who took the step to become members did so because they felt that an association with SyNet would be helpful for their business. Consequently, they coupled themselves more tightly with the web.

We also saw that some members and affiliates were more loosely coupled to SyNet, in the sense that they did not feel that SyNet was adding any immediate benefit to their business.

*In terms of any business generation or idea generation, what I experience is really my connection to Oskar. And I think that would actually have happened without SyNet as well. And that's the activity that I see with others. That I think people have these personal connections anyway and it's not necessarily developing because of SyNet.* [Nils - participant]

*But because I'm such a supporter of Jenny – and she of me – I've been willing to stay involved and stay in the network.* [Adam - participant]

Obviously some members only maintain their association with SyNet because of a personal relationship, not because they are reaping major or immediate rewards. What is of particular interest is the fact that several of these loosely coupled members had actually paid the membership fee. This suggests that SyNet's value proposition is so strong that people are willing to be associated with it *just in case* an appropriate opportunity may arise. However, it also implicates the importance

of trust and personal relationships within SyNet. Perhaps members have paid the fee simply because they wish to show support toward whomever brought them into SyNet.

#### 4.2.3 Communication and trust

Another important facet of virtual organizations is their reliance upon trust to facilitate the fast alliances that are necessary to seize market opportunities (see Daniels, 1998; Holland and Lockett, 1998; Franke, 1999). We saw that trust was indeed acknowledged as a key factor of the relationships within SyNet. A considerable amount of time was spent discussing how the interviewees came to be involved with SyNet since (for all interviewed) it was through a personal connection with one of the net brokers. Consequently, much of the dialogue revolved around the important role that trust and personal relationships played with regard to one's association with SyNet. We saw that trust was credited with fostering the development of a generally open and collaborative atmosphere – one that appeared to be free of any “official” rules.

*They [network rules] are not written anywhere...the relationships that we have with the people are mainly based on trust... We are what we appear to be. We don't play any other games. And that is how we approach the business, in a very down to earth manner. Like building a relationship with normal people. With the understanding that we give trust and I would say 95% we receive trust back. And that is an interesting one in the business world.*  
[Oskar - partner]

One could possibly infer that trust is at least partially acting as a substitute for structure. If there is a general feeling of goodwill among SyNet members, this can potentially compensate for a lack of formalized processes; participants assume that others will act fairly even though there is not necessarily a “rule” that is forcing them to do so. However, though this trust exists, it does not necessarily facilitate effective communication. It was noted that one's personal relationships (or lack thereof) with other SyNet participants affected their ability to communicate.

*I know Oskar pretty well because we were neighbors for a year and so...we understand each other pretty well. The same thing doesn't apply to the other people in SyNet I know- with these people, it's a little trickier to understand what they say and to be effective in explaining what we mean when we are talking. So if we had more face time, then the online collaboration would be easier I think...* [Tobias - participant]

This quote warrants some attention, mainly because the participant indicated that he prefers to communicate with his closest contact when handling any business that involves SyNet. Because people cannot access information via a common database (and because communication processes are so unstructured), all participants refer to a particular individual whenever they “need” something from SyNet. This certainly implicates the personalization strategy mentioned by Hansen

et al (1999), where knowledge is closely tied to the person who developed it and is shared via direct contact. This, of course, is problematic. If knowledge is tied to a particular person – and that person is not available at any given point – how can one access the knowledge? Hansen et al (1999) also note that sharing personalized knowledge can be time-consuming and “it can’t truly be systematized, so it can’t be made efficient” (p. 110). This lack of efficiency is certainly reminiscent of SyNet’s unstructured and often frustrating communication processes.

What is particularly interesting in the case of SyNet, however, is that members do not always refer to whomever developed the knowledge, but rather they communicate with whomever they are closest to personally. The participant above justified this by saying that he did not have the same understanding with the other members that he had with his closest contact, and this made it difficult for him to interact with other SyNet members via ICT. Personal relationships within SyNet must somehow compensate for the lack of a shared database; people have to know whom to contact (and must have a certain level of trust and understanding with them) in order to reap any reward from their relationship with SyNet.

Despite the sentiment voiced by the aforementioned participant (that he has a hard time communicating with some individuals), it was universally acknowledged that everyone within SyNet was still someone that could be trusted and who shared a similar mindset.

*To me, the level of interaction, the level of trust, the level of connecting is far greater, than the image of business that goes through that. But I think that to be able to have meaningful and interesting discussions across the SyNet family... I think that's incredible. [Helena - participant]*

*Again, I guess I would come back to this idea that there is this network of like-minded individuals that have the opportunity to synergize and to have access to a range of training materials. [Adam – participant]*

What could potentially be fostering this sense of trust? Kasper-Fuehrer and Ashkanasy (2001) bring up an important point in this regard. They note that a *Common Business Understanding* can impact the development and acceptance of trust within virtual organizations. The authors define a *Common Business Understanding* “as a transient understanding between network partners as to what they stand for, about the nature of the business transactions that they engage in, and about the outcomes that they expect – their ‘vision’” (Kasper-Fuehrer and Ashkanasy, 2001: p. 244). One can relate this concept with the aforementioned value proposition that everyone within SyNet seemed to agree upon. If SyNet members have a common understanding of the business (of which one component is the value proposition), this will lay the groundwork for them to develop trusting

relationships with fellow members. However, a second and perhaps more obvious way to account for this trust is to identify it as a result of SyNet's recruitment and selection processes.

### 4.3 Recruitment

Whereas recruitment matters in "classical" organizations deal with employees, they are instead concerned with partner firms in the case of virtual webs. We have already established that it is net broker organizations<sup>10</sup> who undertake the "search for suitable partner companies" (Franke, 2002; p.3). It is important to note that SyNet is not considered a network business model by its net broker organizations (meaning it is not an open network where the central aim is to grow and profit from membership fees). Recruitment of new members is rather based on current project requirements or on anticipated future needs in a given region. This enables the net-broker organizations to be very selective with regard to potential members.

*There is no need in itself to grow the network. It is not a network business model. We were thinking of this once - actually creating a significant revenue stream through memberships. There are networks out there that exactly function like that. But that was not the focus of us.*  
[Oskar - partner]

*... Often it's project driven [recruitment], but now it's often more regional driven, I mean we already look ahead and we see in South-East Asia, we don't have anybody...so if we are smart, we will source trainers that can run first-line manager classes, something like that...*  
[Dennis - partner]

As mentioned above, the net broker organizations in SyNet can usually take the liberty to be very thorough when screening and selecting potential members. This is a significant benefit since it is through this diligent selection that consistent quality and a common business philosophy (*Common Business Understanding*) can be ensured. Securing these qualities is crucial when promoting mutual trust and goodwill among members of the network (Franke, 2002). The net brokers insist on meeting prospective members face-to-face, observing the way they perform (in a training environment) and gauging their "fit" with SyNet.

*...we met them and we used our quality approach in terms of finding out, identifying, whether those would be ideal partners ... To get a sense of how do they work, how do they facilitate, how are they in the classroom and is that a fit with our style...* [Dennis - partner]

*And we knew that we wanted it to be the same level quality but also the same business philosophy in terms of how we would take care of our clients.* [Mirjam - partner]

The net broker organizations often make heavy personal investments in establishing a relationship with prospective members of SyNet. This investment entails time, money (for plane tickets and other expenses), and even certifications that are offered prior to joining SyNet. This makes the selection of prospective members and their initial screening almost as important as the final selection for net broker organization, because if the cooperation does not work out, the whole selection process (which should have led to prospective firm joining SyNet) was a waste of resources.

*There was quite a large investment of time in the relationship so that she could feel like she trusts us.* [Mirjam – partner]

*In Brazil, we made a very, very heavy investment. Two trips, certifying two groups of people, making changes to some of our online products, looking at intellectual property, hiring attorneys...we've done an awful lot there. ... We weren't sure of whether they were still interested ...and this was after we'd made these heavy investments in the certification of their teams.* [Mirjam – Partner]

Prospective members are therefore mostly sought through referral, mainly from the personal networks of people involved with SyNet. This in itself secures a basic level of trust, value fit and a basis for a common business understanding between the prospective members and existing members of SyNet. If SyNet is recruiting from the personal networks of its members, most likely these individuals already have something in common.

*"Referral is about the only way right now that we do any sort of bringing people into the network"* [Mirjam - Partner]

*"You simply use the network of people you currently do business with. They know people just like themselves and we get the contacts through their referral."* [Jenny - Partner]

Due to the fact that new members often originate from personal networks and that the net broker organizations make personal investments when bringing people into SyNet, it is obvious that new members become 'attached' to whomever brought them into SyNet. As has been illustrated in the previous section, personal bonds certainly exist within SyNet. Although this might seem beneficial at first, it can in fact lead to hindered communication since SyNet participants prefer to communicate with whomever they are closest to instead of whomever has the most relevant knowledge.

### 4.3.1 The “right” partners

It is apparent that net broker organizations recruit firms that are just like themselves, creating a pool of like-minded organizations spread across the globe. It is also clear that the aforementioned screening and selection methods ensure both a fit between the values held by SyNet participants and those that SyNet wishes to promote. Having a common business philosophy is thus a critical quality for prospective members.

*Building our vision of a networking world of consulting firms. Providing that these consulting firms have the same kind of mindset; a collaborative mindset, same kind of quality approach and same training philosophy. [Oskar - Partner]*

Although the recruitment process occurs through informal channels (personal networks), quality control still plays a vital part and requirements for prospective firms are relatively specific. This consistent focus on high quality fosters mutual understanding and trust within SyNet while concurrently contributing to its external reputation.

*...to make sure that people who worked with me had the quality and style that I wanted to pursue...I was looking for the interactive training style. The way I set these trainings up gave me an indication of who would be able to grow into this interactive training style type of approach. [Oskar-Partner]*

*If you are part of SyNet, you know that it comes from trustful sources, that people are committed, that timelines are honoured, that the whole thing runs on a professional level. [Dennis-Partner]*

SyNet’s net broker organizations pay a great deal of attention to the selection of new members, which in turn enhances the level of trust within the network. Though this is very much in line with the “trust bridge” function that Franke (2002) ascribes to net broker organizations, it also leads to personal attachment between SyNet participants and the specific net broker who recruited them. Although this attachment might be very beneficial when creating trust between the new member and SyNet, it also makes SyNet extremely dependent on the individual net brokers.

## 4.4 Summary

It seems that there are several issues here:

- Though participants have a common understanding of SyNet’s value proposition, they are not consequently using the brand in their business.
- Participants are frustrated by the inefficient communication processes and lack of a centralized hub of information.

- Due to the lack of clarity and refined communication process, participants interact mainly with whomever they feel closest to within SyNet – which is almost always one of the net brokers; this further exacerbates the inefficiency of communication because sometimes the net broker does not have the most relevant information.

Up until this point, tedious recruitment processes have served as the basis for the development of trust and a *Common Business Understanding* (value proposition), and have allowed SyNet to (for all intents and purposes) function. Since new members are recruited from personal networks, this has made it easier to establish a certain level of understanding among all members. However, it seems that SyNet has evolved to the point where it does not necessarily need to grow; instead it needs to more effectively manage its resources – part of which involves refining communication processes. As one of the partners said:

*I think we've got to look at how we manage them [members and affiliates] once they're here. How do you keep reaching out, touching them, and keep in communication with and motivate them. [Mirjam - partner]*

## 5 Discussion

This thesis aims to explore the role that internal branding practices play in the virtual web, specifically with regard to their ability to enable a brand to act as the “glue” that holds the web together. In the previous chapter, we discussed two topics that are relevant to both virtual webs and internal branding: communication and recruitment processes. In this analysis, we intend to conduct a discussion of how these processes affect internal branding efforts within the virtual web. In other words, how have the communication and recruitment processes within SyNet contributed to an understanding of and commitment to the SyNet brand?

### 5.1 Revisiting internal branding

Before continuing, we would like to remind the reader of how internal branding theoretically operates. Its overall “goal” is to ensure that employees effectively represent the brand and deliver on its promise (Backhouse and Tikoo, 2004; Punjaisri et al, 2008). The reader will recall that Burmann and Zeplin (2005) delineate several activities utilized by employers to achieve this goal (see Table 3)<sup>11</sup>. We found that, in the case of the virtual web, the most relevant activities were those related to communication and recruitment. The former is obviously implicated due to the fact that virtual organizations are literally held together by communication (DeSanctis and Monge, 1999); one would therefore expect it to play a crucial role in the branding process. The latter is implicated because selection processes have an effect on the development of trust and goodwill among members. This is why these topics were consequently explored in our empirical material.

We have already positioned the net broker organizations as central to the recruitment and communication processes within SyNet. However, we would also like to stress that they are the initiators of all branding efforts within the virtual web (Franke, 2002; see Table 2). This analysis seeks to explore how the net brokers’ efforts (their “internal branding practices”) have affected members’ use and understanding of the SyNet brand.

### 5.2 Brand communication

According to Burmann and Zeplin (2005), one aspect of internal branding is that of brand communication. As mentioned in the literature review, several goals are to be achieved in this regard: first, a common understanding of the brand should be created among employees (Burmann

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<sup>11</sup> As a reminder, we are positioning the net broker organizations as “employers” and SyNet members and affiliates as “employees”

and Zeplin, 2005). Second, brand communication should “secure people’s commitment and encourage behavioral change to support the brand” (Punjasri et al, 2008: p. 411). Burmann and Zeplin (2005) also implicate two particular processes related to brand communication: verbalization and storytelling. We of course assume that SyNet’s “brand communication” efforts are very much related to the communication processes that were discussed in our empirical material.

One can already anticipate that SyNet’s generally chaotic and unstructured communication processes have not facilitated particularly clear brand communication efforts. We found that, while SyNet members seemed to have a common understanding of SyNet’s value proposition (which, in some ways, is a *Common Brand Understanding*), they were not necessarily altering their behavior to support the brand. Participants are rarely using the material and SyNet’s logo, and they are not promoting SyNet unless it is particularly relevant to a given project. We have already discussed several reasons for this, but perhaps the most applicable with regard to “brand communication” (in the theoretical sense) is the net broker firms’ verbalization of the brand. This has been inconsistent to say the least, and has undoubtedly contributed to the inability of participants to develop a more coherent and homogenous understanding of how to “use” the SyNet brand in their business.

We see another problem in relation to this point. Returning to the idea that members generally only interact with whomever they are closest to within SyNet (one of the net brokers) – and given that the net brokers speak “off the cuff” when presenting themselves to new members – it’s logical to conclude that, depending on with whom one is speaking, varying explanations of SyNet are presented. This is possibly a result of the fact that the net brokers have not agreed upon the general structure of SyNet; they consequently explain SyNet differently when communicating with members. Because members usually only interact with their “closest” affiliation (one of the net brokers), this contributes to the proliferation of various interpretations of how to effectively use the SyNet brand. If the net brokers cannot come to a consensus on how to explain SyNet, how can they expect members to use the brand in a way that represents SyNet?

One of the partners implicated this need to “standardize” branding. He commented on establishing a consistent branding strategy, and thought that this would benefit everyone within SyNet.

*That is something where I see a lot of room for improvement, but also a lot of business potential with: a consistent branding strategy. We have the brand, we have SyNet, we have the website, wherever we go we have some marketing material...but not many people actually go out and use it. Some because they simply don’t know, or don’t understand it...a consistent branding strategy would benefit everybody in the network. [Oskar – partner]*

This consistent branding strategy could be described as the refinement of an existing communication process. Currently, there is no consistent and clear communication regarding SyNet’s branding strategy. If explicit guidelines were created regarding how and when the brand is used – and how one can effectively co-brand their materials– perhaps this would encourage members and affiliates to support the brand. In other words, if processes regarding brand use were *verbalized* in a clear and consistent way, members and affiliates would be more likely to engage with the SyNet brand. If this occurs, one could argue that such an internal branding effort would strengthen brand understanding and consequently promote its role as the “glue” that holds the virtual web of SyNet together.

As was mentioned earlier, another process implicated in brand communication is that of storytelling (Burmah and Zeplin, 2005). Here we see a deficiency as well: the only story that is passed along (at least the only one that was mentioned to us during the interviews) is that of SyNet’s founding. This is usually told by the net brokers during the annual conferences. One could argue that a shared IT system (be it a database, intranet, or some Web 2.0 tool<sup>12</sup>) would be particularly helpful in this regard. One of the net brokers mentioned that he would like to start spreading SyNet success stories. A shared database could potentially assist in propagating these success stories throughout SyNet. Perhaps if people were able to “see” how others have wielded their relationship with SyNet to gain business and credibility with clients, they would be more apt to support the brand in whatever way possible (for example, using the material provided or displaying SyNet’s logo on their website).

In sum, SyNet has not been particularly successful with regard to brand communication, and this is likely the result of its generally unstructured communication processes. Though all who were interviewed seemed to have a common understanding of SyNet’s value proposition, they were not necessarily using or supporting the brand in their daily activities. This is mainly due to the fact that they do not understand how to. In this sense, “brand communication” has not really facilitated the ability of the SyNet brand to act as the “glue” that holds this virtual web together. We attribute the fact that members and affiliates even remotely understand the brand in the first place to SyNet’s recruitment and selection process.

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<sup>12</sup> For the purposes of this thesis, Web 2.0 refers to web applications that facilitate information sharing.

### 5.3 Recruitment

Burmann and Zeplin (2005) implicate “hiring” as a component of the brand-centered HR activities that contribute to the internal branding process. For the purposes of this thesis, we are equating “hiring” with the recruitment and selection process that SyNet engages in. The ability of the net brokers to select appropriate members to join SyNet has been so successful that it has contributed to fostering the sense of trust that has developed among SyNet members while concurrently promoting a common understanding of SyNet’s value proposition. In our empirical section, we drew attention to the various aspects of this process that have yielded these results. First, since potential members are recruited from personal networks, they are likely to be predisposed to understanding SyNet’s value proposition – mainly because they already have something in common with another SyNet member. In addition to this, the net brokers devote ample time to “quality control” – both with regard to training-related competencies and with regard to the overall compatibility of a potential member’s business philosophy.

In short, that SyNet is able to function as it does is a direct result of its recruitment process. Because participants have this sense of mutual trust, and because they generally understand SyNet’s value proposition, they are able to associate with one another in a virtual environment. In this sense, one component of internal branding (recruitment) *is* enabling the brand to act as the glue that holds this virtual web together.

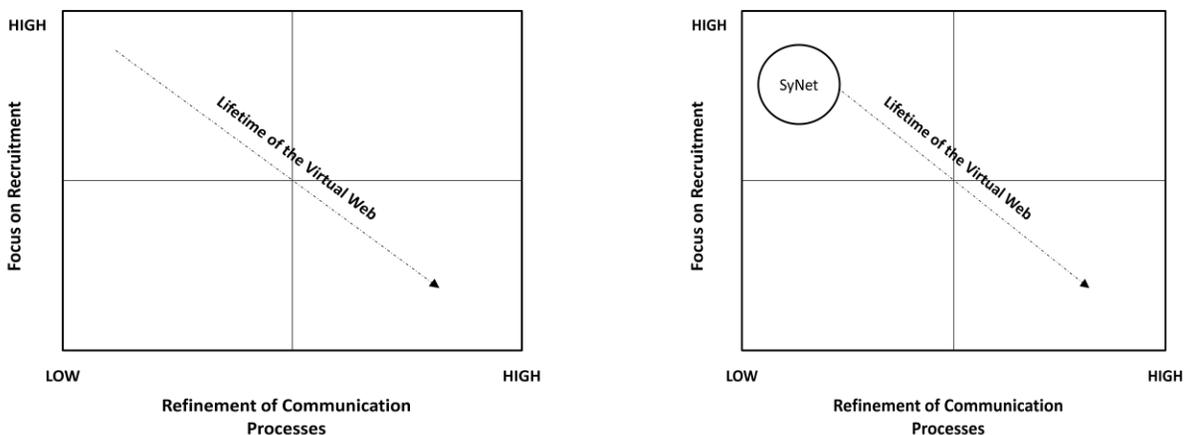
However, it seems that recruitment processes alone are not effective enough. This is evidenced by the fact that participants are not particularly encouraged to support the web and its brand. Selection processes merely establish a baseline of trust and a common understanding of a value proposition and business philosophy, but they do not ensure that the necessary communication will ensue. This is especially the case when no structure (in terms of both established processes and any kind of infrastructure or database) is in place. Such a situation results in much more personalized communication practices – members and affiliates interact with those whom they already know and trust since they have no other way of acquiring information. If communication is so “narrow” – and if there is no real “standard” that anyone is referring to – it is no surprise that a more comprehensive and coherent understanding of the brand cannot be reached. If this common understanding cannot be established, then it is particularly difficult for a brand to act as the uniting force that holds a virtual web together.

## 5.4 The recruitment-communication matrix

Based on our research, we suggest that in order to facilitate a brand’s ability to act as the uniting factor among the members of a virtual web, it is necessary to manipulate two variables: communication and recruitment processes. We have positioned these variables according to the matrix below, which operates in three dimensions. “Refinement of communication processes” refers to how explicit and clear communication processes are within the network – in other words, are there established processes and does everyone understand and engage with them? “Highly” refined processes would possibly implicate the existence of a shared database, set protocols for whom to communicate with, and so on. The “lower” the amount of refinement, the less structured and set these processes are – and the less likely it is that a shared database exists.

The “focus on recruitment” axis implicates how reliant a web is upon its recruitment processes in terms of propagating brand understanding. Those with a high focus on recruitment will select members that share very similar business philosophies and exhibit a consistent level of quality. By selecting those who are most similar to themselves, they can more easily establish the baseline of trust that is necessary to foster some kind of brand understanding. Obviously this will entail the devotion of many resources. Those with a lower focus on recruitment do not feel that the web needs to be growing so they are consequently not devoting as many resources to the search for new web members.

The third dimension of our matrix involves the “lifetime” of the virtual web. The direction of the arrow appropriately implies that, the older the web is, the more important refined communication processes can become.



**Figure 3** – The communication-recruitment matrix and SyNet’s position within it

According to SyNet’s position within our matrix, we indicate that it is a virtual web which relies heavily on recruitment processes to influence brand understanding. The net brokers’ effort to select members and affiliates who are most like themselves has consequently facilitated a base level of brand understanding (an understanding of SyNet’s value proposition). In a sense, these recruitment processes have allowed the web to become established. However, the lack of refined communication processes has prevented members and affiliates from obtaining the level of brand understanding that is necessary for them to actually *use* and *support* the brand. We suggest that, if communication processes were to become more refined, this would contribute to the brand’s ability to act as a uniting force among web members.

Let us examine this suggestion in relation to some of the problems mentioned at the end of the previous chapter. It is important to note that we are not attempting to “prescribe” a solution. Instead, we are reflecting on how a refinement of communication processes could potentially contribute to enhanced brand understanding and, consequently, increase support of the SyNet brand.

**Problem 1:**

- Participants are frustrated by the inefficient communication processes and lack of a centralized hub of information.

Part of refining SyNet’s communication processes could entail the creation of a centralized hub of information. Both partners and participants indicated that this would be a helpful and necessary tool if SyNet wishes to increase support of the brand. As one of the participants noted, he expected SyNet to be something more “active” – he understood that there was some kind of forum (the “SyNet Marketplace”) where people could easily access each others’ tools and communicate with one another. It is not hard to imagine how a shared database or some kind of Web 2.0 tool could fulfil this role.

One cannot be too presumptuous in this regard, however. As noted earlier, Daniels (1998) reminds us that, just because communication technology is in place does not necessarily mean that it will be used; people must have the desire and need to communicate. If this database is to be effective, members and affiliates must understand what it is, how to use it, and the integral role it plays in facilitating communication within SyNet. Since at least one of the participants seemed to understand that it was already a component of SyNet, this potentially implies that it is a part of

SyNet's value proposition. Members and affiliates may be *looking* for it, which implies that they would utilize the system if it was there.

**Problem 2:**

- Due to the lack of clarity and refined communication processes, members and affiliates interact mostly with whomever they feel closest to within SyNet – this is almost always one of the net brokers. This further exacerbates the inefficiency of communication because sometimes the net broker does not have the most relevant information.

Again, returning to the idea of establishing a shared database: this could certainly open the lines of communication within SyNet. As it stands, members and affiliates have little to no interaction with one another. They have not developed many personal relationships with the other members and affiliates in SyNet and instead rely on the net brokers to facilitate any interaction that they may have (usually in the form of project partnerships/temporary “virtual organizations”). Information is also highly personalized, which often makes it difficult to acquire. You must know whom to contact and, if you have no previous relationship with the person, this makes interacting (especially in a virtual environment) particularly difficult. This is certainly one of the reasons why members and affiliates rely upon the net brokers to facilitate their relationships with others. However, if certain information were to become codified (Hansen et al, 1999) and consequently made available to all members, this would theoretically increase SyNet's efficiency. Rather than having to rely upon personal connections to extract information, one could instantly refer to whichever individual possesses the pertinent information.

However, one must consider the potential implications of codifying knowledge<sup>13</sup>, especially with regard to SyNet's industry. Many of the members and affiliates in SyNet are self-employed consultants whose major asset is their intellectual property. Obviously these individuals are reluctant to make such material publicly available via a common database, lest they run the risk of the materials being “hijacked” without receiving any compensation. “Codification” in this sense would instead refer to compiling a database that describes the materials that are available to SyNet members, as well as information regarding whom to contact if they are interested in the material. Communication would consequently become less “personalized” because participants would know whom to contact to receive necessary information.

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<sup>13</sup> We understand that there is an entire debate regarding whether or not knowledge can be “extracted” from a person and effectively codified. However, it is beyond the scope of this thesis to address this argument.

We must keep in mind that the ultimate goal is to increase understanding of the SyNet brand so that it can effectively act as the glue that holds members and affiliates together. We attempt to demonstrate with our matrix that, while the recruitment process can establish the base level of trust necessary to lay the groundwork for preliminary brand understanding, it is not sufficient enough to cause people to support the brand. Instead we suggest that, as the virtual web matures, a refinement of communication processes is necessary to promote the level of brand understanding that consequently facilitates use and support of the brand. When this is accomplished, then a brand can more effectively act as the glue that holds the virtual web together.

## 6 Conclusion

This thesis aimed to examine the role that internal branding practices play within virtual webs. We specifically analyzed the way in which processes of communication and recruitment facilitate the common understanding of a brand, which can potentially act as the “glue” that holds a virtual web together. This “glue” is meant to distinguish the web as something other than simply a group of projects (Pihkala et al, 1999), and is a common bond among all web members. In sum, we thus attempted *to explore to what extent internal branding efforts foster the level of understanding necessary to allow a brand to act as the uniting force of a virtual web.*

In order to achieve this aim and address our associated research questions, we first provided an appropriate background and context for our research by thoroughly describing the various characteristics of virtual webs and organizations. We explored several important facets (such as structure and communication processes) so that we could later examine their affect on internal branding practices. We then discussed internal branding and its various components. This was done to show that, theoretically, internal branding processes have the potential to encourage virtual web members to support the brand in a way that effectively makes it a “glue” that holds the web together. Our empirical material and resultant discussion identified the internal branding processes that were most relevant with regard to promoting brand understanding, and examined how various characteristics of our case company affected these processes.

### 6.1 Main findings

#### 6.1.1 Providing a theoretical framework

Based on our empirical material and the existing literature reviewed, we established SyNet as a virtual web, since its practices and organizational “structure” mirror those in the definitions offered by Franke (2002) and Goldman et al (1995). We subsequently identified the net brokers (Franke, 1999) of this virtual web: SyNet’s three regional hubs. The four individuals running these hubs demonstrate many of a net broker’s required competencies (Franke, 2002: see Table 2 for a comprehensive summary of net broker competencies). They have a central role in the web’s “operation,” as it is literally built around them; a majority of the members have originated from their personal networks. These net brokers also clearly dictate the direction in which SyNet develops; it is for this reason that we attributed to them the initiation and execution of all internal branding practices.

### 6.1.2 Internal branding activities relevant to our case organization

Burmann and Zeplin (2005) delineate a number of internal branding practices that can be employed to enhance brand understanding (see Table 3). Based on our empirical material and review of the literature, we concluded that communication and recruitment are the two most influential internal branding processes in the case of SyNet. Our research suggests that the recruitment and selection of new members is a key factor in securing a fit between existing and future members of SyNet. This fit concerns both a firm's level of quality and its business philosophy, and effectively leads to an enhanced *Common Business Understanding*. The focus on recruitment and selection in SyNet is high, as many resources are devoted to screening new members in order to gauge their fit with the rest of the web.

The importance of communication was implicated in both our literature review (since it is the lifeblood of virtual webs (Meijers, 2002)) and our empirical material. Interviewees frequently referred to communication processes, but rather than praising SyNet in this regard (as they did with recruitment), they voiced frustration. Communication processes were perceived to be inefficient and confusing.

### 6.1.3 Does brand understanding result in its support?

Burmann and Zeplin (2005) argue that brand communication should secure brand commitment and a common understanding of the brand among employees. They propose two practices that are to facilitate this process; verbalization and storytelling. Although we did not identify either of these practices as particularly relevant in the case of SyNet, we saw that members do share some level of brand understanding. We arrived at the conclusion that the existence of this understanding can be ascribed to the exceptional selection process that take place within SyNet.

We also found that understanding of and commitment to the brand do not automatically result in behaviour that is particularly supportive of the brand. Based on our empirical material, it was apparent that A) SyNet members did not use the brand unless it was particularly relevant to their business or project and B) members did not use the brand as they often did not know *how* to.

## 6.2 Theoretical contribution

When reviewing the literature, a theoretical gap was identified in relation to the “glue” that holds a virtual web together. It seemed that a brand could potentially act as this factor that distinguishes the web as something other than a group of projects (Pihkala et al, 1999). Internal branding was consequently identified as a suitable process for encouraging the level of brand understanding necessary to allow a brand to assume this role. Of the various aspects of internal branding, communication and recruitment processes were determined to be particularly relevant to the virtual web. We consequently created a theoretical link between the two that would allow for further exploration.

Our research presents a connection between internal branding and virtual webs by discussing how specific internal branding practices affect the development of a common brand understanding among members of SyNet. In doing this, we offer parallels between the discourses, essentially replacing the terms ‘employees’ and ‘employers’ (used in the internal branding literature) with those of ‘net brokers’ and ‘prospective members’ (used in the virtual organization literature). We also suggest that brand communication (as proposed by Burmann and Zeplin, 2005) can, to an extent, be compensated for by a thorough recruitment process<sup>14</sup>.

In order to explain the above relationship between communication and recruitment, we present the communication-recruitment matrix. Not only does this matrix demonstrate a relationship between the two variables, but it also acknowledges that the demands of member organizations develop over time. We do not claim that communication and recruitment processes are mutually exclusive and that net brokers have to focus on one or the other. Rather, we recognize that net brokers have limited resources (*inter alia* time and money) at their disposal and must allocate them carefully.

Since this is an interpretive thesis that does not necessarily aim to generalize its findings, we acknowledge that, though we have made this theoretical contribution, it may only be relevant to our specific research setting.

## 6.3 Research implications

Several directions for further research are implicated by our work. It is important to stress that our empirical research was limited to a single virtual web (SyNet) and, due to time restrictions, we

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<sup>14</sup> One has to note that, although this is possible, it is likely to yield difficulties in the long run as the virtual web evolves and the demands of individual members develop.

were only able to take a ‘snapshot’ of this web. These limitations already offer two possible streams for further empirical research: a longitudinal study of a virtual web that explores attitudinal changes (with regard to brand understanding and use), and a comparative study of other virtual webs that operate in different industries.

Both of the suggested empirical research streams could potentially aid in populating the recruitment-communication matrix (Figure 3) that was presented. Aside from furthering the development of this matrix, additional research could also better position the matrix within existing literature. For example, the relationship between a virtual web’s position on the recruitment-communication matrix and its position on the web positioning model (Figure 2) developed by Meijers (2002) might prove to be a worthwhile topic for exploration.

As was discussed in the literature review, we see a theoretical gap surrounding the concept of the “glue” that holds a virtual web together. A focus on internal branding practices (specifically those related to communication and recruitment processes) was just one of possible approaches that could be chosen in order to uncover the practices employed by net brokers to unite their virtual webs. We chose to focus our research on communication and recruitment processes in a more general sense, but there are still numerous attributes that could be explored in relation to these topics. Researchers could, among other things, take multiculturalism into consideration with regard to its effects on establishing a common understanding and trust among web members. Perhaps one could also explore the sender-receiver paradigm and the role it plays in brand understanding.

Since the research on virtual webs is still in its relative infancy, there is certainly the opportunity to add to, clarify, and enrich the contribution we have attempted to make. Researchers may choose to approach the virtual web’s “glue” from a different angle. Perhaps they can focus on alternate internal branding practices (for example, brand leadership). And, beyond the field of internal branding, they might choose to consider variables such as values, culture or identity. Whatever the focus of future research, we see the virtual web as a dynamic and relevant topic for exploration.

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