

**UNIVERSITY OF STRATHCLYDE**

**Strathclyde Business School  
Department of Marketing**

**CONSUMER POLICY - A NETWORK/POLITICAL ECONOMY PERSPECTIVE**

**An application of the new macro-relational consumer  
policy framework to study the evolutionary dynamics  
of the policy community for the Electronic Fund  
Transfer System (EFTS) consumer issue in Canada**

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## DEDICATIONS

This thesis is dedicated to my husband, Peter, my Mother, Ethel Tweedie, and my Grandmother, Inez Rattray.

Peter's unconditional love and absolute faith in my potential provided me with the inner strength and commitment to complete this doctoral degree. He never failed me and even managed to love me more as the years went by. I love you, too.

Many were the times when I called my Mom just to hear her say, "I am so proud of you. You can do anything you set out to do". Thanks, Mom.

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## ABSTRACT

This thesis argued that sole reliance by government on the micro-economic paradigm as the rationale for intervening in the marketplace results in too narrow an approach to consumer policy and a lack of appreciation for the dynamic and relational aspects of the consumer policy process. An integration of select constructs from the political economy and network paradigms contributed to the development of a *macro-relational consumer policy framework*. The network approach provides a relational perspective while the political economy paradigm provides a macro approach to widening consumer policy theory. Together, they offer a *macro-relational* perspective to compliment the micro-economic approach.

The investigator suggests that the computerization of the Canadian payment system represents a change in the technological sphere of the macro policy environment. This change challenges the marketplace interests of the consumer policy network constituents (secondary policy environment). The stakeholders affected by this change coalesce into a policy community to balance respective interests. This primary policy environment, evolutionary in nature (internal policy activity, then dyadic, multi-dyadic, and triadic), will exhibit varying patterns of stakeholder interaction, relationship development and network dynamics.

Propositions developed to explain the evolutionary dynamics of the policy community guided the content analysis, the case study and the network analysis. Relational data (matrices and graphs) profiled the chronological maps of the relationships of the aggregate, constituent and dyadic sets of stakeholders.

A multi-layered network analysis revealed an evolutionary process and a policy community which varied on several interaction dimensions (frequency, directedness, durability, role perception, intensity) and network dimensions (size, density, connectedness, cohesiveness, knittedness, stability).

To mirror parallel initiatives in complimentary disciplines, stakeholders and future macro-relational consumer policy researchers are challenged to embrace the powerful network/political economy perspective to profit from stimulating theoretical and pragmatic insights into the complex, dynamic consumer policy process.

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## CHAPTER ONE - MICRO-ECONOMIC PARADIGM - THE TRADITIONAL APPROACH FOR CONSUMER POLICY

Consumer, business and government function as the three key players in a mixed market economy. Each has recognized and legitimate interests, rights, responsibilities and roles which dictate their individual activities and their interaction with each other. In its efforts to balance the interests of each of these competing constituents, government develops consumer policy (either alone or in concert with the other stakeholders to the issue). To gain an appreciation of the success of these policy initiatives, analysts have traditionally relied upon the micro-economic concepts to judge the merits of the policy outcome against the overarching criteria of efficiency and equity.

This first chapter of this thesis will provide a primer on the micro-economic paradigm as it relates to the justification and rationale for government intervention in the market economy via consumer policy. It is intended to provide the terms of reference for the thesis and, in particular, for the next chapter, which will identify and critique a representative sample of consumer policy frameworks grounded in micro-economic theory. The intent of the pending critique of these consumer policy frameworks is to support the position guiding this thesis, that being that

*sole reliance on the micro-economic paradigm to justify government intervention in the market economy and to analyze the benefits of consumer policy initiatives to address market failures results in too narrow an approach to consumer policy and in a lack of appreciation for the dynamic and relational aspects of the consumer policy making process.*



For, in a mixed market economy, market decisions are shared by private enterprise and government (and indirectly by consumers via consumer advocates or government and business enterprises with the consumer interest at heart) (Archer, 1978). This process of sharing market decisions implies that business, government and consumer must interact as they determine the allocation of scarce resources within the market economy. In a mixed economy, business, government and consumer are all involved in the market decision in varying degrees. Further, these marketplace constituents each have different characters, demonstrated by traditional and only recently challenged (Consumer and Corporate Affairs Canada, 1992) interests, rights, responsibilities and roles, often in conflict.

If each of these roles, rights, interests and responsibilities were respected, the marketplace would be perfect, there would be no marketplace problems and hence no need for consumer policy (Wildavsky, 1979). This is because all players should share in the burden of responsibility just as they should share in the benefits of a fair, efficient and competitive marketplace. However, not all players exercise their respective responsibilities as they strive to advance their interests and some do so quite aggressively. As Blake (1990) pointed out, consumers have a constrained capacity to function effectively in market transactions, business will act in ways consistent with profit motives and government has to balance consumers' incapacities against business motives and resulting market failures. This absence of uniform adherence to respective obligations results in unfair and inefficient performances in the market and provides a rationale for developing consumer policy.

Consequently, if a consumer is exploited in a market transaction due to market failures or imperfections in the market, the government has legitimate justification for intervening in the market economy (Scheffau & Applebaum, 1982; Wildavsky, 1979). When government does intervene in the mixed economy, it does so for the purpose of balancing the interests of all marketplace constituents, within the context of their expected roles, rights and responsibilities. Government manifests this intervention via consumer policies (Forbes, 1987). It intervenes with the intention of changing the behaviour of the marketplace constituents (consumer and business included).

### **Consumer policy defined**

Consumer policy should then be taken to mean "political actions" which aim at maintaining, advancing or protecting consumer's interests (Rock, Biervert, & Fischer-Winkelmann, 1980). Consumer policy is government decisions (whether made in concert with other stakeholders or in isolation) which create or improve the conditions under which the consumer can obtain satisfaction from consumption in a market economy. Narrowly defined, consumer policy should result in the improvement of opportunities to satisfy needs through consumption (Koopman, 1986)\*. Generic definitions would suggest that consumer policy accommodate the consumer in various roles other than the consumption role. For example, the consumer also acts a member in intrafamily economic decisions, as a socially responsible citizen, as a recipient of public goods, and as a taxpayer (Kroll, 1991). Forward thinking consumer policy would accommodate these non-consumption roles assumed by the consumer. Regardless, consumer policy is believed necessary because a laissez-faire economy is not sufficient for the

avoidance or solution of consumer problems (Jensen, 1986).

Consumer protection is a concept invariably used in conjunction with consumer policy. Consumer protection is a public good. To protect a consumer entails the prevention of physical or economic disadvantage to the buyer/user of goods and services for personal or household use (Pestoff, 1988). It is traditionally achieved through regulations which are designed to prevent negative effects resulting from consumption and production processes (Rock, et al. 1980). These regulations strive to alter, modify or prevent certain business behaviours which contribute to market failures and consumer problems.

#### **DIMENSIONS OF MICRO-ECONOMIC PARADIGM**

Obviously, the consumer policy process is a very complex and multidimensional phenomena which draws on the institute of micro-economic market theory. Therefore, to grasp a comprehensive understanding of this phenomena it is necessary to have knowledge of several specific dimensions of traditional market theory (Wildavsky, 1979). These include the (a) character of the marketplace constituents as depicted by the roles, interests, rights and responsibilities of each market player, and (b) the potential reasons for failure of a market economy and the resultant consumer problems justifying government intervention. To that end, this chapter will provide the terms of reference for the entire argument, and particularly for the following chapter, which will critique consumer policy frameworks grounded in micro-economic theory from a relational perspective.

## **Character of marketplace constituents**

In a market economy, each player (consumer, business and government) has manifest rights and attendant responsibilities, inherent interests, and assumed roles. A discussion of each of these factors serves to illustrate how they are interrelated and provides a background for the pending deliberation on market failures and consumer problems which provide the impetus for the development of consumer policy. Since the roles, responsibilities and rights of the marketplace constituents are each established within the context of respective interests in the mixed market economy, this discussion of the character of the marketplace constituents will be prefaced with a brief discussion of the concept of interests. This will be followed by a synopsis of their respective roles, rights and responsibilities in chart form.

### **Interests of marketplace stakeholders**

From a micro-economic perspective, all three parties in the marketplace (consumer, business and government) are concerned about (a) the conditions of the marketplace (supply, demand, price), (b) the resulting market structures (level of competition), (c) the behaviour and conduct of all three constituents, and (d) their respective performance in the marketplace (Forbes, 1987).

For different reasons (interests, concerns, advantages, benefits or desired state of well-being), all three market players have a different stake in the market, consequently they are all *stakeholders* with different interests. There is the public interest (government), the business or private interest and the consumer interest

and they are often in conflict. Table 1-1 summarizes the major differences between these dominate market interests. This table was compiled from information gleaned from Stanbury (1978, 1986), Forbes (1987), Schooler (1982) and Ornstein and Elder (1978). Let us examine the dimensions of each of these three interests.

Table 1-1 - Dimensions of marketplace constituent interests

<i>Public interest</i>	<i>Business interest</i>	<i>Consumer interest</i>
<i>altruistic</i>	<i>self seeking</i>	<i>collective interest; there is not a single consumer interest because there are heterogeneous groups of consumers</i>
<i>benefits many at the expense of all citizens</i>	<i>benefits a few at the expense of many</i>	<i>there is question as to which consumer benefits</i>
<i>wide in scope; beyond economic interest</i>	<i>narrow in scope; narrow range of commodities</i>	<i>very broad scope; spreads over a wide range of goods and services</i>
<i>social and political goals</i>	<i>pecuniary and profit driven</i>	<i>increase collective consumer economic well being</i>
<i>elected speak for the majority; paid from taxes</i>	<i>people who benefit are identified and represented; paid employees or lobbyist</i>	<i>people who benefit are not always identified and not always represented; often volunteers</i>
<i>long term gains for future generations</i>	<i>short term/immediate gains</i>	<i>short term, immediate and long term gains; depends on the issue</i>
<i>broadly based and represents all of the people; aggression varies</i>	<i>operates defensively and aggressively for self; strong lobby</i>	<i>often submissive and not aggressive enough; may be conflict among needs of heterogeneous consumer groups</i>

<i>maximizes societies welfare and well being</i>	<i>increase self income and wealth</i>	<i>increase income and wealth of all consumers and more so, some disadvantaged groups</i>
<i>allegedly reflects full range of social, economic and political considerations</i>	<i>does not reflect full range of social and political considerations</i>	<i>does not reflect full range of social and political considerations</i>
<i>legitimate, allegedly operates on higher moral grounds than business or consumer</i>	<i>lacks legitimacy, accountability and prestige relative to public and consumer interest</i>	<i>legitimacy is questioned because those representing interest are not always properly funded, lack access to policy process, are not well organized, no strong lobby, lack expertise, lack time and inclination to represent consumers</i>

Stanbury (1986) suggested that there is a distinction between public interest and private interests. He does not agree that the consumer or business interests are a component of the public interest. Rather, he noted that the public interest refers to general or common interests shared by all or substantially all members of the community. Conversely, special interests (of which consumer and business are included) are those interests that are shared by only a few people or a fraction of the community. Special interests are characterized as excluding the interests of others and may be adverse to them. He further clarified that while some interest groups seek benefits exclusive to their members, other interest groups seek benefits available to all.

#### **Public interest**

Of the three market players, it is government which is

concerned with the public interest. For the purpose of this discussion, the public interest will be served if the competing interests in the marketplace are aggregated, weighed and balanced. This means that as many as possible of the competing interests present in a situation are harmonized (Stanbury, 1978; 1986) so that the collective good is served (Ornstein & Elder, 1978). In a market economy, the key competing interests comprise business and consumers, often against each other.

#### **Business interest**

Business, a special interest group, is concerned with the interest of private enterprise in a market economy (Stanbury, 1986). The interest of business are often referred to as 'private interests' and is driven by the profit motive and return on investment. All members of the distribution channel of a good or service - suppliers of factor goods, manufacturing firms and producers, wholesalers, marketing and advertising firms, and retailers and after market merchants - constitute members of the private interest.

#### **Consumer interest**

Two marketplace stakeholders - consumer advocates as well as government - are concerned with the consumer interest (economic well being) in a market economy (Stanbury, 1986). There are conflicting conceptualizations of the consumer interest depending on whether the consumer interest is perceived as being part of the public interest (a government concern) or a special interest (a consumer advocate concern).

#### **Consumer interest as a government concern**

In traditional microeconomic theory it is assumed that the consumer interest is a component of the public interest. This assumption reflects the traditionally

accepted role of government as that of protecting the consumer in a market economy. On the premise that the public interest is often times equated with the consumer interest, Forbes defined the consumer interest as "the balancing by government of the interests of individuals in their role as consumer and the interests of individuals and organizations in their role as providers of labor and capital in the economic system" (1987, p.25).

#### **Consumer interest as a consumer advocacy concern**

However, it is common knowledge that there is an historical conflict between the goals and interests of sellers and buyers (Forbes, 1987). This conflict occurs due to challenges to the consumer interest resulting from actions of the sellers of goods and services (referred to as the marketing consumer interest) and challenges to the consumer interest by the producers of goods and services (the economic consumer interest) (Schooler, 1982). Based on the premise of inherent conflict between the consumer and business, and contrary to Forbes (1987), Stanbury (1986) classified the consumer interest as a special interest as opposed to being a component of the public interest. He asserted that the consumer interest is shared by only a few people or a fraction of the community. It is characterized as excluding the interests of others (eg. business) and may be adverse to them, hence the buyer-seller conflict.

Regardless of how one perceives consumer interest, Schooler (1982) said we should ensure that the market economy maximize the consumer interest. The consumer interest is broad and difficult to define but basically, it is concerned with the question of "what can be done to improve the lot of the consumer in the marketplace"?



Fundamentally, advancing the consumer interest entails taking measures that affect the standard of living of consumers. This standard of living is acquired through purchasing goods and services from both the private market and public market (those goods and services provided by government). If it is in the consumer's interest, the purchase or policy decision will benefit the economic well being of the consumer.

**Rights, roles and responsibilities of marketplace constituents**

The stakeholders strive to balance interest achievement with market place obligations. Table 1-2 summarizes the prevailing consumer rights (marketplace values), and the divergent roles and responsibilities of government, business and consumer and was aggregated from several key references (Barkley, 1990; Belobaba, 1990; Blake, 1990; 'Canadian Consumers', 1991; 'Canadian', 1977; 'Consumer and Corporate Affairs', 1992; Green, 1983; Harland, 1987; 'IOCU', 1984; Kroll, 1991; Merciai 1986).

Table 1-2 - Marketplace rights, roles and responsibilities of stakeholders

<b>Marketplace values or rights</b>	<b>Government role and responsibility</b>	<b>Business role and responsibility</b>	<b>Consumer role and responsibility</b>
<b>Choice</b>	<b>encourage fairness and efficiency by maintaining a competitive marketplace; punish offenders</b>	<b>efficiently produce and supply a variety of goods and services</b>	<b>be vigilant in choice of goods and services</b>
<b>Voice</b>	<b>provide access to policy process and represent consumer interest in other departments</b>	<b>represent their concerns with government; listen to consumer interest perspective</b>	<b>voice concerns with business and government; take part in policy process</b>

<b>Safety</b>	<b>establish legislation to regulate product and service production and delivery</b>	<b>produce safe goods and prudently deliver services; assume liability; recall and report unsafe products</b>	<b>be vigilant in purchase, safe use and repair of goods</b>
<b>Information</b>	<b>ensure that business disclose information in a useable and accessible form</b>	<b>disclose accurate, useful and timely information on performance, usage, content, composition, disposal and recall of goods and services</b>	<b>seek, evaluate and use information provided by business, government and independent agencies</b>
<b>Education</b>	<b>fund education initiatives for consumers; provide pamphlets and brochures</b>	<b>provide consumer education programs and services relevant to their products and to the marketplace in general</b>	<b>obtain and use consumer education skills</b>
<b>Healthy environment</b>	<b>provide motivation for provision and purchase of environmentally friendly goods and services</b>	<b>properly dispose of and reduce the use of factor materials; produce and deliver environmentally friendly goods and services</b>	<b>properly dispose of and buy environmentally friendly goods and services; reduce, reuse, recycle, refuse goods and services</b>
<b>Redress</b>	<b>assure business compliance with regulations; provide support for and access to consumer redress</b>	<b>seek consumer feedback; manage complaints; provide redress and complaint resolution procedures</b>	<b>seek redress and justice if dissatisfied; complain to business, government and other consumers</b>

<i>Privacy</i>	<i>ensure that business and consumers respect provision of financial and personal information</i>	<i>respect consumer privacy and use consumer information responsibly</i>	<i>be vigilant in disclosure of personal and financial information</i>
<i>Fairness</i>	<i>promote fairness; monitor business practices and credit terms</i>	<i>engage in equitable business practices and contracts</i>	<i>be vigilant in determining the provision of contract terms; scrutinize business practices</i>

Overall, this discussion of the character of the marketplace constituents has confirmed that, indeed, consumers, business and government have different and often conflicting interests, rights, responsibilities and roles in a market economy. The above chart clearly portrays the potential adversarial relationship between business and consumer. This divergence and complexity cannot help but lead to problems in the market exchange. It is in the interest of consumers if their rights are guaranteed in the market transaction.

However, the power of the consumer relative to the seller is severely challenged on a daily basis. This is due to the divergent natures of the three key dyads in the market economy - the consumer-business, the business-government, and the consumer-government dyads. This challenge to consumer power is due to the inherent adversarial relationship between the producer and the consumer, the paternal relationship between consumer and government, and the mutually dependent relationship between business and government, often to the exclusion of the consumer. These potential obstacles to a fair and efficient market exchange, resulting in problems for the consumer, are the next topic of discussion.

## Marketplace failures in a mixed economy

A market economy accommodates consumer, business and government who are each assuming and pursuing respective interests, rights, responsibilities and roles. In an ideal market economy, certain conditions would exist thereby ensuring successful market exchanges and negating the necessity for government intervention. The characteristics of an ideal market economy, instances when the market exchange process between business and consumer is compromised due to failures in the functioning of the mixed market economy and resultant representative consumer problems, are summarized in the Table 1-3. It was adapted from information provided by many scholars (Harris & Carman, 1983, 1986; Ramsay, 1984, 1985; Scheffau & Applebaum, 1982; Brander, 1988; Economic Council of Canada, 1979; Forbes, 1987; Jensen, 1986; McGregor, 1991; Belobaba, 1985; Consumer and Corporate Affairs Canada, 1992).

Table 1-3 - Market failures in an ideal market economy

<i>Characteristics of ideal market economy</i>	<i>Instances of failures in market economy</i>	<i>Examples of specific consumer problems</i>
<i>Perfect competition</i>	<i>Imperfect competition: abuse of market power via price, output or wage control</i>	<i>Unequal bargaining power; absence of justice; fraud; misleading advertising; unconscionable practices; misrepresentation of commodities; undue influence</i>

Perfect information about the exchange process, the object of exchange and the alternatives	Information gaps; asymmetric information, incomplete, inaccurate, insufficient, inaccessible, excessive	not informed about exchange (prices, quality, alternatives); incur extra costs; draw incorrect inferences from faulty information
No barriers to entry or exit to the market	supplier encounter barriers to market	supply cannot meet consumer demand; affects price, quality and availability of goods and services
No externalities to transaction	side effects from transaction (social costs)	consumers incur extra costs even though they did not cause side effects (social costs)
Harmonious government policies (indirect policy areas accommodating consumer interest)	disharmonious government policies (no cost/benefit analysis from consumer interest perspective)	consumer disadvantages due to inadvertent market distortion
Only those in private exchange benefit	Provision of public goods	some consumers consume what they did not pay for (free riders)
Equal wealth and income distribution	income and wealth inequality	vulnerable consumer groups; low income; exploitation
Homogenous products and services	heterogeneous, complex and numerous products and services	difficulty assessing quality and attributes; leads to purchase dissatisfaction
Rational decisions	irrational decisions; bounded rationality	low value for dollar; settle for satisficing, decrease in economic and physical well being; leads to complaints, redress problems

<i>Maximize interests</i>	<i>consumer interest thwarted due to business profit motive</i>	<i>buyer/seller conflict; consumer interest compromised</i>
<i>Zero transaction costs</i>	<i>costs incurred during transaction</i>	<i>increase in price, search time, risk, uncertainty</i>
<i>Intertemporal equity</i>	<i>intertemporal inequity; current decisions don't consider impact on future generations</i>	<i>third party harm due to past decisions; cost of past trade offs incurred by future generation of consumers</i>
<i>Procedural fairness; consumer has access to policy process</i>	<i>policy process closed to consumer; no voice or representation</i>	<i>consumer interest not heard in market policy decisions</i>

### **Overarching market failures**

Researchers in the field of consumer policy concur that the overarching results of market failures and the rationales for government intervention are consumer problems due to inefficiency and inequity (Brander, 1988, Economic Council of Canada, 1979, Ramsay, 1984, 1985, Forbes, 1987, Harris & Carman, 1986, Hughes, 1981, Scheffman & Appelbaum, 1982). Succinctly, while efficiency is concerned with resource allocation so benefits outweigh costs, equity is concerned with the resulting distribution of income and wealth and access to the policy process (Scheffman & Applebaum). Each of these concepts is multi-dimensional. They traditionally form the basis of consumer policy frameworks and serve as the rationale for government intervention in a market economy via consumer policy (Forbes, 1987).

#### **Efficiency failures/rationale for intervention**

Efficiency means that resources are being allocated to their most valuable use through the incentive of the

price mechanism matching supply with consumer demand (as reflected in the willingness and ability of the consumer to pay and the seller to produce) (Ramsay, 1984; Brander, 1988; Harris & Carman, 1986). Static efficiency refers to the present, day to day operations of the market and dynamic efficiency is evident in the form of technological and organizational change which is in turn evident in future increased standard of living, competition and economic growth (Economic Council of Canada, 1979).

Inefficiency market failures occur as a result of the mismanagement of economic resources in the short and long term (whether due to government, business or consumer mismanagement). Inefficiency based market failures cause consumers to suffer economic detriment (harm) and are revealed through cost/benefit analysis based on economic criteria (Ramsay, 1985). This economic or financial harm results because the consumers's ability to make rationale assessments of the costs and benefits of alternative products or services is affected by the inefficiency.

Inefficiency can manifest itself in many ways. Recognized sources of efficiency failure (Ramsay, 1984, 1985) include information failure, fraud, misrepresentation and false and misleading claims, ignorance of the terms, difficulty in noticing and reading terms, high cost of redress, excessive market power (via use of standardized contracts), deceptive seller practices and conduct, and finally, incapacity of entering the transaction on equal footing. This latter could be exacerbated due to ones age (elderly, young), ethnic origin, mental competency (insanity, bereavement, illness), desperate need, undue pressure, lack of access to market (housebound, disabled, illiterate), or advertising. As well, absence of developments of new goods and services, new production

methods, marketing techniques, transactional procedures or organizational methods is indicative of market failure because the market is not dynamic.

#### **Equity failures/rationale for intervention**

Ramsay (1984) explained that equity is concerned with the fairness of the process (transactional and policy development) and the outcomes of the market transaction. This concept is contrasted with that of efficiency which is concerned with the efficient distribution of resources so that benefits outweigh costs in a market transaction. The economic definition of fairness is often expressed as inequality of bargaining power - not being duped in the exchange process. There are two types of fairness, distributive and procedural. Distributive fairness deals with allocation of income and wealth. Harris and Carman (1986) expanded the concept of distributional equity to include intergenerational equity and submitted that the current generation has an obligation to take account of the effects of their market decisions on future generations. Their perception of equitable distribution also encompassed externalities (social side effects of a market decision).

Procedural fairness, the second dimension of equity, has two aspects. First it refers to economic procedures, i.e., voluntary consumer choices without coercion (Economic Council of Canada, 1979). "[W]e [should be] concerned not only with the outcomes of the market transaction but also with the process of exchange; e.g., "fair" bargaining practices" (Harris & Carman, 1986, p.53).

Procedural fairness also means that consumers should have the ability to participate and influence decisions in the political and regulatory process. Equity encompasses a fair process by which decisions affecting the consumer



are made. This is ensured via consumer representation and participation in the policy process. This is referred to as "process rights".

Inequity failures comprise unfairness, dishonesty, exploitation, intergenerational unfairness, lack of representation in policy process, and inequitable income distribution. Equity failures of the marketplace take the form of discrimination, duress, undue influence, unconscionable transactions, extortionate credit bargains, and third party harm (future generations). Representational failure is a form of inequity (procedural fairness). Representational failure occurs because the advocate of the consumer interest is often thwarted by a lack of access to the policy process, under funding, questions of role and legitimacy, conflicts of interest, lack of expertise and skills, and lack of organization, time and desire to expend personal effort. The consumer problem is lack of access to the policy process. The interests of the consumer are not adequately represented, if at all.

In brief, market failures in a mixed economy include (a) inefficiency (mismanagement, whether by consumer, business or government, of resources on both a day to day basis and in the long run and (b) inequity (comprising fairness, honesty, lack of exploitation, intergenerational fairness, assurance of representation in policy process, and equitable income distribution).

#### **Justification for government intervention**

Obviously, the consumer policy process, as it has been described from the micro-economic perspective, is a very complex and multidimensional phenomena. It has been shown that from the micro-economic perspective, government has

a legitimate right and responsibility to intervene in the market economy to protect the consumer interest which is threatened due to consumer problems and issues resulting from efficiency and equity failures (Scheffman & Appelbaum, 1982; Wildavsky, 1979).

When government does intervene it can adopt combinations of several roles and strategies. Ritchie and LaBreque (1975) noted that, "[w]hile no doubt a simplification, it appears that government within the confines of what is regarded as the leading proponent of the free enterprise system is often viewed as a 'rule-maker and umpire'" (1975, pp.12-13). Recent work within the Canadian government confirms this role of the government and extends it. It is suggested that not only does government act as a rule maker and a referee, but it also has the roles of information broker, advocate and facilitator (Consumer and Corporate Affairs, 1992). Government could fulfil these roles by (a) assuming a bureaucratic approach when dealing with these fundamental market failures via implementing and managing regulations, (b) by assuming a market based approach by employing deregulation or (c) by assuming an approach which provides alternatives to regulation (eg, soft law, shared market responsibilities, voluntary codes, and the like) (Hughes, 1981). It can also elect to do nothing and let the market stabilize itself.

Combinations of all of these roles and strategies constitute the backbone of most consumer policy frameworks, which provide direction and rationale for government intervention in the market economy on behalf of the consumer interest. What is of paramount concern in this thesis is that the micro-economic paradigm has traditionally been used as the prevailing paradigm for developing the consumer policy frameworks to address

inefficiency and inequity market failures. This has been done to the detriment of appreciating the relationship and interactions between the major marketplace dyads necessary to develop, implement, monitor and evaluate these policy strategies, a dynamic situation which is not recognized in the micro-economic paradigm.

The next chapter will lay the foundations for the argument that a broader, more macro-relational approach to analyzing and understanding the consumer policy process is needed in light of the complex relationships between the three key stakeholders. To that end, the next chapter will identify and critique a representative sample of consumer policy frameworks, most of them grounded in the prevailing traditional micro-economic paradigm. The intent of the pending critique of these consumer policy frameworks is to support the position that

*sole reliance on micro-economic theory to justify intervention and to analyze the benefits of consumer policy initiatives has shortcomings. It results in too narrow an approach to consumer policy and in a lack of appreciation for the dynamic and relational aspects of the consumer policy making process between consumer, business and government.*

\*New thinking regarding the role of the consumer in the market economy is evolving which may result in a broader definition of consumer policy than that offered by Koopman (1986). Consumer policy is currently developed in a modern capitalist-industrial state. Featherstone (1991) argues that this is being replaced by a postmodern industrial society. The consumption of new forms of technologies and information is competing with the consumption of traditional, tangible consumer goods. The latter has been addressed by economic theory. The former may need a new analytical perspective. McCracken (1986; 1988; 1990) furthers this position by arguing that the study of goods (and by extension, the development of consumer policy) needs to shift. He maintains that products are not only bundles of utility with which to serve functions and satisfy needs. Products are also bundles of **meanings** which consumers use to broaden their consumption role. They seek out the cultural meaning of consumer goods and use them in the creation of their notions of self and world. Featherstone (1991) argues that in a postmodern industrial state, the study of consumer and culture has to be granted a more important place in the analysis of social relations and cultural representation. Since culture is the source of the strategies by which the marketing system gets meanings for consumer goods (McCracken, 1990), consumer policy makers may need to approach consumer protection from a new stance - consumers may need protection from marketing attempts to develop and market products from a cultural meaning perspective as apposed to the traditional utility/needs satisfaction perspective.

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McCracken, G. (1986, June). Culture and consumption. Journal of Consumer Research, 13, 71-84.

McCracken, G. (1988). Culture and consumption. Bloomington, Illinois: Illinois University Press.

McCracken, G. (1990). Culture and consumer behaviour. Journal of Market Research Society, 31(1), 3-11.

## CHAPTER TWO - CRITIQUE OF CONSUMER POLICY FRAMEWORKS GROUNDED IN ECONOMIC PARADIGM

### Preamble

Chapter one provided the frame of reference for this thesis. It contained an overview of the micro economic paradigm as it relates to the justification for and analysis of consumer policy. It was argued that, based on grounds of inefficiency and inequity, government has a legitimate right and responsibility to intervene on behalf of the consumer. The objective of this intervention is to balance the interests of consumer, business and government within the context of their divergent roles, responsibilities, rights and interests. The vehicle for intervention is consumer policy and the policy instrument is usually consumer protection legislation and regulations. The information in chapter one was intended to serve as a primer and as the terms of reference for this chapter, which will identify and critique consumer policy frameworks grounded in the micro-economic paradigm.

On that note, it is expedient to place this chapter of the research in context. This research is concerned primarily with government policies directed toward consumers, whether they be developed in concert with the stakeholders or in isolation. For, it is accepted that, the role of government is to develop and implement policy to protect the consumer interest in the marketplace. This is achieved predominately through regulating the behaviour of business, the provider of goods and services in the marketplace. The basic insights and conceptual tools of economics are traditionally used in the development and evaluation of consumer policy because they readily apply to business related activities

(Brander, 1988). Most policy aimed to protect the consumer interest is therefore targeted towards affecting the behaviour of business (consumer policy) or the infrastructure of the marketplace (competition policy).

It has been established in chapter one that consumer policy is traditionally justified, developed and analyzed on the premise of classical micro-economic concepts. This approach provides necessary and invaluable insights into the effectiveness of consumer policy on the basis of fairness, equity, efficiency and competition. For indeed, these economic concepts are the cornerstones of the internationally recognized seven consumer rights or marketplace values. Manipulation of business activities via consumer protection policies is done to ensure preservation of these basic rights. What is lacking from this approach is an appreciation of the relationships that evolve during the dynamic interaction between the three marketplace stakeholder dyads as they strive to advance their own interests during the development of consumer policy. It is believed that this research will substantiate the premise that the insights gained from appreciating the relational perspective of policy development will supplement those garnered from economic analysis of consumer policy initiatives.

To this end, it is incumbent on the researcher to identify and critique representative models which attempt to portray the consumer policy process from a micro-economic perspective. These models will be presented in such a way that those most closely embracing the traditional economic paradigm will be followed by those most faithful to the relational perspective advocated in this research. This section will conclude on the note that a new approach is needed which integrates the economic and relational perspectives of consumer policy

development.

### **Evaluative criteria**

Most attempts to model the consumer policy process encompass some combination of the following elements and the examination of the models identified in this chapter will be structured around these evaluative criteria. These include a definition of consumer policy or the consumer interest, the objectives of consumer policy, and the roles of the three major marketplace actors (consumer, business and government). Other elements of consumer policy include identifying different levels of consumer protection, separate stages of the consumer transaction, various consumer problems, diverse market performance standards, and different strategies, alternatives and combinations of policy instruments to use to counter market failures. Additional, but less frequently used elements of consumer policy models include the identification of different supportive theories which have been integrated to develop a comprehensive consumer policy model and, in a few instances, the identification of dyadic links (relationships) between marketplace stakeholders.

As an observation, the models identified in the literature which represent efforts to model the consumer policy process from a micro-economic perspective tend to fall under the auspices of either (a) consumer policy (Forbes, 1987; Gronmo, 1987 ; Jensen, 1986; Koopman, 1986; Lubbers, 1990; McGregor, 1991; Rock, Biervert, & Fisher-Winkelmann, 1980; Shephard, 1978; Uusitalo, 1983), (b) consumer protection (Belobaba, 1985; Harland, 1987; Shapiro, 1986), or (c) consumer regulation (Brander, 1988; Mazis, Staelin, Beales & Salop, 1981; Venkatesh & Burger, 1984). Researchers in Europe tend to refer to

consumer policy while those in Canada refer to consumer protection and those in United States allude more often to consumer regulation and consumer protection.

## **CONSUMER POLICY MODELS WITH MICRO-ECONOMIC FOUNDATIONS**

### **The Netherlands model**

In a recent IOCU newsletter, Lubbers (1990), the Prime Minister of the Netherlands, presented a model of consumer policy which has its foundations in economic principles. His model of consumer policy portrayed the policy process as consisting of a core surrounded by three layers. A nested cup diagram would include four components that constitute the key elements in his model of consumer policy: 1) indirect consumer policy; 2) government as supplier of goods and services 3) collective consumer interests; and 4) the core, which is the interest of individual consumer in market transaction (policy re: supply and demand factors).

In more detail, at the core are the fundamental economic concepts of supply and demand, wherein the rationale for intervention in the individual transaction (in the form of consumer policy) is overtly based on the economic principles of fairness, efficiency and competition. The second layer deals with affecting the interests of groups of consumers or all consumers, but this is done by affecting "factors which are not directly related to the process of supply and demand" (Lubbers, 1990, p.3). The third layer explicitly stresses that the consumers interest is different if they are consuming a good or services provided by the government. Finally, the outer layer refers to the notion of ensuring that the consumer interest is represented in areas that are not related to supply and demand yet have an impact on the consumer



power in market transactions (government policy that is not explicitly consumer policy).

Lubbers (1990) sets this model out within the context of nine objectives for consumer policy. These include assuring consumer rights, strengthening the consumers' position in general as well as strengthening the consumer position as a market player. A fourth objective of consumer policy is to balance the market relations between suppliers and consumers, coupled with promoting equal positions and helping consumers make well considered choices. A seventh objective of consumer policy is to safeguard consumer interests by imposing needed regulations on business or assuring that they self-regulate while at the same time assuring a basic level of consumer protection. Finally, consumer policy has to continuously adapt to an ever-changing society.

Lubbers (1990) strongly emphasized that they intend to continue to represent the consumers interest using this model of consumer policy as a guide. He confirms that "the emphasis is increasingly shifting towards possibilities for suppliers and consumer organisations to reach mutual agreement on supply-side obligations towards consumers" (p.1). He also agreed that the "bottom-up approach to consumer matters [is the way of the future] based on the principle that consumers should be capable of looking after their own interests and responsibilities" (p.1). Each of these three initiatives (grounded in economic principles) strongly implies interaction and management of relationships yet there is no indication of the need to understand the dynamics entailed in the development or coordination of policy within these four layers of consumer policy. This is not to say that the need is not recognized, it is just not manifest.

## Characteristic - performance - policy paradigm

An American researcher, Shepard (1978), also suggested a framework for consumer policy analysis based on classic micro-economic principles. He offered a "characteristics-performance-policy paradigm" (p.5) to evaluate features, behaviour or characteristics of different markets, to evaluate the performance of consumer, products, and producers in these markets, and finally, to specify policy alternatives to remedy consumer problems. His consumer policy model hinges on a good understanding of the performance of firms in the markets, the resulting consumer problems and appropriate policy alternative to deal with characteristic market performance failures. His premise is that producers, consumers or products could fail in the market and these failures need to be compensated for via consumer policy. The failures are measured against economic criteria.

Shepard's consumer policy model, which offers a three stage approach to consumer policy analysis, and is heavily grounded in economic tenets (1978). First, it is suggested that one should identify the features of the market that are affecting the performance of the actors. These include consumer spending patterns and behaviour, unsatisfactory product attributes and producer practices and strategies. The second stage of analysis entails an evaluation of standards of market performance (price and quality relationship) against the market features and finally, specification of appropriate policies directed towards either the consumer, the product, or the producer. It is a useful framework for ensuring that the appropriate policy is chosen and that the policy relates to the source of the problem and not the symptom (Shepard, 1978).

However, this framework implies inherent interaction and considerable dynamics among the market actors but it seems to be based on the erroneous assumption that the relationships between the actors as they perform in the market are given, a common assumption in economic theory. Failure to appreciate the interactions inherent between actors in the markets will diminish the value of the insights gained from Shepard's model which advocates analyzing market characteristics, establishing sources of market failure due to inadequate performance and appropriately selecting policy instruments.

### **Structural and functional paradigm**

A third paradigm for consumer policy which is based on micro-economic principles was proposed by Jensen (1986), a Danish researcher. In this effort, Jensen characterized consumer problems at five different levels and depicted them as functional or structural. The five levels of consumer problems include specific characteristics of individual consumers, characteristics of collective consumers, specific behaviour of individual sellers, market place conditions affecting collective behaviour of sellers and, the position of the consumer in the society.

Functional (transactional) problems are mainly caused by information inadequacies, defective communication between consumer and producer, and unfair marketing practices of individual firms (efficiency and equity failures). Structural problems, on the other hand, are at the core of transactional problems. They are concerned with the overall structure of markets and with societal and government attitudes towards consumers in the marketplace.

He then presented three different paradigms, grounded in economic principles, which provide alternative rationales

for solving both functional and structural problems. The three main paradigms attempted to describe the social and political influence of the consumer relative to the producer. The first paradigm is that of consumer-controlled production (the concept of consumer sovereignty). Jensen (1986) acknowledges that this paradigm is "reflected in classical and neo-classical economics" (p.393). The second paradigm is that of producer-controlled consumption. That is, the producer creates the demand and exercises more influence in the market than the consumer (often referred to as market economy reality versus myth (Forbes, 1987b)). The third and final paradigm portrays the interdependence between production and consumption. Production and demand for production are jointly determined by consumer and producer. They tend to keep each other in check. Producers manipulate and influence using the marketing mix while consumers advance their interests in the market as well. According to this third paradigm, society is characterized by congruent interests and equality between consumers and producers.

While Jensen's (1986) three economically grounded paradigms coupled with the characterization of five levels of consumer problems on the basis of being functional or structural offers valuable insights to the development of consumer policy, it again is judged to fall short of the consideration of relationships involved in the process of analyzing, developing and implementing this multi-layered model of consumer policy.

#### **Proactive, ex-ante consumer policy framework**

A fourth framework describing consumer policy was put forth by German researchers Rock, Biervert and Fischer-Winkelmann (1980). These scholars critiqued the reliance

on the economic model for developing consumer policy on the following grounds,

"both theoretical statements and political actions resort to a naive liberal concept of the economic system... . The normative construct of 'consumer sovereignty' is assigned the political function of steering the economy to fulfil the consumer interest. To put it briefly, the necessity of publically financed consumer policy is derived from the existence of so-called 'dysfunctions' in the market system, from the imperfect realization of the constituent principles of the market model..." (Rock, et al., 1980, p.93).

Rock et al., (1980) were faulting policy analysts for resorting to economic concepts to develop consumer policy after the fact (ex-post) rather than before the problem occurs (ex-ante orientation to policy). They advocate that the consumer policy process should enlist and institutionalize early consumer input regarding the production and distribution of private and public goods and services. Their criticism of the over reliance on economic concepts too late in the policy process is relevant to this research because they also find fault with the reliance on economic concepts using a reactive paradigm to justify intervention in the marketplace.

On the other hand, their alternative proactive approach to consumer policy development still does not address the inherent relational perspective that is intrinsic to the policy process, especially if one is to adopt an ex-ante approach. This is unfortunate because their consumer policy theory, which allows the consumer to solve their problems autonomously (Rock, et al., 1981), intimates a strong need to appreciate the interaction involved in

voicing early in the production and distribution processes.

### **Tri-disciplinary proactive consumer policy framework**

Still another framework designed to evaluate consumer policy regarding regulations was designed by American scholars, Mazis, Staelin, Beales and Salop (1981). Mazis et al., attempted

to provide a coherent structure [for assessing alternative consumer policies] by integrating the theories of three diverse disciplines: economics, consumer behaviour, and law. Economic theory normally addresses the reactions of sellers to changes in the marketplace, while consumer behaviour theories are most concerned with consumers' reactions to market changes. ...[L]egal thought has a great influence on the interpretation of and/or restrictions placed on any rule or regulation [to cope with market changes] (1981, p.11).

Using this framework, they discuss the topic of when is government intervention in the marketplace appropriate? They conclude that it is prudent for government to intervene when it results in more consumer choice, improved product quality and reduced prices. They suggest that government intervention is justified when the three following market conditions prevail: performance misestimation, lack of seller incentives and significant externalities. Using this tri-discipline consumer policy framework, Mazis et al., (1981) also recognized the costs entailed in intervening in the marketplace, those being compliance costs, enforcement costs and unintended side effects.

They conclude their commentary with the suggestion of general principles derived from economics, consumer behaviour and legal theory to guide the development of policies. Respectively, these principles were incentive compatibility, communication effectiveness and protection of First Amendment rights. As a tool to select the most appropriate regulatory approach, they offered a "Remedies Continuum" which classified regulations from least to most restrictive of marketplace forces.

They plainly acknowledge that their consumer policy framework is grounded in economic theory as well as consumer behaviour and legal theory. They offered this model as an attempt to fill the gap exposed resulting from the lack of a common framework for assessing alternative consumer policies (Mazis, et al., 1981). This model is valuable because it recognizes the link between economics (seller behaviour), consumer behaviour and legal theory (implementation of the policy designed to regulate the interaction between the seller and the consumer). But, again, there is no mention of the relationships which develop during the market transaction, market infractions, or development of policy remedies. This is a gap in this forward thinking, integrative approach to developing and understanding consumer policy.

#### **Consumer interest/industrial organization paradigm**

Forbes (1987a, 1987b), a Canadian scholar, has recently developed another consumer policy model. He offers a framework for assessing current consumer policy, for developing priorities for consumer policy and for preparing legislative agendas for consumer policy. He proposes that a consumer policy framework should have four basic components: issues detection, prioritizing and

agenda setting, 2) rationales for intervention, 3) funding for representing the consumer interest, and 4) an assortment of governing instruments for market/self regulation.

What is of interest in this argument are the second and third components, those of rationales for government intervention in the marketplace and consumer representation. First, Forbes stated explicitly that

the first three [rationales], improved economic efficiency, [economic] redistribution, and creating equity and rights, have been standard classification for a number of years. The fourth, political rationales, is added because it is often cited as a rationale for intervention in the real world but not thought of as legitimate, for some reason (1987a, p.296).

Secondly, even though Forbes agreed that "consumer group funding and representation are critical in policy planning and implementation" (1987a, p.300) there is no element in his innovative framework which accommodates the interaction or development of relationships between consumer, producer and government. He limits his discussion of consumer representation to that of government funding of that representation in recognition of the resultant public goods rather than an understanding of the dynamics involved in tri-party interaction. His model is based on the premise that the consumer, business and labour interests are elements of the larger public interest (Forbes, 1987b, p.13). This assumption implies dynamic interaction between the three market players yet this affiliation is not explicitly reflected in his final consumer policy framework. And again, economic concepts serve as the fundamental



foundation for the consumer policy model on the premise that they have been the standard, accepted classification for years. There is no consideration for an accounting of the dialogue that must ensue if decisions are being made relevant to balancing of economic efficiency, redistribution, equity and fairness.

In his opinion, the focus of consumer policy is on the activities of firms in the economy and the performance of the firm is measured against economic criteria to see if it was in the interest of the consumer (Forbes, 1987b). Although he partially achieved his objective of bringing more balance into the policy process by providing a framework which affords a consumer perspective to the policy process, he fails to fulfil this objective because he does not account for the interaction that occurs as the three marketplace players strive to advance their own interests during the development of consumer policy.

#### **United Nations Consumer Protection Framework**

The United Nations also has a consumer protection framework based on economic principles. Pursuant to IOCU's adoption of the seven consumer rights in 1980, the United Nations eventually adopted guidelines for the development of consumer protection policies in member countries (Harland, 1987; Merciai, 1986). These were adopted in 1985 and form a set of general, minimum guidelines for consumer protection, a framework of principles heavily grounded in economic principles (equity, fairness, competition, redistribution and efficiency) from the consumer interest perspective. These guidelines map out a comprehensive set of rules for protecting the interests of consumers. They serve as a "valuable starting point for the development of a comprehensive consumer policy, as well as a useful

framework against which to review and evaluate existing policy" (Harland, 1987, p.264).

Notwithstanding the implied interdependency between government, business and consumer as these guidelines are used as signposts during policy development, implementation and evaluation, there is no explicit mention of dynamics, interaction, or relationship management or development. There is specific mention of international co-operation at the government level regarding consumer policy issues but no mention of tripartite co-operation or partnerships. This emphasis on the co-operation between governments admittedly reflects the nature of the United Nations - a group of governments. But it is felt that the guidelines fall short of full implementation and impact due to the absence of the recognition of the management of relationships between all three players in the marketplace as regards consumer policy.

#### **Canadian reliance on micro-economic paradigm**

In a comprehensive analysis of consumer policy making in Canada, Belobaba (1985) proclaimed that Canadian consumer policy making was exposed to classic economic analysis as a result of a similar practice in the United States. The exclusive adoption of the Chicago School of Thought (micro economic price theory percepts) by policy makers preceded the move to a melding of economics and law in the early 1970's. Belobaba contends that, although the economic approach was flawed, it resulted in the introduction of key consumer policy concepts (problem identification, market failures, government intervention and instruments, regulations, legislative impact analysis, and regulatory cost/benefit analysis). He concluded that "consumer protection is indeed about the

fundamentals of our economic system... as well as our system writ large - about our system of government, politics, policy making and priority setting" (p.2).

Belobaba also judged that the merging of economic and legal perspectives prepared policy makers for the introduction of a more sophisticated and flexible interdisciplinary approach to developing consumer policy (1985). He suggested as well, that this will in turn give way to other interdisciplinary approaches so as to study complicated human behaviour. Although he suggested such disciplines as anthropology, sociology, psychology and political science, his premise could also accommodate a structural (network) approach so as to examine the relational aspects of the consumer policy process.

#### **Purchase stage consumer protection framework**

In this same reference, Belobaba (1985) contributed another consumer policy framework. He discussed the Canadian consumer protection framework under the auspices of the stages of a consumer purchase (pre-contractual, contractual, post-contractual) deduced from five major topics of consumer protection (product safety, information, transactions, guarantees and warranties, and finally, redress). Subsequent to his extensive discussion of each of these areas, he discussed the state of the art of consumer policy making in Canada, five structural problems with the policy process and offered future directions for the consumer policy agenda in light of the constraints identified in his review.

He concluded, among other things, that we need to reform the policy process to allow consumer representation (democratize the process) and consider a consultative approach ensuring early and real involvement of all

affected parties to consumer policy making (Belobaba, 1985). These recommendations reflect his conviction that we need to study complicated human behaviour using more than the traditional economic and legal perspectives of consumer policy. Subsequent to successfully arguing that consumer policy making is a complicated phenomena, he called for "a major shift in both direction and the design of the modern policy-making paradigm... that is truer to the realities and complexities of modern policy making and modern politics" (p.71).

Adopting an interdisciplinary approach to consumer policy making so as to understand human behaviour (as he suggested) would enable researchers to justifiably study the interaction dynamics and relational development inherent in policy making.

#### **Cornerstone approach to consumer protection**

In a later attempt to set out future consumer policy options that might be pursued by the Canadian Federal Department of Consumer and Corporate Affairs, Belobaba (1988) presented another model, a consumer policy "foundational framework" (p.32), in which he proposed four cornerstones. These building blocks for consumer policy include 1) clear rights and responsibilities, 2) shared norms and expectations of market failures (economic principles of competition, fairness, safety and efficiency), 3) common concern for the market (mutual interests), and 4) recognition of a constantly changing marketplace.

In his model, Belobaba (1988) alludes to shared ownership of problems and solutions by consumer, business and government when he advocates shared roles and responsibilities and acceptance of mutual interests in the market (the market belongs to and is a concern of all

market players). This approach strongly implies dynamic interaction and management of developing and maturing relationships yet no attention is given to this relational aspect of the policy process. Further, he robustly asserts the "extraordinarily complicated [nature of the] job of modern consumer protection regulation" (p.14). Inherent in this assertion is the management of relationships and appreciation of the interaction dynamics involved in a complicated process.

One perspective that is valuable from Belobaba's options paper is the view that, "the pro consumer-anti business bias in marketing regulations is no longer either accurate or effective" (1988, p.25). This could be interpreted as a growing predisposition towards appreciating the merit in understanding the dynamics involved in interaction between consumer, business and government as proactive policy is developed, policy which moves from an adversarial relationship towards a more collaborative affiliation. If this assumption is true, then Belobaba's framework does have merit in this discussion of relational policy making, albeit implied.

#### **CCAC consumer protection framework**

Still dealing with the Canadian Federal situation, McGregor (1990) pulled together a consumer policy framework which integrated the major components of the existing CCAC framework from the perspective of those employed at CCAC. The components of this model included 1) an appreciation of the external environment impinging on the marketplace and the policy process, 2) the guiding principles and rationales for developing consumer policy and the 3) relevant strategy for balancing interests in the marketplace. The strategy will 4) dictate the mix of policy instruments for each policy (heavy emphasis on

economic principles of fairness, equity, competition and efficiency) and all of this is driven by 5) the changes in the character of the marketplace constituents (consumer and business) and 6) the character and mandate of the individual bureaus and the entire Department of Consumer and Corporate Affairs.

Management of relationships is subsumed under the principles component of the model. One facet of the rationales was change management principles and an inherent part of managing change is networking and managing the resulting net of relationships that evolves as change is accounted for during policy development (Kanter, 1986). However, it must be noted that this element of the model was suggested by McGregor (1990), not by the members of the Department. Hence, it can be inferred, that the relational perspective is not yet an integral part of the consumer policy framework in the CCAC department, although the seed has been sown.

#### **TRANSITIONAL CONSUMER POLICY MODELS WITH A RELATIONAL PERSPECTIVE**

The reader is reminded that, to this point, the consumer policy models have been presented according to how heavily they are grounded in micro-economic theory. Recent works by Belobaba (1989) and McGregor (1990) should make it evident that this discussion is moving into those models which are beginning to incorporate some element of dyadic relationships and managed relationships. That is, there is a move beyond over reliance on economic principles as a basis for understanding consumer policy to a predisposition towards appreciating the human element in policy making.

#### **Levels of consumer protection model**

One such transition model is that offered by Koopman (1986), an academic from the Netherlands. He suggests an analytical framework comprised of three levels of consumer protection based on the degree to which government, consumer and business work together to develop policy. Level one reflects the role of government as the sole provider of basic, optimal consumer protection. Level two presents a scenario wherein government places the responsibility of consumer policy on business and consumer. Government will only intervene if the outcomes of self regulation (resulting in cooperation between consumer and business) fall short of government expectations. The third level portrays the government refraining from any action in the marketplace. The responsibility for consumer protection falls exclusively on business and government.

This analytical framework (Koopman, 1986) is obviously closer to the expectations of developing relationships because it incorporates cooperation between business, consumer and government depending on the level of consumer protection being adopted. However, it still does not directly address the importance or means of understanding the interactive process. Rather it is taken as a given.

#### **Typology of consumer policy dyadic relationships**

Gronmo (1987), a Norwegian academic, does address the development of relationships in his typology of consumer policy. In fact, in matrix form, he proposes eight such dyadic relationships and the consumer policy implications of each pattern of interest relations are suggested as well. This is done in respect of how one organizations' positive or negative sentiments towards another shape their resultant relationship.

The premise of his typology is that of collective consumer interests and whether they are united or divided against business and government. The resultant four relationships based on united consumers range from consumer-business-government in agreement, consumer cooperating with business, consumer cooperating with government, or consumer organizations on their own. Gronmo (1987) proposed that consumers who are divided do not have a common basis for organized consumer action and therefore the resulting other four relationships are government cooperating with business, business operating alone, government acting alone, or market forces prevailing without any managed relationships at all.

Gronmo presented a "multi-strategy perspective on consumer policy... based on a classification of eight different interests constellations" (1987, p.307). The typology represents a useful analytical framework for consumer policy studies. However, it is deficient because it is assumed that the relationships exist as a given. He does not examine how the policy dynamics and interactions come into play resulting in eight different patterns of interest relations. Despite this weakness, this research does contribute to the relational perspective because it portrays the market players in different positions of conflict and cooperation, an inherent component of relationships.

#### **Tri-party holistic consumer protection model**

Venkatesh and Burger (1984), American researchers, further advance the concept of relationships between consumer, business and government. They advocate the development of a holistic view of consumer regulation. More explicitly,



A more realistic model, incorporating a three-way connection between the consumer, business, and government based on a tri-adversary relationship is presented [in triangular form]... . Conventional wisdom views this relationship in terms of the government as a dispassionate arbiter of conflicts between two adversaries, the consumer and business. An alternative interpretation... rests on the fact that there are three parties involved in a sort of tri-adversary relationship with three sets of dyads: government and business, government and consumer, and consumer and business. Each dyad creates the opportunity for certain trade-offs by the parties [which they represent in a three-dimensional matrix] (Venkatesh and Burger, 1984, p.38).

At first glance, this tri-party model seems to be based on adversary relationships rather than cooperative relationships. In fact, it is labelled a "Tri-adversary relationship" in which one stakeholder wins while another loses. However, Venkatesh and Burger (1984) admit that there could be a win-win-win situation (consumer, business and government all benefit from the policy process and decision). It is inferred that their holistic model does accommodate tri-party interaction in conjunction with dyadic relationships.

Although this model goes a long way towards appreciating the necessity of representing dyadic relationships between the three market players it has two significant shortcomings. First, there is no indication of what steps to take to measure the dynamics of interaction in these dyadic and potential triadic relationships. They admit that "[n]o attempt has been made to formally represent the relationships [between consumer, business and government] but that is an effort which may be pursued in

another article" (Venkatesh & Burger, 1984, p.38).

Secondly, the model has one strong component in its favour which is not followed through, however. They proposed "that marketers [need to make research efforts to] gain an understanding of the broader relationships that lie behind the regulatory process and integrate the objectives of the government, industry and consumer which may or may not overlap" (1984, p.39). This could be interpreted as advocating a network perspective for consumer policy, but unfortunately, the article ends on this note without direction on how to go about understanding these broader relationships.

Nevertheless, Venkatesh and Burger's (1984) tri-party model brings us that much closer to understanding the relevancy of adopting a relational perspective to consumer policy. This is even more apparent when one appreciates that the impetus for offering a tri-party model was the belief that theories from sociology, economics, law and consumer protection fail to deal effectively with the consumer's viewpoint in the development of consumer policy. Briefly,

For example, in the capture theory, the producer's interest (or that of any other interest group) dominates. Public interest theory fails to develop a mechanism that links theory and practice. The social control theory of regulation explicitly assigned power to the government to control consumers. Consumer protection theory suggests that there could be considerable potential for government abuse of power when it assumes a paternalistic role.

What is needed is a consumer model of regulation that incorporates a non-paternal approach.

Maintaining that the present approach of consumer research is too micro-empirically oriented, we propose a holistic approach that incorporates the goals of government, industry and the consumer (Venkatesh & Burger, 1984, p.29).

### **Parallel political marketplace model**

A final model of marketing policy development (Shapiro, 1986) will be introduced in this section. Its relevancy to consumer policy will be elaborated upon shortly. This model, developed by a Canadian scholar,

attempts to trace the complex set of relationships, interdependencies, and allegiances that can develop when a marketing issue with sociopolitical overtones is debated. The arena of controversy on such occasions becomes what will be called the parallel political marketplace. That such a marketplace exists is a fact that cannot be overemphasized... Does it not make more sense ...to think in terms of two marketplaces, one economic and the other political [where market players] interact among themselves while simultaneously relating to the broader constituencies they represent (Shapiro, 1986, pp.222-223).

This model explicitly adopts a relational perspective to policy development. In its present state, it is inadequate for this research because it has been developed for marketers making decisions with political overtones rather than for government making decisions that balance the interests of consumers, business and government. However, this "network framework for analyzing the parallel marketplace" (Shapiro, 1986,

p.223) is readily adaptable to the needs of this research and this modification will take place in a later section. Suffice it to say that researchers are undoubtedly beginning to see the merit of imposing a network (relational) perspective onto a policy process which impacts on all players of the marketplace.

## **SUMMARY**

Economic arguments play an important role in determining consumer policy decisions but it is recognized that economic arguments are not the only determinant (Scheffman & Applebaum, 1982). This section has attempted to portray a representative selection of consumer policy models which are grounded in micro-economic principles. As well, the author has identified a few consumer policy models which are beginning to incorporate the relational perspective into the policy equation. A relational model from the marketing discipline with potential for this research was introduced (Shapiro, 1986). It has been strongly argued that sole reliance on sanctioned economic concepts to justify and analyze consumer policies results in a lack of understanding of the human, interactive component of the policy process.

The following chapter will identify and describe the research from several complementary disciplines (marketing, organizational behaviour, industrial marketing and political science) which are also experiencing discomfort with excessive reliance on the narrow, micro-economic paradigm. These disciplines are calling for a shift in paradigms such that a more *macro-relational* perspective can be imposed on their discipline. To that end, chapter three will introduce the network perspective (also called the structural approach

or paradigm) and the political economy perspective and will argue that integration of these paradigms can result in an approach which compliments the economic paradigm to the extent that consumer policy making gains a human face.

## CHAPTER THREE - ALTERNATIVE PARADIGMS FOR WIDENING CONSUMER POLICY THEORY

### Preamble

The previous chapter successfully argued that sole reliance on sanctioned micro economic concepts to justify and analyze consumer policies results in a lack of understanding of the human, interactive component of the policy process. Consequently it can be argued that consumer policy making does not have a human face, even though relationships are the foundation of developing policy. The intent of this third chapter then, is to advance the argument that combining the political economy paradigm and the network paradigm with the traditional micro-economic paradigm will provide the insight necessary to account for the macro-relational perspective of policy development in a macro-environmental context, while at the same time not losing the contributions from the economic perspective outlined in Chapters one and two.

### Co-existing paradigms

The investigators' intuitive sense that the three paradigms could be integrated was recently endorsed by Boddewyn (1985). He strongly advocated integrating the political economy paradigm with the economic and network paradigms. He argued that the economic tradition has a structure-behaviour-performance paradigm which focuses on the individual actor and its behaviour in relation to input and output markets. Adam Smiths' invisible hand of competition creates situations of efficiency, equity and health. But the economic paradigm does not account for the relationships between the actors.

On the other hand, Boddewyn (1985) argued that an integration of the political economy paradigm with the network paradigm could address this serious short coming of the traditional micro-economic paradigm. The political economy paradigm allows for processes (economic exchange and decision making patterns) and structure (power/dependence and cooperation/conflict sentiments) while the network paradigm allows for relationships, roles and contributions via interaction. Knoke (1990) also champions the merit of pairing the economic paradigm with the structural paradigm. Mattsson (1985) advised that the deletion of the economic perspective will not happen easily (or should it). It is deeply entrenched in our thinking. But adoption of a new perspective could transcend (supplement) micro-economic theory rather than replace it.

To develop this argument, this chapter will contain two main sections. Because this research is advocating the merging of two paradigms, it is necessary to furnish support for the notion of integrating paradigms in a research endeavour. The first section will then describe the network paradigm in conjunction with related disciplines that are also adopting this perspective. The objective is to provide legitimacy for the network paradigm and a rationale for coupling it with the economic paradigms and the political economy paradigms so as to provide a more comprehensive framework for analyzing consumer policy.

It will be shown that the network perspective has been utilized by researchers in the fields of interorganizational behaviour, marketing channels, industrial marketing, and political networks. They were chosen as examples because they are recognized as disciplines which contribute principles, concepts and

theories to the interdisciplinary field of consumer studies and consumer policy. Each of these disciplines are adopting network analysis so as to account for the development of relationships in their respective fields of inquiry. They will be reviewed in the order that they assumed a relational perspective.

As the literature review evolved, it became obvious (and encouraging) that these four disciplines are also unanimously and concurrently drawing on the political economy paradigm so as to be able to move from a micro perspective to a macro world view. They do this as at the same time that they make a shift towards the network paradigm. This revelation (plus the assertion by Boddewyn (1985) to this effect) provided even more support for the argument that the two paradigms can be integrated. Consequently, the second section of this chapter will begin with an overview of the political economy paradigm followed with the collective arguments from the disciplines supporting the integration of the network paradigm with the political economy paradigm.

This chapter on alternative paradigms for widening consumer policy theory will provide the rationale for a new conceptualization of the consumer policy process. The new framework will adopt a macro-relational perspective which draws on concepts from both the network and the political economy paradigms. The dominate concepts identified in this literature review which will contribute to the conceptualization of the framework in Chapter four will be set apart in italicized text and summarized at the end of each section and at the end of the chapter.

#### **Sanctioning co-existing paradigms**



If two scientists view the same phenomena differently, it can be said that they are viewing it through their own research training and practice - their minds have been prepared differently - they are in possession of different paradigms (views of the world) (Arndt, 1985; Ritzer, 1975; Kuhn, 1962; Kuhn, 1970a; Kuhn, 1970b; Masterman, 1970). It would be a mistake to assume that there are good and bad or right and wrong paradigms. There are, rather, more or less profitable paradigms. Some paradigms give more insights into a particular phenomenon than do other paradigms (Smith, 1975). This research will submit that the network and the political economy paradigms are competing with the micro-economic paradigm as a means of shedding more insight into macro-relational behaviour between marketplace stakeholders.

An emerging paradigm, which is in competition with the old paradigm, must be able to explain the anomalies as well as those things covered by the preceding paradigm. Second, it must leave open a series of problems for solution by the new group of scientists. Third, the paradigm must be sufficiently unprecedented to attract an enduring group of adherents away from the competing modes of scientific inquiry. Finally, the new paradigm must include within it the exemplars (the key elements, concepts or constructs of the world view), theories, research methods and instruments that will aid in the scientific research to come (Friedrich, 1970; Ritzer, 1975). It will be shown that the network and political paradigms fare well on all of these requirements.

It has recently been argued that there are few periods in which a single paradigm dominates (Anderson, 1983 cited in Arndt, 1985; Arndt, 1981). It is further argued that new paradigms do not necessarily replace the old; they seem to coexist (Venkatesh, 1985). It is suggested that

the transition from one paradigm to another is gradual and, although there is a paradigmatic life cycle and status quo function of paradigms (Kuhn, 1970a), two paradigms can effectively coexist together (Arndt, 1985). Such a change in paradigms adds a new stream of research to the current practice of a field (Karlinsky, 1987). This thesis submits that the network paradigm and the political economy paradigm are emerging as competitors to the micro-economic paradigm. It will be shown that there is substantial support in the literature for this position.

## **SECTION ONE - STRUCTURAL (NETWORK) PARADIGM**

Before elaborating on the contributions of the related disciplines which are advocating the adoption of the network approach, it is necessary to provide an overview of the network structural approach. More detail will follow in Chapter Five.

### **Overview of the network structural paradigm**

"A complete explanation for some social phenomenon requires knowledge about the relationships among system actors<sup>1</sup>. To ignore structure, [the regular pattern of relations among the actors], gives, at best, a deficient explanation, and, at worst, an incorrect one" (Knoke, 1990, p.9). Structural analysis (or positional analysis as it is sometimes called) is also known as the network perspective or approach. It provides insights into the relational aspects of a social phenomena. It holds the promise of revealing how actors are connected to one

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<sup>1</sup> Actor is a generic term for a unitary social entity, whether an individual person or a larger collectivity, such as a corporation, small business, organization, channel, or nation state.

another in the overall structural configuration of a network.

A structural analysis of a complete network seeks to uncover fundamental social positions, as defined by observed relations among actors. The actors and the links representing relationships between them provide the relational data for identifying positions in a network. The task of the network analyst is to use the observed network relations to map the actors into the positions (Knoke & Kuklinski, 1982). The information gained from this takes us from the realm of appreciating manifest (surface) relationships into that of appreciating latent, deep structural features (patterns of relations between positions).

A network is a construct created by the researcher and then imposed on the data so as to analyze relationships. It is the total of all the units connected by a certain type of relationship and is constructed by finding all of the ties between the actors in the population under study. The network has a structure, hence the term structural perspective. A position or social role are subgroups within the network defined by the pattern of relations that connect the actors to each other. Patterns of relationships making up the network structure can be asymmetrical, reciprocal or no relationships can exist. The regular pattern of relations among the positions composed of concrete actors constitutes the social structure of the system (network) (Knoke & Kuklinski, 1982; Scott, 1991).

The hallmark of network analysis is the examination of the interconnections (relationships) among the elements or actors in a network (Mitchell, 1969). Barnes (1969) and Moreno (1953) hypothesized that networks are

structures that bind individuals together into complex lines of communication. Patterns of intragroup choice emerge because of the continual existence of a network linking members of a single group together. Mitchell (1969), extended this definition by advocating that the notion of networks was developed to analyze and describe those social processes involving links across groups (in addition to within groups). Along the same line of thinking, Rogers (1979), Tichy (1981), and Laumann and Pappi (1976) also expanded the person node to include corporate actors and aggregates of persons. A network is therefore a set of concrete interpersonal relationships linking individuals, groups or organizations with other individuals, groups or organizations.

The network perspective portrays society as a system of participants joined by a variety of relationships. Not all pairs of participants join directly, and some join through multiple relationships. Network analysis examines the structure (configuration) and patterning of these relationships and seeks to identify both their causes and consequences. Network analysis is in essence relational analysis wherein the units of analysis are the relationships between two or more individuals or organizations. Network analysis is a method of research for identifying the communication structure of a network of organizations. This analysis should take into account the structuring of single units into larger units (evolution of a network) (Rogers, 1979; Tichy, 1981).

*This suggests the proposition that the policy community will evolve over time.*

#### **Disciplines adopting the network perspective**

As previously noted, several disciplines are adopting the

network approach to garner information on the development and management of relationships in their domain. These include interorganizational behaviour, marketing channels, industrial marketing, and political networks. Each of these four domains will now be addressed under the auspices of networks with the objective of explaining why the shift in paradigms was necessary, how it was achieved and by whom. As well, efforts will be made to identify key network concepts that were advanced by each discipline which contributed to the conceptualization of the new macro-relational consumer policy framework and the research design (in italicized text).

### **1. Interorganizational networks**

Tichy (1981) provided a comprehensive overview of networks in organizations. He related that the network perspective has its roots in anthropology, exchange theory, sociology and psychology, from as far back as the 1920s. It resurfaced as a research tool for studying interaction and communications in relationships in organizations in the late sixties. In particular, in 1962, Millett noted that the practice of organizations had far outrun the theory of organizations. Consequently, in 1966, Evan discussed interorganizational relations and lamented that there were two major problems impeding the study of these interorganizational relationships - a lack of conceptualization and a lack of measures for interaction among organizations.

To address these impediments, Evan adapted Merton's (1957) "role set" concept and proposed an "organizational set" (1965, 1966). Evan consequently assumed that the unit of analysis was the organization rather than the individuals in the organization. Using this conceptualization, he proposed that one trace the

interaction of one organization with the network of organizations in its environment. When analyzing the relations of a particular organization within the network he used the term "focal organization" and perceived it as having a direct link with the network (organizational set).

In the mid sixties, Evan (1966) identified several dimensions of organizational sets which would have an impact on analyzing interorganizational relationships. These included the exchange of resources among sets, reference organizations, the size of the set, dependence of one focal on another, overlap in membership, overlap in goals and values, and finally, boundary personnel. These network attributes are central to network theory, even today. He also suggested using graph theory and matrices as a means of network analysis. These are now accepted conventions when conducting network analysis.

A few years later, in 1972, Evan criticized researchers in the area of interorganizational relations for concentrating on internal structures and process at the expense of many external interactions. Based on work done in the discipline during the sixties, Evan proposed a model of interorganizational relations. The model had four components which comprised an interorganizational system. They include a focal organization, an input-organizational set (the set of organizations providing resources), an output organizational set (the organizations purchasing goods and services from the focal organization), and feedback effects (cf. three task environments (primary, secondary and macro) Achrol, Reve & Stern, 1983)).

*These four components as well as the three task environments contributed significantly to the*

*organization of the propositions and the analysis.*

In delineating the dimensions of organizational sets, Evan (1972) identified three elements which had significance for a focal organization - the size, diversity and configuration of the network. Network configuration refers to the formal properties of interaction among the members of the organizational sets. At least four types of configurations were proposed - dyads, wheels, all channel and chain networks. To accommodate the actual exchange process among organizations, Evan proposed analyzing the incumbents in the boundary roles in the focal organizations rather than a higher level of aggregation. The dimensions of boundary role personnel comprise job description, number, education and expertise, and position in the hierarchy (technical, managerial or executive). The last dimension is reference group orientation. As before, the concepts stemming from this pioneer work are still being used today.

*The boundary role concept was pivotal to conceptualizing how to solicit information from the organizations associated with the policy issue being examined.*

One is reminded that Evan (1966) introduced the concept of organizational set. Rogers (1974) extended this concept to include an "interorganizational field" (and meant by this, a network). He proposed that this concept could be used to reflect a system of mutually interdependent organizations. The concept emphasizes the interactional network among a group of organizations instead of the relationships of one focal organization to other relevant units.

*The notion of organizational set contributed to the proposal that organizations would comprise the population of the policy community.*

In conjunction with the concept of an interorganizational field, Rogers introduced and elaborated on the network concepts of cohesiveness and centrality (1974). A cohesive field is one in which individual organizations having common interests maintain reciprocal relationships rather than work as isolates. Once the relationship has been established and is being managed, he used the concept of centrality to account for the number of relationships and the direct or indirect nature of them. A field is cohesive and organizations occupy a central position in the field if they are linked to a large number of other units in reciprocal relationships. Rogers also advanced the notions of bilateral and multilateral relationships among a field (network) and he discussed appropriate methods for measuring intensity of the relationships, the connectedness of the network and the density (referred to as cohesion scores - the proportion of all observed relations to all possible relations in the field).

Rogers (1974) also identified a major gap in interorganizational relationship research, that being an absence of specification of the properties of the relationships that are established. To fill this gap he suggested that relational properties involved power, activism, opportunism, security, benevolence, and responsiveness to the external environment. As with Evan (1966, 1972), Roger contributed significantly to establishing fundamental concepts relevant to analyzing interorganizational relations from a network perspective. He also confirmed the appropriateness of employing the sociometric analytical tools of graph theory and matrices



to identify and describe the relationships among organizations in a field (network):

Gottfredson and White (1981) identified three ways to manage relations between organizations as they strive to reach exchange agreements. These included adaptation of ones internal environment, influence or manipulate through a third party or influence directly, either unilaterally or bilaterally via agreements. They then proceeded to elaborate extensively on the four stages of the process of creating, negotiating, renegotiating and maintaining these relational exchange agreements in spite of the many constraints.

*This notion prompted the inclusion of stakeholder management of relationships once they were in place.*

In 1981, Sharkansky identified three variables explaining relationships between governments. These included authority (autonomous to hierarchial), character of decision making (negotiate to command) and accountability (diffuse to fixed). Based on these dichotomous extremes on a continuum, he proposed two patterns of intergovernmental relations. These are (1) autonomous relations negotiated with diffuse accountability and (2) hierarchial relations which are command driven with fixed accountability.

*These patterns of relations contributed to the conceptualization of the core of the macro-relational framework (internal political economy).*

He calls these the ideal patterns of relations and then recognized that there are mixed varieties of intergovernmental relations (Sharkansky, 1981). He noted that with only a slight twist of theoretical perspective

the topic of intergovernmental relations can be used to explain interorganizational relations. In fact, he specifically noted that "intergovernmental relations may be conceived as a category within the large field of organizational theory" (p.464) and that these three variables are important in an analysis of relations between and within organizations in the private sector.

Also in 1981, Tichy argued that in recent years network analysis had developed to the point of guiding data collection as well as data analysis. On that note, he characterized all organizational relations in terms of networks and subsequently set out to discuss the main concepts and methods of network analysis. He presented, in chart form, an inventory of network properties that he felt especially relevant for studying interorganizational relations. In general, they included (1) transactional content (what was exchanged in the relationship), (2) characteristics of the link (the relationship), (3) structural characteristics (properties of the network), and (4) roles of key participants in the network (liaison, boundary person, star, gate keeper, etc.).

*This discussion aided in the identification of variables to be examined in the research.*

Tichy (1981) went on to discuss four methods of collecting and analyzing data. These included (1) positional analysis using data attained from organizational charts, (2) reputational analysis using perceptions of power, (3) decisional analysis using data on influence on the decision process, and (4) interactional analysis using data from participant reports of their interactions. Finally, he observed that organizations can be observed on one of three levels - a cluster within a network, an organizational network, or

an interorganizational network.

*Tichy's interactional analysis mode was used in the research design.*

The theorizing of Tichy (1981) contributed significantly to the study of interorganizational networks. So did the comprehensive work by Aldrich and Whetten (1981). One is reminded that Evan introduced the concept of organizational sets (1966). Almost two decades later, this concept was still being used in the discussion of interorganizational relations, but its meaning was being refined. Aldrich and Whetten argue that networks can be disaggregated into organizational sets, action sets and partial networks so as to better track resource flows between organizations and the interactions of boundary personnel. They argue that these three concepts provide a rationale for network theorists to set boundaries when conducting research on interorganizational relations.

Succinctly, organizational sets consist of organizations with which a focal organization has links (relations). An action set is a group of organizations that have formed a temporary alliance for a limited purpose (Aldrich & Whetten 1981). It is proposed that a network of relationships can persist in latent form over time and that action sets are networks of relationships emerging in a special context with a special task. An action set has an originator who contacts people who in turn contact their people. The process continues until the goal is achieved. The action set does not persist as an entity after the issue is resolved. It is less dense than the network it is drawn from (Mitchell, 1969).

*The concept of an action set was central to developing the core of the macro-relational consumer*

*policy framework under the guise of a policy community for a specific issue.*

A network, on the other hand, is defined as the totality of all the organizations connected through relationships and is constructed by finding all the ties between all of the organizations in a population under study. The network, which is the membership base, constrains or facilitates the action of organization sets and action sets. A partial network is taken to mean a purposeful but arbitrary distinction between all elements in a total population (Aldrich & Whetten, 1981).

On the premise that "the development of concepts and data gathering methods appropriate to [studying populations of organizations] has been remarkably slow" (p.385), Aldrich and Whetten (1981) endeavoured to advance the knowledge base relevant to studying interorganizational relations from a network perspective. In a very comprehensive commentary, they offered a model of the evolution of interorganizational networks, a discussion of the theoretical perspective for analyzing interorganizational networks (new concepts and conceptualizations), an overview of recent applications of network theory in the field of organizational research, a review of current methods of describing network structures and of methodological problems, and, finally, they concluded with new directions for interorganizational network research.

The network concepts describing structural characteristics which were identified and discussed by Aldrich and Whetten (1981) include loosely or richly joined relations, connectedness, reachability, distance, density, centrality and hierarchy, stability, overlapping or interlocking directorates, and multiplexity. As did

Tichy (1981), they recognize that these concepts stem from network theory advanced by anthropology and sociology. As well, they advocate the use of graph theory and matrices as a means of analyzing network properties and relational properties. Further, they recognize five methodological problems, these being (1) what constitutes a link?, (2) how does one handle indirect or missing links?, (3) how does one set the boundaries for the network?, (4) who is to be interviewed?, and (5) what are appropriate sampling techniques?

*This discussion flagged the notion of missing data as paramount to the research design and the appropriateness of snowball sampling in network analysis.*

Also, in 1981, Johnston and Bonoma discussed interorganizational network theory from the perspective of the organizational buying centre, a specific aspect of interorganizational relations. Although they say they are using a systems perspective, they employ network constructs to study the dynamics of interaction in a buying centre. Specifically, they measure vertical involvement (number of levels of the organizations' hierarchy involved), lateral involvement (different departments or divisions involved), extensivity (size of buying centre), connectedness, and centrality.

*The lateral involvement concept was translated to mean examine the constituent stakeholders as well as the aggregate market players. They were called constituent stakeholders.*

Johnston and Bonoma (1981) conceded that none of their findings should be very surprising, for they are not new. What was found to be most useful was "the unexpected

insights into the buying centre that a communication [network] perspective permits" (p.154). Indeed, they conclude with the assertion that "the research does represent the first step toward modelling and measuring the dynamic system of relational variables [as they reflect the interaction patterns of the buying centre]" (p.155).

*This conclusion provided credence to the premise of the research design.*

Kennedy draws heavily on Johnston and Bonoma (1981) as she develops her argument that social network analysis has major applications in the organizational buyer centre domain (1987). She argues that at various stages of the new task buying situation, the group structure can change and evolve. But she criticizes the appropriateness of the buying centre concept as a means of accounting for this change and proposes instead the use of social network analysis. To that end, she identifies the following network concepts as possible variables for measurement - strength of ties (links or relationships), density, multiplexity, information flow, centrality, and cliques. Kennedy then suggested that in the future, researchers should expand the knowledge base concerning the synergistic links between boundary spanners and business, label and describe the typical liaison so they can be more easily targeted with information, determine how information is transmitted, and examine the ties (relations) of the decision making unit (buying centre) with their environment.

The network paradigm is also being applied to the small business domain as well as in the corporate/organizational domain. Blackburn, Curran and Jarvis (1990) argue that the network perspective may be

useful for understanding the way in which small enterprise is linked with the wider economy and community in economic and social relations. The essence of their argument is that if we learn more about the content of the network relations and the means of networking, the approach will have relevance to small enterprise. Specifically, they advocate studying kinship and friendship networks, consumer and labour networks and ethnicity in relations if one is to garner a deeper understanding of small business networks. They cite many recent references to work being done in this field in the United Kingdom. They effectively argue that, with modifications, the notion of networks can shed new insights into the relations that small business has with the economic and social systems. This refreshing strategy balances the skewed approach in the literature towards corporate interorganizational relations in networks.

It should be evident that the use of the structural perspective in interorganizational behaviour studies has advanced and been refined considerably during the last thirty years. There have been improvements that addressed gaps in the absence of relational properties, a lack of conceptualization, a lack of measures of interaction, and inadequate data collection and analytical tools. There is agreement now that the network perspective has much to contribute to understanding interorganizational relationships (whether from a small or big business perspective). On that premise, Aldrich and Whetten concluded that, "[a]s more insights are gained into the substance of interorganizational linkages and the processes which generate them, the field will be able to progress beyond the current descriptive mode of research and begin making predictions about network characteristics... ." (1981, p.404).

## 2. Marketing channels as networks

A marketing channel is an interorganizational system comprised of a set of interdependent institutions and agencies involved with the task of moving anything from its point of conception to point of consumption (Stern & El-Ansary, 1977). It was not always conceived as a system of actors interacting and developing relationships, however. Originally, it was suggested that the concept of a distribution channel was useful because it enabled researchers to analyze the activities and functions entailed in consummating market transactions separately from a discussion of the interaction between the individual agencies performing these tasks (Cherington, 1920). But since then, the functional aspect of marketing channels was changed to one of a flow of activities and subsequently, a channel is conceived as a social system replete with realistic complexities of channel member interaction (Walker & Haynes, 1973). Recently, Olsen and Granzin (1990) noted that the structure of a marketing channel consists of the organizations that are necessary to move goods from the manufacturer to the final consumer and the relationships among these organizations. Historically, this has been done through the analysis of dyadic relations within marketing channels (Achrol, Reve & Stern, 1983).

The dyad is the typical unit of analysis in distribution channels because the starting point of all studies of aggregate organizations is a relation or transaction between two organizations (Achrol, Reve & Stern, 1983). They distinguished between focal dyads and social networks; the focal dyad is any two-party exchange relationship under investigation. This is an advancement of the concept of a focal organization (Evan, 1966). Conversely, the channel as a social system (network) is



much more widely defined and encompasses all sorts of linkages and relations. They agreed that "eventually the study of relations in marketing channels should take the form of analyzing networks instead of dyads" (Achrol, Reve & Stern, 1983, p.56). Contemporary thinking on marketing channels is reflected by Aldrich and Whetten, researchers from the field of interorganizational behaviour, who also suggested that network analysis (an extension of dyadic analysis) would more completely capture the complexity of interorganizational relations (1981).

*The view to study focal dyads supported the notion of studying aggregate stakeholder interactions as well as constituent stakeholder activities.*

*It also prompted the investigator to study multi-dyadic relations as well as simply dyadic relationships.*

Research in the discipline of marketing channels was slow to adopt the structural perspective. Instead, scholars focused on the concept of the dyad and attempted to model the development of dyadic relations. Only recently has a structural perspective been actively considered (O'Neal, 1989; Speece, 1990; Wilkinson, 1990) and often under the auspices of systems theory rather than the structural paradigm (Layton, 1989; Morris & Sirgy, 1985); Wilkinson, 1990). The concept of relational marketing will be discussed before network applications in marketing channels. This approach is utilized because the insights gained from theorizing on relationships contributes to the legitimacy of adopting the network approach in the marketing channel domain.

### **Relational marketing**

Frazier joined the ranks of scholars studying interorganizational relations through the exchange activities within marketing channels in 1983. Frazier's relational perspective was presented in a new conceptual framework intended to describe and explain the (a) initiation of, (b) implementation and coordination of, and (c) review and evaluation of interorganizational relations in marketing channels. He stresses that these three processes are highly interactive and not linear. He notes that the boundary personnel will move through each of these three processes as the ongoing exchange relationships evolve. Each of the processes has expected or predicted outcomes as regards each phase of relational development. These outcomes feed into the next or previous process/stage. Basically, the initiation phase culminates in perceptions of roles, power, aspirations. The implementation process results in intrinsic and extrinsic rewards. The review process is followed by feelings of satisfaction and dissatisfaction with the relationship.

He acknowledged that past research in the marketing channel literature has focused on the second stage of implementation and coordination of the relationships and the resultant interfirm power and conflict (to be discussed in the next chapter). Frazier (1983) justified his framework on the observation that attention is especially warranted on the first and third stage (how relations are initiated and how they are evaluated). To that end, he recommended that researchers examine distal and antecedent aspects of existing exchange relations - analyze the history of each relationship. He successfully argued that this broadened perspective should promote further development, but that researchers should not attempt to test the entire framework of relations at one time. Instead, he advocated studying intraorganizational

characteristics which influence interorganizational exchange behaviour.

*This idea of examining the history of relationships gives credence to the view that the policy community will evolve over time, and thus have a history.*

Frazier also recommended that scholars develop contingency theories to explain relationships across as well as within channels (1983). His research was especially useful because it reiterated the need for assuming an evolutionary perspective to the development of relationships. He stressed that emphasis be placed on initiation and evaluation rather than solely on implementation and coordination of channel relations. And, he provided a model which attempted to conceptualize interorganizational relationships. This is a convincing argument for eventually adopting a relational perspective (network approach) to marketing channel relations.

*The stages of relationship development contributed to the conceptualization of the stages of the evolutionary process of the policy community.*

Frazier recognized that much work had been done in the field of coordinating and managing relations (with little concern for how the relations came into being or how people felt about them) (1983). Examples of these work are provided by Ruekert, Walker and Roering (1985) and Frazier and Sheth (1985). Ruekert, et al., discussed guidelines and criteria that an organization could use if it wanted to reorganize its self to deal with four different marketing tasks. These included internal bureaucratic tasks, internal specialized tasks, external discrete (one time) transactions and external ongoing relations. It is the latter that is of interest to this

discussion.

*Frazier's concern for peoples' perception of relationships prompted the researcher to consider the concept of perceived roles in the policy process.*

Examples of the external relational task form include long term retainer contracts with an advertising agency or an ongoing relationship with a consultant. It is prudent to adopt a relational form for organizing organizational tasks if there are competitive conditions, high environmental uncertainty and non-routine tasks which are difficult to assess and require little specialized investment. Further, an ongoing exchange relationship is characterized by joint decisions, few specific rules and evaluations of current performance are influenced by past and future relations (Ruekert, et al., 1985). Their contingency theory recognizes relational exchanges (short and long term) but from an economic perspective, rather than a political viewpoint. However, the appropriateness of the concept of ongoing relational exchange in a political arena has been noted by Shapiro (1986) and will be used as a concept in the macro-relational consumer policy framework being developed and utilized in this research.

Frazier and Sheth (1985) discussed maintenance and coordination of ongoing channel relationships. Their focus was limited to how to influence the attitude and behaviour of others in the relationship (4 influence strategies) and how to communicate that influence (15 strategies). Their examination of ongoing interorganizational exchange relationships in distribution channels was quite worthwhile even if it was focused on one stage of the relationship development

process. Knowledge of interfirm influence strategies contributes to the knowledge base of relational management and development theory. They recognized that interfirm relationships in a channel are predominately on-going rather than discrete and that they need to be managed and coordinated. To that end, they proposed that, ultimately, one could strive to either use reinforcement or rationalization as a means of getting someone to continue to accept a strategy. On the other hand, one may have to use inducement or confrontation to get someone on side who has rejected a marketing initiative. The success or failure of these attempts to influence will affect the future relationship.

Frazier and Sheth (1985) argue that their attitude-behaviour model for managing distribution channels is the first in the marketing channel literature to predict when certain influence processes are appropriate to implement and when certain influence objectives are appropriate to seek in distribution channel relationships. They caution that other constructs of exchange relationships need to be included in the model, those including power, the role of boundary persons, and the external environment surrounding the exchange.

*All of these constructs will be components of the relational consumer policy framework being developed in this research.*

One is reminded that Frazier (1983) called for more attention to the first and third stage of buyer-seller relations, that is, how relations are initiated and how they are evaluated. This gap was addressed in 1987 when Dwyer, Schurr and Oh advocated the concept of "relational marketing". They argued that marketing theory has focused

persistently on exchange between buyers and sellers. Unfortunately, most of the research treats buyer-seller exchanges as discrete events, not ongoing relationships. They addressed this concern by developing a propositional framework for developing on-going buyer-seller relationships. They argued that this approach addresses the current lack of concern in marketing research for the antecedent conditions and processes for buyer-seller relationships.

*This concern for understanding the dynamics of on-going relationships was pivotal to conceptualizing this research framework and design. In fact, it prompted the term "macro-relational consumer policy".*

Their preliminary discussion centres on the difference between discrete and relational exchanges and culminates in the presentation of a five phase model designed to explain how relationships are formed. Their relationship development model is based fundamentally on the work of exchange theorists such as Scanzoni (1979) and Thibaut and Kelley (1959), among others. However, Dwyer, Schurr and Oh (1987) argue that because marketing research has largely neglected relational elements of buyer-seller exchange the research also benefits from marital theory, bargaining theory and power theory as well as exchange theory.

The five phases of the relationship development model developed by Dwyer, Schurr and Oh (1987) include 1) awareness, 2) exploration, 3) expansion, 4) commitment, and 5) dissolution. Briefly, awareness refers to a party's recognition that another party is a feasible exchange partner although no interaction transpires. Exploration refers to the search and trial phase in the

relational exchange between the potential partners. This phase is conceptualized in five sub-processes (Scanzoni (1979): 1) attraction, 2) communication and bargaining, 3) development and exercise of power, 4) norm development, and 5) expectation development (trust). This phase enables the parties to gauge and test the goal compatibility, integrity and performance of the other.

Expansion (the third phase of developing relationships) refers to the continual increase in the range and depth of mutual independence, trust and joint satisfaction developed in the second phase (exploration). The fourth phase of the model, commitment, refers to the purposive engagement of resources to maintain the relationship so that it does not dissolve or entropy. This phase addresses the minimization and handling of strains on the relationship. Finally, in the event that the relationship cannot be maintained or is no longer needed, it enters the final phase of dissolution (break-up or disengagement of interaction). Promising research in this area has been conducted by Baxter (1979), Baxter and Philpott (1982) and Duck (1982).

*These relationship development phases were adapted in this research design resulting in the four phases in the evolutionary model of the policy community. This model shaped the development of the propositions and the organization of the analysis chapter.*

Dwyer, Schurr and Oh (1987) claim that much work remains to be done on distinguishing between commercial, work and romantic relations. This investigator argues that political relations also need to be given attention. It is therefore agreed that their relational development model "affords a framework for unifying and extending our

understanding" (p.20) of not only buyer-seller relationships but also consumer-business-government relations during the policy development process.

*Consequently, aspects of the relationship development model and arguments presented by Dwyer, Schurr and Oh will be incorporated into the relational consumer policy model being developed in this research.*

For instance, awareness involves unilateral consideration of potential exchange partners, while the other four phases entail dyadic or multi-dyadic interaction with a possible return to unilateral or readjusted dyadic relations if the relationship is dissolved (Dwyer, Schurr & Oh, 1987). This sequence of events is also covered by network theory (egocentric, dyadic then triadic and possible network relationships, Knoke & Kuklinski, 1982).

*These network concepts were central to envisioning the stages in the evolution of the policy community. In fact, the stages bear these designations - egocentric, dyadic, multi-dyadic and triadic.*

Dwyer, Schurr and Oh (1987) note, in the development of their relational marketing model, the role that exchange plays in the "unfolding political economy framework" (p.11) as well as interorganizational exchange and marketing as exchange. This current research draws heavily on all of these areas of research.

They posit that exchange provides an important frame of reference for identifying "the social network of individuals and institutions that participate in the formation and execution" (p.11) of exchange. This research adopts a similar posture.



Hallen, Johanson and Seyed-Mohamed (1991) also cite other researchers (including Dwyer, Schurr and Oh, 1987) concerned with the notion that business relationships should be treated as ongoing exchange processes. They submit that although exchange is a central concept of marketing, it is not exclusively a marketing theory conception. This research agrees with this notion and consequently extends the concept of exchange to the political arena - exchange of information through interaction resulting in relationship development during the consumer policy process.

### **Marketing channels as networks**

As noted earlier, there has been a recent shift in the marketing channel literature towards conceptualizing the channel as a system or network rather than a series of discrete one time exchanges. Two ambitious works in this stream of research have been done by Morris and Sirgy (1985) and Wilkinson (1990).

In an attempt to develop a systems framework for channels, Morris and Sirgy advanced four systems theory concepts in an integrated framework: cybernetics (theory of adaptation), feedback, conflict, and ecological niche (role or position in the channel) (1985). The cybernetic theory is used to describe how a marketing channel strives to achieve a desired state through dealing with changes in their environment via positive or negative feedback loops. In other words, the theory is used to explain how a channel adapts to an imbalance in the system as perceived by a comparator, one who processes inputs to the system. Morris and Sirgy equate feedback with control. In conjunction with marketing channels, they contest that marketing activities are a means of control in the channel. This control is manifested in a

network of information flow. That is, control and communication and interaction go hand and hand. Morris and Sirgy also suggest that a change in regulatory environment would be coped with via positive feedback so as to adapt to the change. Positive feedback entails adaption via managing change in contrast to negative feedback which entails a reactive and corrective mode.

*The notion of balance in a system shaped the explanation of how the members of the consumer policy network perceive and filter changes in the macro environment.*

Under the guise of the concept of conflict, Morris and Sirgy (1985) suggest that, in a channel, each level (subsystem) will be motivated to maximize their interests at the expense of or in ignorance of others in the channel. Obviously, this leads to conflict, of which there are two types - functional and dysfunctional. The authors add another dimension to conflict, that being achievement of group needs goals in contrast to achievement of individual goals. Of relevance to this research is the notion that group needs achievement is the aggregate set of the individual experiences as a result of their interactions in the system.

*This view of conflict became an integral component of the internal polity of the policy community component of the framework.*

Finally, Morris and Sirgy (1985) present the concept of an ecological niche to account for a channel members' role or position in the channel relative to the others (cf. position in network theory (Knoke & Kuklinski, 1982; Scott, 1991)). Their ensuing discussion of this concept is readily extrapolated to network and political economy

language (which will be placed in square brackets). They argue that the ecological niche [network position] of a subordinate channel member is dictated by a superordinate member [internal political economy] and the niche [position] of the dominate [superordinate] member is dictated by the environment [external political economy].

Succinctly, Morris and Sirgy's (1985) systems framework of channels proposed that as a stakeholder occupies a niche in the channel, they adapt to changes in the environment and deal with conflict by balancing negative and positive feedback resulting from or caused by their marketing activities. This conceptualization of the channel as a system closely parallels and is conceptually consistent with the political economy paradigm approach being advocated by other marketers (to be discussed shortly) and by this research effort.

*This concept of adaptation to change in the environment provides credence to the notion that the policy community will coalesce from the consumer policy network to deal with a change (imbalance) in the macro-environment.*

A shortcoming of Morris and Sirgy's (1985) framework is that it does not address the relational perspective and interaction dynamics inherent in the process of adapting to environmental changes. These changes in the environment will impact on a channel member's control and management of conflict while maintaining a respective ecological niche. The expected interaction and development of relationships is not a component of their framework, yet they propose that channel members will make efforts to adapt to these changes via goal directed activities facilitated by communication and control of

information flows.

Wilkinson (1990) adopted a process oriented approach (implying dynamic change) to study changes in the structure of marketing channels over time. He acknowledged that his approach was compatible with the political economy framework put forth by Stern and Reve (1980). But he critiqued the political economy paradigm on the grounds that it has tended to place emphasis on the impact of environmental factors in existing channel structure and relations rather than on structural and relational change and evolution.

Wilkinson's (1990) argument for imposing systems concepts on the marketing channel closely parallels that recently advanced by Morris and Sirgy (1985). He argued that "structural change (the shift from one structure to another) and structural evolution (the pattern of structural change that occurs in a channel over time) arise from instabilities [imbalances] emerging in [an] underlying system of [marketing] activities" (1990, p.19). His model for understanding evolutions in marketing channels is based on the notion that each channel has a structure - that is, parts of a system are organized and interrelated. To that end, Wilkinson suggested that there are two types of channel structures - organizational and process structures. Whereas the former refers to procedures and rules within the channel at a given time, the latter refers to the arrangement or pattern of activities over time. Among other things, existing patterns of interpersonal and interorganizational relations are one dimension of the organizational structure. Changes in how the parts of the system are organized and interrelated (structural change and evolution) emerge from the interaction between organizational structure and the process structure (that

is, stagnant and dynamic states of marketing activities, respectively).

*This notion of adaptation to change gives credence to the idea of adopting an evolutionary and relational perspective to study the policy community.*

To further this argument, it is conceptualized that the organizational structure is not fixed but it is affected by the process structure. That is, once a stable process structure (regular pattern of activity) is disturbed, the organizational structure changes to modify the fluctuations in the process structure Wilkinson (1990).

*The idea that a change in the macro environment causes a reaction in the consumer policy network resulting in a change in policy to deal with the issue is given plausibility due to this argument.*

Wilkinson (1990) suggests that one of the things that could be modified is the pattern of interorganizational relationships. What is not provided for in this conceptualization is how the patterns of relations are managed, manipulated, or how they evolve. They are simply taken as given. Nonetheless, this aspect of channel dynamics should contribute considerable insight into the evolutionary process of marketing channels, in spite of the lack of specification of accounting for interaction dynamics or relationship evolutions during the life of the channel.

*As with other concepts identified in this review, this notion of channel evolution will be a core component of the relational consumer policy framework.*

Wilkinson (1990) envisioned that the channel and its external environment co-evolve. The dynamic properties of the environment cause disturbances in the equilibrium of the marketing channel and marketing channel can cause disturbances in the external environment. He suggests that the two co-evolve during the introduction of technology and during economic development but no mention is made of the evolution of relationships or interaction which occurred during the co-evolution.

Regardless, Wilkinson's (1990) conceptualization of organizational and process structural changes in a marketing channel are useful for several reasons. First, it reiterates the link between the external political economy and the internal political economy of a marketing channel (under the auspices of environment and channel structure, respectively). Second, it does recognize interorganizational relationships as a component of the established rules and procedures within a channel. Third, it suggests a framework to conceptualize the adaptation which a channel undergoes to cope with changes in established patterns of relations due to changes in the environment. Finally, it legitimizes the use of the concept of sequenced channel evolution. "What is created is a unique, non-reversible evolutionary history in which the sequence of events, as well as the events themselves, has a major effect on the channel structure as they emerge" (p.41).

Complimenting Wilkinson's (1990) and Morris and Sirgy's (1985) notion that channels have evolutionary features, are other diverse fields of marketing channel research - third world marketing (Speece, 1990), macromarketing trading systems (Layton, 1989) and third world economic development from a channel perspective (Olsen & Granzin, 1990). Speece discussed the phenomena of the evolution

of ethnodominated marketing channels in third world countries and the resulting market structures and socioeconomic relationships within the channel (1990). Olsen and Granzin (1990) used the concept of channel length to conceptualize the evolutionary process or sequence of changes in the number of levels in a distribution channel in a developing country. They proposed a series of channel evolutionary phases ranging through monotonic, expansion and contraction. They also recognized the notion of the size of the channel (number of employers) as well as the length of the channel.

Layton (1989) also utilized the concept of evolutionary stages as he studied marketing systems as exchange networks. He examined how to measure structural changes in macromarketing systems. A macromarketing system consists of a set of trading elements together with relationships (economic exchanges) among the elements and among the attributes of the trading entities. Layton employed entropy (thermodynamic systems) principles to analyze macromarketing systems so as to account for the changes taking place over time. He suggested that the "use of market structure maps [a network concept used to study changes in the channel structure over time] may give further insight into the emergent character of such systems..." (p.15).

*This concept of evolutionary, emergent channel development will be used in this conceptualization of the consumer policy process, but under the guise of consumer policy community evolution.*

O'Neal (1989) recently acknowledged that "a growing number of U.S. manufacturers and their suppliers are shifting from an adversarial to cooperative exchange attitudes with a focus on long-term relationships rather

than the individual transaction" (p.55). He went on to suggest that the recent just-in-time supplier-customer exchange concept (Frazier, Spekman & O'Neal, 1988) epitomized the relational model needed to accommodate this shift in attitudes. Of interest is his intuition that this shift from a transactional to a relational approach has been a "quiet revolution" (p.55). He cited researchers who concur with this position and noted that they believed that the research has neglected to analyze the structure, participants, processes and relationships in these long-term arrangements. This has resulted in the forfeiture of an understanding of the dynamics of the relationships.

*The just-in-time concept will be used to develop the internal political economy construct in the consumer policy development model stemming from this research.*

In summary, several observations can be made. As did the interorganizational behaviour literature, the marketing channel literature has moved from conceiving marketing exchanges as discrete transactions towards conceiving them as relational exchanges. They initially advocated the use of a relationship development model to account for dyadic relationships. Recently, the network or systems approach has been adopted to facilitate conceptualization of the evolution of channels structure interaction over time (maps of relationships).

In addition, marketers advocating a relational approach cite the works of industrial marketers and interorganizational behaviour scholars as justification for this new tactic. There is little doubt that the study of dyadic relationships and long term relationships



between suppliers and customers is the focus of future channel research. Both of these approaches are concerned with the development of relationships and the interaction between channel members. Very recent work is referring specifically to the appropriateness of the network paradigm as a future direction in marketing channel literature (O'Neal, 1989).

### **3. Industrial marketing networks**

In his efforts to support his approach, O'Neal (1989) identified the field of industrial marketing as a field that has contributed "toward the explication of the exchange process as a continuing interactive interorganizational process..." (p.56). Industrial marketing researchers are actively adopting a network approach. O'Neal recognized that these researchers included the empirical work done by Jackson (1985) contrasting transactional and relational approaches to industrial marketing. Jackson pointed out that the marketing literature fails to pay adequate attention to the dynamics of customer relationships over extended periods of time or to appreciate that this understanding would provide the foundations for successful relationship marketing. As well, O'Neal gave attention to the interaction model (network approach) of the Swedish IMP Project Group (Hakansson, 1985) who are doing work in the field of industrial marketing networks (to be discussed directly).

Industrial marketing is a special facet of marketing that deals with producer markets, wholesale industries and international marketing. It is an off shoot of the marketing channel and distribution system research stream. It is concerned with long term relationships between firms in a network rather than the relatively

short term interaction between the firm and consumer or the firm and supplier (Mattsson, 1985). The prolific researchers advocating the network approach in the field of industrial marketing are Swedish professors who have been championing this perspective for over a decade (Hammarkvist, Hakansson & Mattsson, 1982; Hagg & Johanson, 1982, both cited in Johanson & Mattsson, 1985b; Ford, 1990). In fact, they have been referred to as the 'Swedish Industrial Networks' network (Easton, 1987; Mattsson, 1987).

Johanson & Mattsson (1985b) and Ford, Hakansson and Johanson (cited in Hakansson, 1987) argued that coordination in a market network takes place through interaction between firms in a network. They contrast this perspective to the traditional market economy model wherein it is advocated that market coordination takes place through the price mechanism (see also Hakansson, 1987).

*This position is the crux of this research on consumer policy development as well. Consumer policy should be based on interactions between market constituents rather than sole reliance on the price mechanism in the economy (manifested in efficiency, equity and competition).*

Their model of an industrial network

implies that the firms' activities in industrial markets are cumulative processes by which relationships all the time are established, maintained, developed or disrupted with the aim of achieving economic returns, development and survival of the individual firms.

At each point of time a firm has positions in the network. They characterize its relations to other firms and are consequences of the earlier activities in the network. They are also the base on which present and future activities can be planned (the position concept is developed in Mattsson (forthcoming [1985a]) (Mattsson, 1985b, p.188).

They contended that much academic and managerial relationships and development work is needed to incorporate the long term temporal marketing relations in analysis. The 'markets as networks' approach (as it has come to be called) is said to serve as an integrating aid in such a development (Mattsson, 1985b).

Mattsson (1985a) contributed to a discussion of the changing course of marketing by arguing the ratification of the network approach in industrial marketing. He again argued that a heavy reliance on microeconomic market theory justified a shift to the network approach. Although he acknowledged that it is a very new approach in the area of industrial markets, it has recently been vigorously applied. Researchers have drawn on distribution and marketing channel, interorganizational, and communication networks for the foundation of their analysis, especially interorganizational analysis. This is reflected in the use of the terms of networks and nets (Cf. organizational sets, focal organizations and action sets, respectively (Aldrich & Whetten, 1981; Evan, 1966)). Further, Mattsson distinguished between effective and extended networks, explaining that an effective network was comprised of those organizations which interact most intensely and regularly while an extended network was basically the rest of the network.

*The concept of extended and effective networks was*

*an integral part of the analysis of the patterns of relationships between the stakeholders.*

Mattsson (1985a) identified several significant characteristics of the holistic network approach. It stresses (1) interaction over time, (2) the value placed on exchanges based on resources and activities (to be discussed shortly), (3) the heterogenous exchange by dyads, (4) the reception and interpretation of market information during the transaction rather than afterwards, (5) the problems and importance attached to proper delineation of network boundaries, and (6) the accent on cooperation with other organizations.

His contribution to the literature on network theory is the advancement of the network concepts of bonds (Cf. relational content (Knoke & Kuklinski, 1982), positions (roles) (see also Knoke & Kuklinski, 1982), and the degree of structuring (Mattsson, 1985a). Attention is now given to these two concepts because they are going to be used to conceptualize the ensuing research design.

*The two concepts of bonds and positions are going to be used to conceptualize the ensuing research design.*

Links (relationships or ties) between organizations can be seen as bonds of different types and strengths. Specifically, Mattsson (1985a) suggests that there are technical, time based, knowledge based, social, economic and legal bonds (reasons for the relationship to exist). They are not exclusive. Positions are defined by (1) the identity of the other firms with which the firm has direct and indirect relationships, (2) the role of the firm in the network, (3) the importance of the firm in the network, and (4) the strength of the relationships

with the other firms (Mattsson, 1985a, 1985b). There are micro positions and macro positions. The former refers to the links between individual organizations and the latter refers to an individual organizations link with the network. The degree of structuring refers to the extent to which bonds between organizations are strong and the positions well defined. In summary, the network can be a tightly structured one with strong bonds and well defined positions characterized by cooperative activities. Conversely, the network could be loosely structured (Cf. Loosely coupled in Weick, 1976 and loosely connected in Hakansson, 1987), with weak bonds and poorly defined positions characterized by competitive activities.

Mattsson (1985a) also suggested that when positions change, they can result in isolate or interlinked position changes. Isolated changes occur when only two parties are involved in the change. If a third party is affected by the other two parties' change in positions, an interlinked position change has occurred. He theorizes that there could be changes in function, identity and importance of one firm relative to another in the network. This change could be marginal or structural (small or big). He proposed that a "major research concern in network analysis is to describe and understand the process by which structural change occurs" (p.285).

*This notion of structural change will be used to conceptualize the evolution of the policy community network - that is, changes in the structure of the network over time.*

In a recent book on a network approach in industrial markets, Hakansson (1987) focused on the interaction between as well as within the actors in various industrial network settings via case studies of

production process innovation, product development, supplier/manager procurement strategies, and professional contact networks. The focus of the book was on the creation of relationships.

Hakansson (1987) also included an interaction model for the analysis of industrial markets (as developed by Hakansson, 1982). It is a theoretical description of the development of relationships in industrial markets. There are four groups of variables in the model: (1) the interaction process (short and long term relationships), (2) the participants, (3) the environment within which the interaction takes place, and (4) the atmosphere (power, conflict and cooperation (much like the main constructs of the political economy paradigm). He acknowledged that Aldrich and Whetten's (1981) work on interorganizational relations was a starting point for the model as were studies on supplier/customer relations drawn from the distribution channel literature.

He concentrated his subsequent discussion on the interaction process and discussed the duration, function (efficiency, control and information channels) and the content of relationships (notably technical and social bonds). He contended that the existence of these relationships means that companies must be regarded as units interlocked with each other in a specialized and complex structure (network). To that end he presented a framework (tool) to use to analyze the connections between these companies - a network approach (Hakansson, 1987).

This network model was based on the earlier works of Hakansson and Johanson (1984), Hagg and Johanson (1982), Hakansson (1982) and Mattsson (1985). The three classes of variables (actors, activities between these actors,

and the resources exchanged in these activities) comprise the network model (Hakansson, 1987).

*This model will be given added attention because it forms the basis for organizing the propositions in the pending research.*

In brief, Hakansson (1987) proposed that the actors in the network (individuals, groups and organizations) strive to get their interests advanced. To this end, they perform activities via interacting with each other. These activities entail the combination, development, exchange or creation of resources. The two types of activities are forming relationships (transaction activities) and using one resource to enhance another (transformation activities). The structure (arrangement) of the relationships (which facilitate the exchange of resources) gives shape to the overall network. The relationships connect the actors into the structure that can be analyzed using network concepts.

Formation of relationships are a facet of transaction activities. One additional concept relevant to this research is that of a transaction chain. As the relationships develop a transaction chain emerges. That is, there is an order in which the relationships develop and are established.

*This notion of transactional chain contributes to the understanding of the dynamic evolution of the policy community over a period of time and will be used to develop the research design.*

Mattsson (1987a) addressed the issue of indirect relationships in a network (as did Rogers & Kincaid, 1981). An indirect relationship is a relationship between

two firms, none of which is the focal organization. Mattsson is concerned that researchers do not address the impact of these relationships on the direct relationships. As a preamble to his discussion of this network issue, he tenders another network model which is an adaption of earlier work done by Johanson and Mattsson (1985) and Mattsson (1987b).

*This prompted the inclusion of direct and indirect relations in the operationalization of the directedness variable.*

His network model accommodates indirect relationships and advocates that a firms' strategic management process should incorporate indirect relations. This is because network oriented managers assume the world view that "the strategy is formulated in terms of relationships in the network [with the objective of] contribut[ing] to the firms long term survival and development rather than in terms of as high economic returns as possible" (Mattsson, 1987a, p.132). The network approach allows the manager to make decisions based on a new set of assumptions stemming from the adoption of new paradigm to guide the strategic planning process. This structural paradigm replaces the traditional marketing mix/marketing management paradigm (Mattsson, 1985).

As recently as 1991, the members of the Swedish research consortium used the structural (network) approach to continue to study ongoing business relationships in industrial networks. They theorized that if firms are going to interact over a period of time, they must continue to adapt to each others needs. They concluded that adaptations occur unilaterally and mutually. Further, they surmised that exchange relationships have a history and outcomes of previous business interaction



provide a framework for subsequent interaction. The network perspective allowed them to arrive at the conclusion that the adaptation process in business relationships may be quite a significant concept in the understanding of the success of a firm in a network (Hallen, Johanson & Seyed-Mohamed, 1991).

In his review of Hakansson's book on industrial networks (1987), Easton commented that the "basic power of the network approach to help explain [industrial] technological development is amply demonstrated. ... The network approach is too appealing to deny" (1987, p.159). This author concurs with this conviction.

#### **4. Political networks or communities**

A final discipline to be discussed is policy networks. The concept of policy networks or communities exists in the literature under many guises. Rainey and Milward use the terms policy network and program networks (1983). Jordan and Richardson (1983) and Putt and Springer (1989) refer to policy communities; Gais, Peterson and Walker (1984) refer to iron triangles, policy sub-governments and policy subsystems, as did Rainey and Milward. Heclo (1978) used the term issue networks. No matter what the label, these terms collectively refer to the "complex network of individuals, groups, and organizations at different levels of government and in both public and private sectors, that act together in the formation and implementation of policy in particular policy areas" (Rainey & Milward, 1983, p.140). Skok (1990) noted that "at any given time, [a government] agency occupies a 'policy space' within a larger policy environment consisting of other agencies, organizations, individuals and institutions. This environment can be best conceptualized as the policy subsystem." (p.80).

*This definition of a policy community contributed to establishing the boundaries for the network analysis component of the research design.*

In language similar to that proposed for this research, Putt and Springer (1989) describe a policy community as the network of core key stakeholders involved in the policy process. This core includes elected officials, government agencies, interest groups and the knowledge industry (researchers, academics and consultants (pp.34-35). Gais, Peterson and Walker (1984) use the term policy community as well to denote those individuals and groups (be they public or private) who regularly interact in a given policy area. They suggest that the policy community in any given area is an imprecise structure likely to alter from time to time and from particular issue to issue in the policy area.

*This was construed as members of the consumer policy network perceiving a change in the macro environment necessitating a change in policy. Also, there could be more than one policy community at any one point in time.*

Political networks are the web of contacts which exist between stakeholders in an issue (Hakansson, 1987). Mitchell (1969) suggests that a network of relationships (web of contacts) can persist in latent form over time over time and that action sets are networks of social relationships emerging in a special context with a special task. An action set (cf. policy community (Putt & Springer, 1989) has an originator who contacts people who in turn contact their people. The process continues until the goal is achieved. The action set does not persist as an entity after the issue is resolved. It is less dense than a network from which it was drawn. There is often

no obvious originator and no point at which it actually ends. This could be interpreted as dyads which form and collapse during the evolution of a policy community dealing with specific consumer policies. This construct will also be used in the pending research design.

Very recent work on the notion of political networks has been done by Knoke (1990). He offers a powerful argument for understanding contemporary political life from a structural perspective. He begins his discussion by placing politics in a structural perspective (describes political systems as networks). He then discusses six different facets of political behaviour from a network perspective. There is a chapter on each of (1) voting and political participation, (2) social movements, (3) organizational power, (4) community power structures, (5) elites in nation states, and (6) international relations. Done in this way, the discussion of the topic moves from a micro to macro perspective of structural relationships. He considers each of these six facets of political behaviour from both a normative conformity/behavioral perspective and then the structural perspective. Using this mode of analysis he is readily able to show that network analysis provides additional and different insights than the traditional behavioral approach. Suggestions are given on how the structural perspective could be incorporated into each of the six subfields of political behaviour.

*The notion of micro-intermediate-macro levels of analysis was incorporated into the research design, especially at the data preparation and analysis stages.*

Knoke (1990) stresses the importance of knowing how political actors (network participants) are connected to

one another in the overall structural configuration. He reasons that the flexibility and strength of a structural analysis lies in its dualistic microanalysis and macroanalysis capabilities. This is possible because the political system as a whole (macro) can be investigated through the structural (relational) properties of its participants (micro). This is facilitated by his taxonomy of microstructural to macrostructural relations resulting in seven different levels of analysis, seven different types of network ties and seven different categories of influence and power relations. The seven levels of analysis range from individuals, groups, and movement and classes through formal organizations, economies, polities, and, finally, nation states.

*Of the many permutations possible, the level of analysis of relevance to this research is the polity level which involves networks of action sets and collective actors, interacting so as to communicate their positions regarding regulation and policies via collective decisions (p.204).*

This innovative application of the structural paradigm has much to contribute to this specific study of consumer policy. Knoke (1990) identified various network statistical packages which measure power, influence and persuasion. Since this research will not measure these features of a network,

*his justification for measuring communication contents was extremely pertinent because content of relationships is the focal point of the research design. Of more significance is the validation of the use of a blend of aggregate and constituent levels of analysis. Again, this is the nucleus of the research design. As well, Knoke advocated*

*profiling the evolutionary process of the network as well as the mapping of relationships. This again is at the centre of the research design.*

Finally, Knoke (1990) outlined the characteristics of a genuine network analysis, those being to reveal (1) how the actors interact, (2) how the actors exchange resources, (3) how the actors mobilize, (4) how actors communicate their interests (and what is the content of the relations), and (5) which interests prevail. Of special relevance was his belief that even though many studies fall short of these features (of which this is an example), they are still considered a genuine advance toward developing a structural analysis. This is because they shifted the focus from the reputations and attributes of individuals in the political systems to patterns of relations among the individuals and organizations.

*This last point is the most convincing argument in favour of adopting a relational perspective when examining consumer policy development.*

In summary, as a tool for framing research questions, network analysis has been utilized often and in a variety of fields. It has been demonstrated that this perspective has proven useful in studying interorganizational relations, marketing channel relations, industrial marketing relations and political network relations. Further, Aldrich and Whetten (1981) noted that the network perspective has also successfully been utilized to study "the diffusion of innovation, the degree of economic concentration in a society, the pattern of community power structures, antecedents and consequences of resource and personnel flows between companies, and innovations in the design of community service-delivery

systems" (p.403). It can safely be concluded that the network perspective is a legitimate paradigm for appreciating the relational properties of actors forming networks. By extension, it can be proposed that the network perspective can be successfully utilized to gain insight into the relational perspective of consumer policy development. It will be argued that the network approach represents the beginnings of a new agenda for widening consumer policy development theory and practice.

Table 3-1 summarizes the basic sociometric concepts identified in the literature review. It represents an impressive array of conceptual tools available for analyzing the relational aspects of consumer policy making. It also catalogues a representative cross section of prominent scholars from the network discipline, interorganizational behaviour, marketing channels and industrial marketing and political networks who have contributed to the evolution of or employment of the sociometric paradigm.

**Table 3-1 BASIC SOCIOMETRIC CONCEPTUAL TOOLS**

<b>Notion of a network</b>	Mitchell, 1969; Bott, 1956; Barnes, 1956.
<b>Size</b>	Evan, 1966, 1972; Johnson & Bonoma, 1981; Tichy, 1981
<b>Resource exchange</b>	Evan, 1966, 1972; Hakansson, 1987; Scott, 1991; Knoke & Kuklinski, 1982
<b>Dependence</b>	Evan, 1966, 1972
<b>Overlap (redundancy)</b>	Evan, 1966, 1972; Aldrich & Whetten, 1981
<b>Boundaries</b>	Evan, 1966, 1972; Tichy, 1981; Knoke & Kuklinski, 1982; Scott, 1991
<b>Boundary roles</b>	Evan, 1966, 1972; Rogers, 1979; Tichy, 1981; Scott, 1991
<b>Graph and matrices</b>	Evan, 1966, 1972; Cartwright & Harary, 1956; Barnes, 1969; Mitchell, 1969; Rogers, 1979; Tichy, 1981; Aldrich & Whetten, 1981; Scott, 1991
<b>Relational patterns, relationships, relational management</b>	Mitchell, 1969; Sharansky, 1981; Frazier & Sheth, 1985; Ruekert, Walker, & Roering, 1985; Shapiro, 1986; Frazier, Spekman & O'Neal, 1988; O'Neal, 1989; Jackson, 1985; Frazier, 1983; Evan, 1972; Gottfredson & White, 1981
<b>Diversity</b>	Evan, 1972
<b>Network configuration</b>	Evan, 1972; Scott, 1991; Knoke & Kuklinski, 1982
<b>Interorganizational fields</b>	Rogers, 1974
<b>Action sets</b>	Mitchell, 1969; Gais, Peterson & Walker, 1984; Putt & Springer, 1989; Jordan & Richardson, 1983; Barnes, 1954
<b>Cohesiveness</b>	Rogers, 1974; Knoke & Kuklinski, 1982; Scott, 1991
<b>Centrality</b>	Rogers, 1974; Aldrich & Whetten, 1981; Johnson & Bonoma, 1981; Kennedy, 1987; Scott, 1991
<b>Centralization</b>	Scott, 1991

<b>Intensity</b>	Homans, 1961; Mitchell, 1969; Rogers, 1974; Knoke & Kuklinski, 1982
<b>Directedness (reciprocity)</b>	Homans, 1961; Mitchell, 1969; Rogers, 1974; Rogers & Kincaid, 1981; Mattsson, 1985, 1987a; Johnson & Bonoma, 1981
<b>Content of relations</b>	Tichy, 1981; Knoke & Kuklinski, 1982; Nadel, 1957
<b>Form of relations Connectedness</b>	Knoke & Kuklinski, 1982 Aldrich & Whetten, 1981; Johnson & Bonoma, 1981; Weick, 1976; Hakansson, 1987; Bott, 1956; Barnes, 1969; Rogers, 1979
<b>Knittedness</b>	Tichy, 1981; Aldrich & Whetten, 1981
<b>Reachability</b>	Aldrich & Whetten, 1981; Mitchell, 1969
<b>Distance</b>	Knoke & Kuklinski, 1982; Scott, 1991; Aldrich & Whetten, 1981
<b>Density</b>	Barnes, 1969; Mitchell, 1969; Aldrich & Whetten, 1981; Kennedy, 1987; Knoke & Kuklinski, 1982; Scott, 1991
<b>Stability</b>	Aldrich & Whetten, 1981; Achrol & Stern, 1988; Tichy, 1981
<b>Intensity</b>	Mitchell, 1969; Homans, 1961
<b>Multiplexity</b>	Aldrich & Whetten, 1981; Kennedy, 1987; Mitchell, 1969; Morris & Sirgy, 1985
<b>Strength of ties</b>	Mitchell, 1969; Granovetter, 1973; Kennedy, 1987; Scott, 1991; Knoke & Kuklinski, 1982
<b>Cliques/clusters</b>	Barnes, 1969; Mitchell, 1969; Kennedy, 1987; Scott, 1991; Knoke & Kuklinski, 1982
<b>Distal/antecedent</b>	Dwyer, Schurr & Oh, 1987; Frazier, 1983; Morris & Sirgy, 1985; Speece, 1990; Layton, 1989; Baxter, 1979; Baxter & Philpott, 1982; Wilkinson, 1990; Olsen & Granzin, 1990; Duck, 1982; Hallen, Johanson & Seyed-Mohamed, 1991; Hakansson, 1987
<b>Durability</b>	Mitchell, 1969; Knoke & Kuklinski, 1982; Scott, 1991; Homans, 1961



<i>Bonds</i>	<i>Knoke &amp; Kuklinski, 1982; Mattsson, 1985; Hakansson, 1987; Scott, 1991</i>
<i>Positions</i>	<i>Knoke &amp; Kuklinski, 1982; Mattsson, 1985; Hakansson, 1987; Scott, 1991</i>
<i>Extended and effective networks</i>	<i>Mattsson, 1985</i>
<i>Adaption process</i>	<i>Hallen, Johansen &amp; Seyed-Mohamed, 1991</i>
<i>Levels of analysis</i>	<i>Knoke, 1990; Knoke &amp; Kuklinski, 1982; Aldrich &amp; Whetten, 1981</i>
<i>Power</i>	<i>Scott, 1991; Mitchell, 1969</i>
<i>Relational data and analysis</i>	<i>Knoke &amp; Kuklinski, 1982; Scott, 1991; Rogers, 1979; Tichy, 1981</i>

## SECTION TWO - POLITICAL ECONOMY PARADIGM

In the introduction to this chapter it was noted that the disciplines of interorganizational behaviour, marketing channels, industrial marketing, and political networks are also concurrently drawing on the political economy paradigm as they strive to explain and describe network structures and relational properties. They are striving to move from a micro perspective to a macro world view. Before elaborating on the contributions of the disciplines which are advocating the adoption of the political economy paradigm, it is necessary to provide an overview of this approach to perceiving the world.

Consequently, this final section of the chapter will (a) provide an overview of the political economy paradigm. This will be followed with (b) an illustration of the collective arguments supporting the integration of the network paradigm with the political economy paradigm. As with the section on networks, efforts will be made to identify key political economy concepts (advanced by each discipline) which contributed to the conceptualization of

the framework and the research design. They are set aside in italicized text and summarized at the end of the chapter.

### **Overview of political economy paradigm**

The revival (within the last ten years) of the study of political economy within sociology, political science and economics has played a major role in expanding the boundaries of a particular discipline's orientation to the study of social, political, and economic phenomena (Stone & Harpham, 1982). To epitomise this, although the microeconomic world view is the dominate framework for examining activity in the marketplace, the political economy paradigm is seen to be gaining popularity in the marketing discipline (Arndt, 1983; Stern & Reves, 1980). Researchers in the field of marketing have recently drawn on the political economy paradigm for a new perspective on the relationships, power, decision making and cooperation that occurs while members of a distribution channel for a good or service interact.

They are embracing this perspective because it integrates economic structures and processes (exchange and decision making) with sociopolitical phenomena (power and conflict), hence the name "political economy". "An essential characteristic of political economy is the insistence of simultaneous analysis of the polity [power, control and cooperative sentiments of an organized political unit] and the economy [economic exchange and decision making mechanisms], with particular emphasis on the interdependencies" (Arndt, 1983, p.48).

The political economy perspective appeals to those who reject the fragmented, micro world view of social scientists (separate economic, political, and

sociological spheres) and the behaviourists view that politics is value neutral (Stone & Harpham, 1982). The political economy perspective takes a holistic approach to the study of politics and economics. This encourages an analysis of the interface that evolves over time between economic process and political institutions. This facilitates a broader, comparative and interdisciplinary context within which to study value laden questions that are beyond the traditional research orientation of the behaviouralists (Stone & Harpham, 1982).

In their seminal article, Stern and Reve (1980) succinctly noted that "basically, the political economy approach views a social system as comprising interacting sets of major economic [systems] and sociopolitical forces which affect collective behaviour and performance" (p.53). Arndt suggests that the political economy paradigm integrates important concepts from traditions such as social exchange, the behavioral theory of the firm, and the transaction cost economies by synthesizing them into one world view - the political economy world view (1983). At the macromarketing level, the political economy paradigm theorizes about the interplay between the three main social and economic control processes - markets, politics and bureaucracies. Political economy emphasizes the interplay of power, goals of the power wielders, the productive economic exchange systems, social exchange, behavioural theory of the firm, transaction cost economics, and conflict. It uses constructs from organizational theory, political science, sociology, and economics (Arndt, 1983).

Stern and Reve (1980) further postulated that the premise of the political economy framework is that complex political and socioeconomic interrelations involve

multilateral interactions. The underlying principle of this research is that these interactions need to be accounted for when analyzing consumer policy. For it is believed that behind the simplest of economic ideas lay a complex social, political and economic reality that could not be fully understood by breaking it up into its component parts (Stone & Harpham, 1982). This integration exemplifies the major contribution of the political economy framework, that being the insistence that economic and sociopolitical forces not be analyzed in isolation (Arndt, 1983; Hutt, Mokwa & Shapiro, 1986; Stern & Reves, 1980).

Adoption of this broader perspective enables politicians and marketers to make policy decisions that conflict with the traditional conception of economic well being, a basic precept of the micro-economic paradigm. This is a definite break from the norm of decision making based on a system of profit making units (micro-economic theory) which limits the policy options of the policymakers (Stone & Harpham, 1982).

#### **The components of the political economy paradigm**

A cursory overview of the political economy framework as presented by Stern and Reve (1980) and Arndt (1983) serves an important function. It will lay the groundwork for the forthcoming description of the parallel political marketplace framework (an adaptation by Hutt, Mokwa, and Shapiro of the political economy framework (1986)) which serves as the conceptual basis for the proposed macro relational consumer policy framework.

#### **Three central dimensions of political economy paradigm**

Arndt (1983) elaborates on the three central dimensions of the political economy paradigm. These include (a) polity-economy, (b) external-internal and (c) substructure-superstructure.

Polity refers to the power of and control systems of the distribution channel and the larger environment within which it functions. The economy is the productive exchange system of the distribution channel and of the larger environment that is concerned with the division of labor and the allocation of scarce resources for task accomplishment and maximization of efficiency.

The internal dimension refers to 'organizational' polity and economy while the external dimension relates to the larger 'environmental' polity and economy.

The predetermined substructural patterns of dominance, power, conflict and cooperation (different for each channel) are the groundwork or foundation that determines the sentiments and behaviours (superstructure patterns) of the distribution channel members as they strive to manage power and conflict in their transactions in the channel and within the larger external environment.

#### **Organization of the political economy paradigm**

In essence, there are two main types of variables in the political economy framework - economic and political (Stern & Reve, 1980). Within each of these variables there are internal and external structures and internal and external processes. That is to say, there are economic structures and processes and political structures and processes that are interrelated within the distribution channel. A typology of the political economy components is presented in the following discussion and in Figure 3-1.

The discussion will be organized in the following sequence:

(A) the internal political economy comprised of four parts:

- (1) the internal economic structure,
- (2) the internal economic processes,
- (3) the internal polity structure,
- (4) the internal polity processes), and

(B) the external political economy.

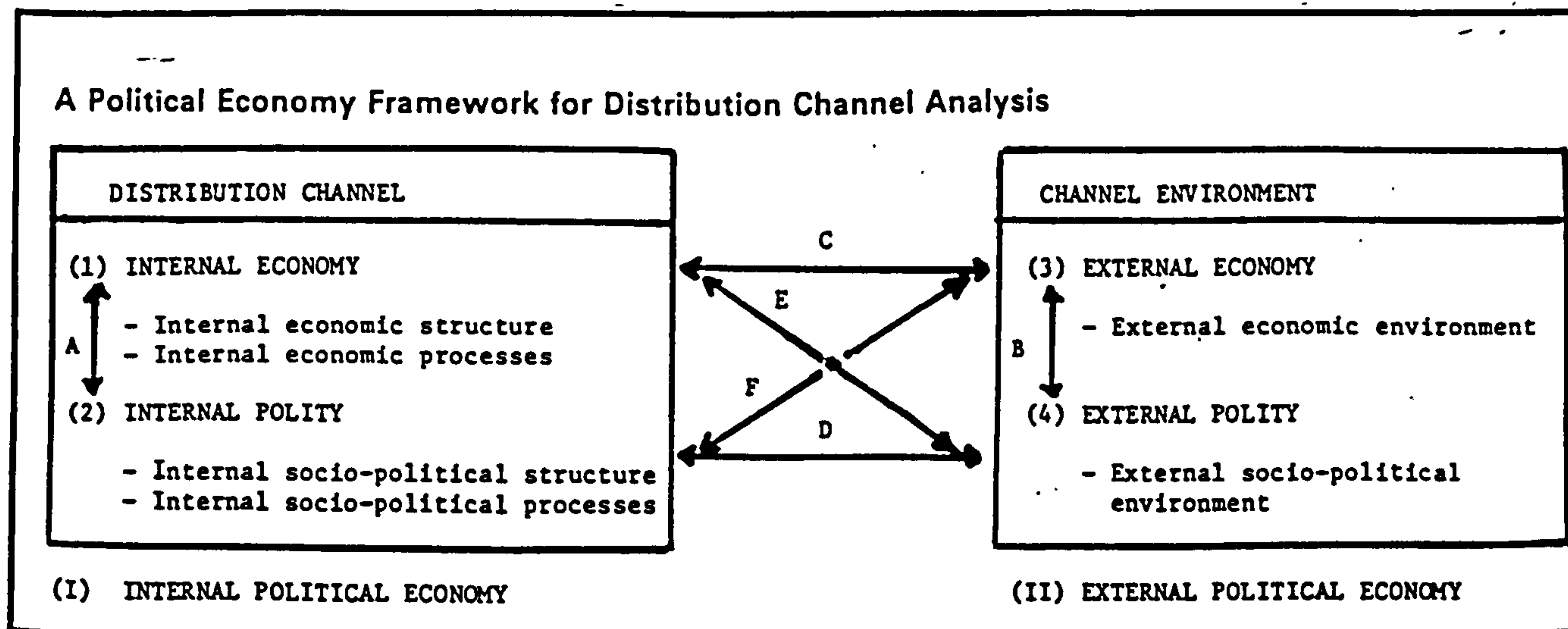
#### **A. Internal political economy**

The internal political economy is comprised of the internal economic structure and the internal economic processes as well as the internal polity structure and internal polity processes of the distribution channel.

The internal economic structure represents the type of transaction or the mode of exchange occurring between members of the distribution channel. There are two types of transactions, market and hierarchal. Market transactions refer to price mechanisms and hierarchal transactions refer to administrative mechanisms (vertical versus horizontal integration). The transactions in the internal economic structure range on a continuum from market type transactions to hierarchal.

Figure 3-1

Components of the political economy paradigm



Source: Stern, L.W., & Reve, T. (1980, Summer): Distribution channels as political economies: A framework for comparative analysis. Journal of Marketing, 44, 52-64.

The internal economic process refers to the nature of the decision mechanism used to determine the terms of trade. These mechanisms can include routine or habitual decision processes, bargaining, lobbying, centralized planning or impersonal decision processes.

The internal polity structure relates to the "power-dependence" relationships between the actors in the distribution channel. It pertains to the way power is distributed, mobilized, utilized and limited within the distribution channel (Arndt, 1983). There can be a centralized, imbalanced, unilateral power system or a decentralized, balanced, mixed power system (Stern & Reve, 1980). Again, there is a continuum whereby the power can range from minimal power, through to balanced power, to imbalanced and centralized power. With regards to the dependence portion of the internal political structure, the theory posits that there can be unilateral dependence or mutual dependence. Power - dependence patterns range from minimum power (low dependence), through mixed power (balanced and imbalanced, mutual dependence), to centralized (imbalanced) power (total, unilateral dependence on the other distribution channel member(s)).

Finally, the internal polity process refers to the prevailing sentiments regarding the process necessary for the encouragement of cooperation and reduction of conflict within the distribution channel. Stern and Reve propose that there can be functional conflict or dysfunctional conflict as well as detente cooperation or ideologically induced cooperation (1980). The former, detente cooperation, refers to a relaxation of strained relations and the latter refers to the maintenance of the anticipated cooperation between parties engaging in marketplace transactions.



## **B. External political economy**

Organizations (businesses) always operate within an environment. The environment of a distribution channel is a complex of economic, physical, cultural, social, demographic, psychological, political, and technological forces (Stern & Reve (1980)). In the political economy framework such forces are incorporated in the external economy and the external polity (the sociopolitical system within which the distribution channel operates). The external political economy thus influences the internal political economy (described above) through adaptation and interaction processes.

*The entire concept of a macro-relational consumer policy framework is grounded in the concepts of the political economy paradigm. Many of the major components of the framework bear labels drawn directly from this paradigm and the integral parts of the core of the framework (the internal political economy of the policy community) are modelled along the same dimensions with a one major adaption. This will become evident in the next chapter.*

### **Literature supporting integration of the network paradigm with political economy paradigm**

As previously noted, several disciplines are adopting the political economy approach so to assume a broader perspective on the interaction between the social, political and economic spheres in the phenomena specific to their domain. These include interorganizational behaviour, marketing channels, industrial marketing, and political networks. Each of these four domains will now be addressed with the objective of explaining why the

shift in paradigms was necessary, how it was achieved and by whom. As with the section on networks, efforts will be made to identify key political economy concepts (advanced by each discipline) which contributed to the conceptualization of the framework and the research design. They are set aside in italicized text and summarized at the end of the chapter.

### **1. Interorganizational relations**

In the area of interorganizational relations Benson (1975) argued that because researchers in this field have designed their research on the assumption that networks effect focal organizations, there has been a failure to treat interorganizational networks as an emergent entity. Instead, the literature has concentrated on a focal organization and its environment, including organizations sets. He argues that concentrating on the organization-environment nexus as the unit of analysis as neglected to account for the network-environment as the unit of analysis. In his opinion, this emphasis on microstructure (interagency interaction) has lead to insufficient concern for issues of macro structure (interorganizational links with the larger environment).

Bensen proposed to eliminate this discrepancy by imposing the political economy paradigm on network relations. This way, the "unitary organization [focal organization] appears in the scheme as an actor with variable strategic options but not as the focus of attention. [Rather], the analytical focus is upon the characteristics of the interagency network and their environments. The phenomena to be explained are interorganizational linkages, not intraorganizational structures or behaviours" (1975, p.248).

## 2. Marketing discipline

Marketing as an academic discipline is the study of market structures and processes (Mattsson, 1985). The imposition of the political economy paradigm is quite complimentary because it deals with the structures and processes of the marketplace, but from a macro rather than a micro perspective. Indeed, while discussing alternative paradigms for marketing, Arndt (1985), pronounced that viewing organizations or cooperating networks as political economies is gaining increasing importance. In the political economy perspective, organizations or channels of distribution are seen as comprising interacting sets of major economic and sociopolitical forces which affect collective behaviour and performance.

Stern and Reve (1980) strongly argue that the political economy paradigm will be useful in future marketing channel research which "must focus on making systematic comparisons of different distribution networks... " (p.53). Recently, Pandya also advocated using the political economy paradigm to study exchange in marketing channels (1987). He argued that the "major focus of this approach is to study how marketing institutions engage in exchange and how political processes influence and control exchanges. ... It does not construe all forms of exchange as market exchange. [Rather] exchange is viewed as an interactive process occurring within and across institutions... ." (p.78). Dwyer, Schurr and Oh (1987) note, in the development of their relational marketing model, the role that exchange plays in the "unfolding political economy framework" (p.11) as well as interorganizational exchange and marketing as exchange.

Even more recently, Wilkinson (1990) offered a model

which studied the dynamic change in marketing channel structure over time and noted that their dynamic approach "is compatible with the political economy paradigm [even though the emphasis of the political economy paradigm] has tended to be more on the ... existing structures and relations rather than on structural change and evolution" (p.19).

### **3. Industrial marketing**

Hagg and Johanson (1982, cited in Mattsson, 1985) criticized previous researchers in the field of industrial marketing for over reliance on microeconomic market theory at the expense of assuming a macro perspective. In a recent discussion of network analysis Mattsson (1985) said that researchers in the areas of industrial policy "feel close to those who advocate approaches that integrate economics and behavioral science in the study of marketing channels [thereby ensuring a macro view of the world]" (p.269. He is in fact referring to the political economy paradigm and makes specific reference to Reve and Stern (1985), two strong advocates of this shift in paradigms. There is no other specific reference to the political economy paradigm in the industrial policy literature but this express endorsement does lend support to the collective shift towards adoption of a macro perspective in the study of networks.

### **4. Policy networks**

In their discussion of policy networks and their environments, Rainey and Milward (1983) draw on work done in the interorganizational relations area, citing, as did virtually every discipline under consideration in this argument, Aldrich and Whetten (1981) and Pfeffer and

Salancik (1978). They recognized that there are complex linkages between political, interorganizational and intergovernmental entities and that clarifying relationships between these complex networks needs to be undertaken. Meyer (1979) called for more studies of the networks and constituencies in which political leaders operate and of the ways in which those networks intersect with organizational structures. Wamsley and Zald (1976) discussed the notion of the political economies of public organizations.

Rainey and Milward suggest that

more comprehensive analyses of these complex linkages between agencies and environmental components will be valuable in explaining internal structures, process and behaviour... . Effective analysis of organizational control, structure, change and other major variables requires attention to the complex political and institutional networks in which public bureaucracies are involved (1983, p.144).

Although no specific mention is made of the political economy paradigm, these messages use direct political economy concepts (internal process and structures, external environmental process and structure). In the language of the political economy perspective, Rainey and Milward (1983) recommended that

the conception of environmental influences on public bureaucracies clearly needs further development. ... A major challenge remains in further clarifying the concepts and dimensions to be used in analyzing the relations [between the complex array of economic, legal and political environments]. What are the

dimensions, for example, along which legislative, executive, and interest group influence vary, and how are they related to internal structure and process? (p.139).

Stone and Harper (1982), researchers in the field of political science, candidly advocated that the adoption of the political economy perspective would enable politicians to make policy decisions that broke away from the norm of making judgments based on the system of profit making units (traditional micro-economic perspective) which have historically limited the policy options of the policy makers. On this premise, they reported that there was a renewed interest in the political economy paradigm in the early 1980's in the policy studies discipline. This perspective allows policy makers to centre their analysis on the interface that evolves over time between the economic process and the political solutions.

In summary, it has been unconditionally established that the political economy paradigm, in conjunction with the network perspective, are perceived as viable alternatives to the traditional micro-economic perspective. This perception is espoused by scholars practising in the interorganizational behaviour, marketing channels, industrial marketing and political networks disciplines.

#### **INSIGHTS GAINED FROM LITERATURE REVIEW**

This chapter has reviewed the literature relevant to the political economy paradigm and the network paradigm with the objective of supporting the premise that these two paradigms have a lot to contribute to developing a conceptual framework which will widen the insights gained from consumer policy analysis.

The main purpose of a literature review is to uncover what has already been done in a area and identify what remains to be done. (Touliatos & Compton, 1988). It is the opinion of the investigator that the review of the literature uncovered three areas where work needs to be done in the area of studying relations between stakeholders in a policy situation. The first observation is that within the last decade, researchers have identified a need to devote specific attention to one specific stage of relationship development - how the relationships are initiated (Frazier, 1983) and the dynamics of their subsequent development (Dwyer, Schurr & Oh, 1987; Frazier, 1983; Frazier & Sheth, 1985; Hallen, Johanson, & Seyed-Mohamed, 1991; Ruekert, Walker, & Roering, 1985; Putt & Springer, 1989; Shapiro, 1986).

Secondly, Frazier also called for attention to how people feel about these relationships (1983). Thirdly, within the last five years many researchers identified a compelling need to appreciate the historical development or evolution of these relationships (Frazier, Spekman, & O'Neal, 1988; Hakansson, 1987; Kennedy, 1987; Knoke, 1990; Knoke & Kuklinski, 1982; Layton, 1989; O'Neal, 1989; Wilkinson, 1990).

In addition, the literature review is a valuable source of information regarding the identification, definition and conceptualization of variables or constructs (Touliatos & Compton, 1988). A fourth observation from the literature review is that the marketing channel relationship literature (Dwyer, Schurr & Oh, 1987) and the network literature (Knoke & Kuklinski, 1982) are developing models of the stages of the relationship development process and levels of network analysis, respectively. The stages of relationship development include awareness, exploration, expansion, commitment

and dissolution. The levels of network analysis encompass egocentric, dyadic, triadic and networks.

It was discerned by the investigator that these approaches compliment each other readily and can be effectively integrated. To illustrate, the egocentric network concept allows us to account for internal policy analysis activity. The awareness concept involves unilateral consideration of potential dyadic exchange partners and parallels the network concept of initial dyadic activity. Exploration accommodates the search and trial phase of developing initial dyadic relations. The expansion phase of relationship development accommodates multi-dyadic activity via continual increase in the range and depth of developing relationships. Commitment corresponds with triadic activity wherein there is purposive maintenance of relationships. Finally dissolution of a relationship is proposed after the triadic activity occurs resulting in disengagement or decrease in dyadic interaction. This melding of perspectives resulted in the conceptualization of the framework for profiling the evolution of dyadic relationships to develop consumer policy. This construct is discussed in greater detail in Chapter Four because it is a key contribution of this research.

The literature review also helps delimit the research problem and state it more clearly (Touliatos & Compton, 1988). This review of the literature has indeed supported the premise that combining the political economy paradigm and the network paradigm with the traditional micro-economic paradigm will provide the insight necessary to account for the macro-relational perspective of policy development in a macro-environmental context, while at the same time not losing the contributions from the economic perspective.



A literature review serves to uncover what has already been done in a area and what needs to be done (Touliatos & Compton, 1988). As noted in the previous discussion, it has been suggested that research needs to address the initiation, development of and sentiments towards relationships. In order to address these research area, existing concepts and adaptations of existing concepts will be necessary. Table 3-1 summarized the interaction and network concepts identified in the literature. The investigator extrapolated specific concepts from this inventory of variables that could be used as they are now defined and ones that could be adapted. Throughout the discussion they were flagged in the italicized text. Table 3-2 outlines the major contributory concepts gleaned from the review of the network literature and the political economy literature. These concepts are presented in the order that they are revealed in the discussion, within the italicized text.

**Table 3-2 - MAJOR CONCEPTS GLEANED FROM THE  
LITERATURE REVIEW CONTRIBUTING TO THE  
CONCEPTUALIZATION OF THE MACRO-RELATIONAL CONSUMER  
POLICY FRAMEWORK**

**Network literature concepts:**

boundary role  
organizational sets  
relationship management  
patterns of relations  
interactional analysis mode  
action sets  
relevance of missing data  
lateral involvement concept  
study focal dyads  
examine the history of relationships  
stages of relationship development  
perception of relationships  
influence strategies  
dynamics of on-going relationships  
levels of network analysis (egocentric, dyads, triads)  
coping with imbalance in a system  
conflict management  
adaption to change in environment  
channel evolution concept  
just-in-time relationship concept  
overreliance on micro-economic paradigm  
extended and effective networks  
bonds and positions in networks  
structural change in channel  
network interaction models  
transactional chain concept  
direct and indirect relationships  
policy community concept  
competing policy communities  
micro-intermediate-macro levels of analysis  
measure communication contents

**Political economy literature concepts:**

political economy constructs (macro environment and  
internal environment replete with exchange  
mechanisms, decision making patterns,  
power/dependence balance and cooperation/conflict  
sentiments)  
parallel political marketplace concept  
three task environments

**RESEARCH QUESTIONS PROMPTED BY THE LITERATURE REVIEW**

The literature review also helps generate new research questions by identifying areas that need to be investigated in more detail (Touliatos & Compton, 1988). Within the context that research needs to address the

initiation, development and sentiments towards relationship, the investigator generated the following research questions. These helped shape the generation of propositions stemming from the macro-relational consumer policy framework at the end of Chapter four. The research questions are loosely organized according to initiation of relationship, evolutionary dynamics and perception of relationships. Also, the research questions explicitly reflect the interaction and network concepts which intrigued the investigator as the literature was reviewed.

**Research questions prompted by the literature review:**

**Initiation**

Who first became involved with the issue?

When did they become involved?

Did government initiate the policy development network or did it evolve by itself?

When did non-dyadic interaction occur and how prevalent was it?

Were actors more likely to engage in dyadic or non-dyadic interaction?

How long did an actor work alone (in isolation) before entering the network?

At what stage of the policy development process did the formation of a network of actors begin?

How consistent was the membership of each organization?

Did the boundary person change?

How often did the boundary players change?

Did internal interaction (egocentric activity) within the constituent occur before the dyads developed?

Do dyads develop into a comprehensive non-dyadic (egocentric, isolate) network prior to concurrent dyads?

## **Evolutionary interaction dynamics**

### **Dyadic and multi-dyadic reconfiguration**

When did dyadic interaction occur and how prevalent was it?

Did a loose network of dyads evolve over time or was there just one dyad in place at any one time?

How long did they continue to be involved in dyadic relations?

How frequent was the communication?

How committed were the actors to their relationships and the network?

What perception did the actors have of their role relative to others?

Did this role perception change over time?

Did they leave the network and then reenter at a later date?

How many stakeholders engaged in multiple relationships?

What concurrent dyads were occurring?

Will they maintain contact with one or two actors relative to others?

Does the network fluctuate from dyadic to non-dyadic?

How often did they communicate?

How often did actors cross reference each other?

Will each stakeholder engage in different types of relationships with various other stakeholders at the same time?

Do constituent stakeholders have the same patterns as the aggregate stakeholders?

Were the communications mostly one way or reciprocal?

### **Triadic network configuration**

When did a triad evolve and what was the intention of their interaction?

How many informants are actually in the final policy development process?

Do all stakeholders need to be in the network all of the time?

How did the make up of the network change over time?

What was the changing face of the network of stakeholders?

### **Network concepts**

How stable was the network over time?

As the network evolves did the knittedness of the network vary?

Will there be redundancy (duplication) in memberships in dyads?

How durable/consistent was the membership of the network as it evolved?

Of all stakeholders, how many were actually in contact at some point or other (density)?

Was each stakeholder in contact with all of the others all of the time? How connected was the network of actors?

How cohesive was the network over time?

Was each stakeholder in contact with all of the others at some point in time?

How many stakeholders were actually in the network at any given point in time (size)?

Was there a developmental sequence?

What stages were involved?

What interaction patterns emerged?

### **CONCLUSION**

In chapters one and two respectively, the traditional micro-economic paradigm, as well as a representative sample of consumer policy frameworks grounded in this paradigm, were described and critiqued. Many of them were

found to be inadequate in that they did not account for the relationships or interaction inherent in the policy process. Similarly, chapter three has just identified auxiliary disciplines which have recently also found the traditional micro-economic paradigm too constrictive.

The disciplines of interorganizational behaviour, marketing channels, industrial marketing and political networks have all successfully adopted a relational, network perspective as well as a more macro (political economy perspective) in their respective domains. They have unanimously proposed a shift in paradigms to a more macro-relational approach. It is submitted that this shift is being achieved by way of researchers turning to the political economy paradigm for the macro perspective and to the network or structural paradigm for the relational perspective.

In review, the political economy paradigms's redeeming feature is its focus on the interaction and interdependence between the economic system and sociopolitical forces. This interactive perspective compliments network analysis, which is concerned with identifying and understanding the relationships which develop during this interaction. Chapter three has provided a strong rationale for integrating the network and political economy paradigms in order to gain a macro-relational perspective on policy making which compliments the reigning micro-economic paradigm.

Chapter four will illustrate how these two paradigms can be successfully integrated to provide an innovative, wider approach to consumer policy analysis. It will introduce a *macro-relational consumer policy framework* which will incorporate dimensions of both the political economy paradigm and the network paradigm so as to

provide a macro-relational perspective to consumer policy. The dominate network and political economy concepts and the research questions that were identified in this literature review (previously discussed) will contribute to the conceptualization of this framework and the design of the research.

## CHAPTER FOUR - MACRO-RELATIONAL CONSUMER POLICY FRAMEWORK

### Preamble

The previous chapters have argued that basing consumer policy development and analysis solely on the microeconomic paradigm results in a lack of understanding of the relationships that evolve during the interactive process of policy development. It has been shown that other disciplines related to consumer policy, which have traditionally relied upon economic theory, are also finding that they are lacking a relational perspective in their fields (interorganizational behaviour, marketing channels, industrial marketing and political networks).

Accordingly, they have all advocated adopting a network approach combined with the political economy paradigm so as to gain a macro-relational perspective in their fields of study. This macro-relational perspective compliments the micro-economic viewpoint. Further, chapter two identified and critiqued a representative sample of consumer policy theories and found all but a recent few lacking a relational perspective due to heavy reliance on the micro-economic paradigm. It is therefore being argued that consumer policy theory could be advanced if it also adopted a macro-relational perspective to augment the insights gained from micro-economic theory. This chapter will introduce a consumer policy framework designed to address this.

Succinctly, the consumer policy process will be conceived and studied from both a political economy and a structural perspective and the resulting data will be analyzed from a network perspective rather than a microeconomic perspective. This approach enables a researcher to conceptualize the consumer policy process



as being comprised of a channel wherein the channel members (consumer, business and government) collectively have exchange transaction patterns, decision making patterns, power/dependence patterns and conflict/cooperation sentiments patterns (that is, an internal political economy). For the purpose of analyzing the activities among the channel members (to be called a policy community) network concepts and relational properties will be used to generate and organize propositions and will be applied to the analysis of the data reflecting these activities. This approach will enable a researcher to impose a macro perspective (interdependence between social, economic and political arenas) combined with a relational perspective on the consumer policy process - something that has not been done before. The results will be new insights into the evolution, development, maintenance and termination of stakeholder relationships during the development of a consumer policy.

In the future, not only will researchers be able to analyze consumer policy on the basis of economic criteria but also from a relational, structural perspective as well. This conceptualization of consumer policy will now be explained in considerable detail under the auspices of the "a macro-relational consumer policy framework". This chapter will present (a) a rationale for this approach provided in conjunction with an adaptation of a similar approach recently developed in the marketing channel literature - the parallel political marketplace. Marketers advanced this concept to account for marketing decisions which had political overtones (Hutt, Mokwa, & Shapiro, 1986). This chapter will culminate in the (b) presentation of the components of a macro - relational consumer policy framework and the (c) application of the framework to develop specific propositions and a focused

research posture which will guide the ensuing research design in Chapter five.

#### A. RATIONALE FOR A CONSUMER POLICY FRAMEWORK AS A POLITICAL ECONOMY

Modern industrialized societies are characterized by the existence of three social systems related to each other by interaction. These include the production system, the consumption system and the political system (Jensen, 1986). The premise of this thesis is that there needs to be a consumer policy framework which accommodates the interactions between the production, consumption and political systems (a triad of economic and sociopolitical players) as they interrelate to address challenges to their respective interests in the marketplace due to changes in the external environment.

This premise is supported by Jensen (1986) who proposed that contributions to theory in consumer policy should put consumers and the full ambit of their problems in focus. He also noted that the needs and wants of consumers cannot be understood if seen in isolation. It is proposed that the political economy framework is a suitable paradigm upon which to base this argument. The political economy framework is general in that it has potential to be applied to a wide range of analytical issues (Stern & Reve, 1980), and in this case, it is being applied to the area of consumer policy analysis. Of significance to this argument is the basic premise of the political economy framework, that being the insistence that economic and sociopolitical forces not be analyzed in isolation. This perspective is consistent with notion that there needs to be a framework which accommodates the interactions between the production, consumption and political systems (a triad of economic and sociopolitical

players) in relation to the development of consumer policy.

The premise of the political economy framework is that complex socioeconomic and political interrelations involve multilateral interactions (Stern & Reve, 1980). Consumers are distinct members of the complex economic - sociopolitical environment and their direct involvement in this interactive environment can be illustrated via adaptations of the political economy framework.

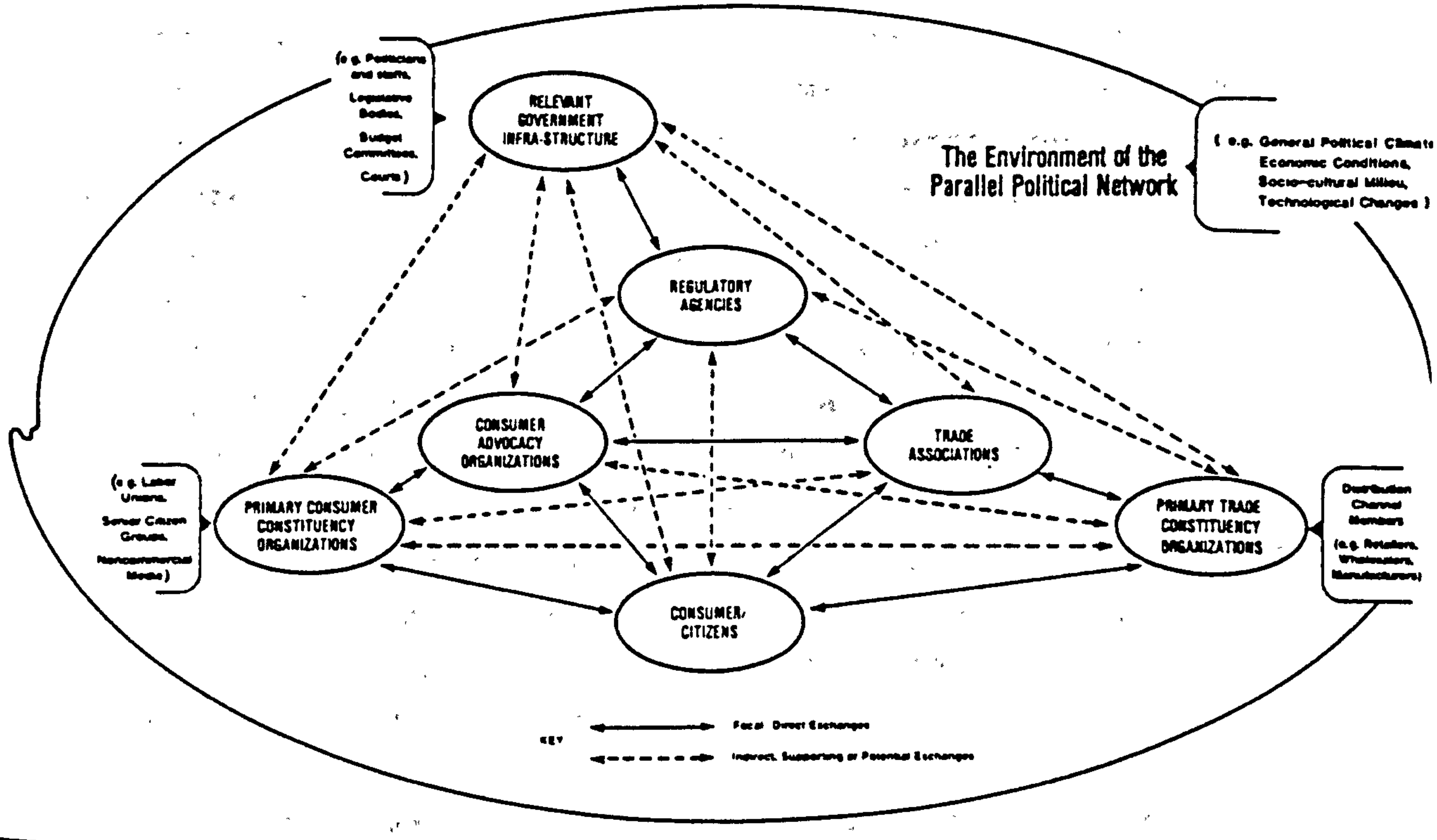
#### **A complimentary approach from the marketing channel literature**

The review of the literature revealed a recent adaptation of the political economy framework along these same lines of thought (Hutt, Mokwa & Shapiro, 1986). These marketing scholars proposed a parallel political marketplace concept to accommodate the temporary alliance of business, political and consumer interests for the benefit of policy development as it relates to marketing strategies (See Figure 4-1). In an article released in the same year, Shapiro (1986) suggested that the parallel political marketplace is conceived as a 'network' of marketplace constituents. Briefly, These authors conceived the economic distribution channel and the marketers political channel as two separate marketplaces that come together only when necessary therein creating a new, temporary "parallel political marketplace". This temporary marketplace deals with the issue at hand and then either dissolves or becomes dormant. This research suggests that the political economy framework as well as the conceptualization of the parallel political marketplace may be used as a basis for developing a conceptual framework for consumer policy focusing on the interrelations between the political behaviour of business, consumers and government.

The proposed consumer policy framework would address the collective behaviour of the key economic, political and consumer interest players and their subsequent performance in the marketplace. This author is suggesting that it is appropriate to adapt Hutt, Mokwa and Shapiro's (1986) parallel political marketplace concept and develop a consumer policy framework that makes the consumer perspective of the political economy explicit (as suggested by Jensen, 1986) rather than implicit. This adaptation of Hutt, Mokwa and Shapiro's political parallel marketplace model, based on Stern and Reve's (1980) political economy framework, will be the basis of this emergent framework. Succinctly, this research will present the elements of the political economy paradigm as a potential foundation for theory building in consumer policy and suggest the development of both a consumer policy network and a corresponding policy shaping community (concepts which accommodate the relational perspective).

Figure 4-1

A Network Framework for Analyzing the Parallel Political Marketplace



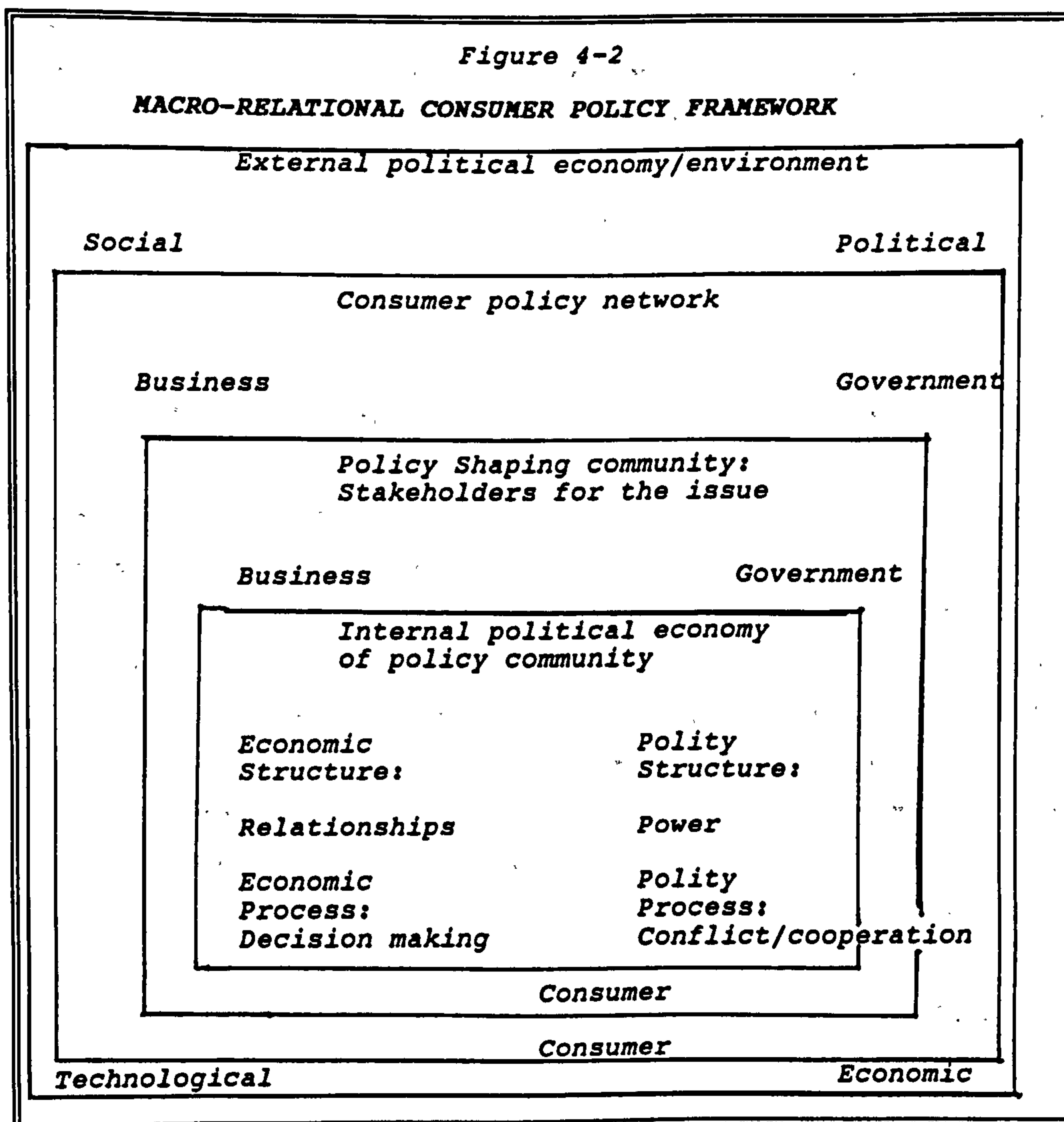
Source: Hutt, M.D., Mokwa, M.P., & Shapiro, S.J. (1986, January). The politics of marketing: Analyzing the parallel political marketplace. Journal of Marketing, 50, 40-51.

## B. AN OVERVIEW OF THE COMPONENTS OF THE MACRO-RELATIONAL CONSUMER POLICY FRAMEWORK

The basic premise of the macro-relational consumer policy framework is that changes in the external environment will be observed by the members of the consumer policy network. Via the process of issues management, the consumer, business and government members of this network filter the changes occurring in the external environment and determine that their interests in the marketplace will be adversely affected by this change. To that end, stakeholders from the consumer policy network for a specific issue will coalesce into a policy community to deal with the consumer issue. The macro-relational consumer policy model proposes that this policy community, which evolves sequentially over time, will have a unique internal political economy (interaction and relational patterns, decision making patterns, a power and dependence balance, and sentiments towards cooperation and conflict).

Figure 4-2 shows the current conceptualization of the macro-relational consumer policy framework. The ensuing discussion will be organized by the four component parts of the framework: (a) the external political economy/environment, (b) the consumer policy network (an adaptation of the parallel political marketplace concept), (c) the policy shaping community, and (d) the internal political economy of the policy shaping community.

Figure 4-2



**COMPONENT ONE: The external political economy/environment**

This macro-relational consumer policy framework adopts the construct of the external political economy as presented by Stern and Reves (1980) and in chapter three. The members of the consumer policy network (to be discussed shortly) have to operate within a larger environment which is external to their internal functions. The external environment is a complex of economic, social, political, technological, demographic, and psychological forces. Within the precepts of the political economy paradigm, these forces are incorporated

into the sociopolitical and economic systems within which the consumer policy network operates. The external environment influences the relationships, decision making patterns, power and dependence balance, and cooperation and conflict sentiments of the policy shaping community which precipitates from the consumer policy network.

#### **Filtering changes in the macro environment**

To be comprehensive, this framework must accommodate the process entailed in perceiving changes in the macro environment that could impact on the interest of the members of the consumer policy network. This will be accomplished in two ways. First, one is reminded that in the marketing channel literature, Morris and Sirgy (1985) rely on cybernetic theory to describe how a marketing channel strives to achieve a desired state through dealing with changes in their environment via positive or negative feedback loops. In other words, the theory is used to explain how a channel adapts to an imbalance in the system as perceived by a comparator, one who processes inputs to the system. A change in regulatory environment would be coped with via positive feedback so as to adapt to the change. Positive feedback entails adaption via managing change in contrast to negative feedback which entails a reactive and corrective mode.

The systems framework of channels (Morris & Sirgy, 1985) proposed that as a stakeholder occupies a niche in the channel (cf. position in network jargon, (Knoke & Kuklinski, 1982; Scott, 1991)), they adapt to changes in the environment and deal with conflict by balancing negative and positive feedback resulting from or caused by their marketing activities. The notion of balance in a system helped shape the explanation of how the members of



the consumer policy network filter changes in the macro environment. This was employed in conjunction with the theory related to issues management, the second means of accounting for the identification and interpretation of changes in the external environment. An explanation is in order.

The macro-relational framework proposes that changes in the external environment will be observed by members of the consumer policy network (cf. comparator, one who processes inputs to the system; Morris & Sirgy, 1985). As members of this network filter the changes occurring in the external environment, stakeholders for a specific issue will coalesce into a policy community to deal with the consumer issue. It is suggested that the screening and filtering process is accomplished by issue management. For indeed, examples of this mechanism for dealing with environmental changes are readily evident in the literature for consumers (Lister, 1990), government ('Seeking funds', 1988), business (Arrington & Sawaya, 1984; Bartha, 1982, 1984; Corrado, 1984; Sarpkaya, 1988; Stanbury, 1986) and special interest groups (McGregor, 1989a, 1989b).

This well established body of literature has dealt extensively with the process of issues management. Issues management is defined as a process to organize the expertise of an association to enable it to participate effectively in the identification, shaping and resolution of public issues that impinge on their interests (Arrington & Sawaya, 1984). Stanbury (1986), along with many others noted in the previous paragraph, proposed eight basic stages to the issues management process. This investigator proposes that the first five stages can account for the process of flagging an issue to which members of the consumer policy network will have to

react. These include environmental scanning so as to identify emerging issues, monitoring selected issues, assessing the potential impact, forecasting the impending consequences and effects, and prioritizing the issue relative to others as well as assessing the organizations' ability to have any influence on the outcome of the issue. Meanwhile, the three stages of analysis, formulation of strategy, and implementation and evaluation of the strategy can account for (a) how the issue moves from the consumer policy network to the policy community and for (b) the activity of the stakeholder within the policy community once it forms.

This issue management process is germane to the development of consumer policy addressing changes in the macro environment which challenge the interests of the marketplace constituents comprising the consumer policy network. But, although issue management is a significant process component of this framework it will not be the focus of this conceptualization. This is because the basic unit of analysis when examining macro-relational consumer policy development will not be the consumer policy network. Rather, it will be the policy shaping community which is the major contribution of this consumer policy framework. Nonetheless, the framework is definitely more comprehensive due to the accommodation of the issue identification and management process and other researchers are directed to the issues-management literature for direction in this aspect of consumer policy research.

#### **COMPONENT TWO: The consumer policy network construct**

The consumer policy network concept is an adaptation of the parallel political marketplace concept, first mentioned in Chapter Two. Most marketing channel research

is concerned with focal dyad interfirm interaction within the channel. The parallel marketplace construct accommodated focal dyad interorganizational exchange for the purpose of political marketing strategies. However, for the purpose of this research, channel research and interorganizational research are seen to be limiting in that they usually center on only dyadic interaction. To accommodate this limitation, a construct was needed that would accommodate several concurrent dyadic relationships and a possible triadic relationship (business, consumer and government) during the development of consumer policy. It is suggested that the appropriate concept is a network and this model will have a component called the "consumer policy network".

The emerging conceptualization in this research gives the parallel political marketplace a permanent status and refers to it as the consumer policy network. The researcher suggests that the consumer policy network is comprised of business actors, consumers, and government interacting with the objective of developing representative consumer policy. Fundamentally, it differs from Hutt, Mokwa and Shapiro's (1986) suggestion that the parallel political marketplace emerges only when necessary in that the consumer policy network is proposed to be an ongoing entity and a policy shaping community emerges when a consumer issue comes to a head. This conceptualization of the consumer policy network and the policy shaping community (stakeholders) ensures that the consumer perspective of the political economy is explicit.

It is proposed that the three prominent actors in the consumer policy network all work concurrently, and, according to the overriding political economy paradigm, interdependently. There is always an ongoing consumer

policy network which is not a temporary marketplace but rather an ongoing entity working within the political economy of the nation. When a policy issue is perceived to be at hand, the consumer policy network members (who are stakeholders in the specific consumer issue) will form a policy community. Members of the policy community will interact among themselves while simultaneously relating to the broader constituencies they represent in the consumer policy network. Otherwise, the alliance formed among the stakeholders usually becomes passive or less active (Shapiro, 1986). However, there is always a consumer policy network to which they belong and return. The stakeholders do not leave the consumer network to become members again of only the distribution channel or the marketers political channel as proposed by Hutt, Mokwa and Shapiro (1986). Of significance is the premise that they have shared members with the common goal of developing representative consumer policy. The consumer policy network does not disintegrate when a specific policy issue is settled. Instead, the interaction and networking continues, as does the monitoring of the marketplace and the external environments.

As noted, the consumer policy network remains intact and does not collapse after a consumer issue has been resolved (as does the parallel political marketplace). This notion is congruent with Dwyer and Welsh's (1985) premise that a channel filters or acts as an interface between the external environmental factors and the internal political economy of the channel. In essence, the consumer policy network interprets changes in the external environmental structure and processes and filters this interpretation through to the policy shaping community (which has a unique internal political economy) forming to deal with this consumer issue. It has been proposed that this occurs via the issues management

process.

Supplementing this argument is the view that there is always interaction among the consumer policy network members via predominately indirect, potential supportive exchange coupled with a direct exchange among the stakeholders making up a specific policy shaping community. This notion differs from Hutt, Mokwa and Shapiro's conceptualization of the parallel political marketplace wherein they note that the relationship between consumer and government is potential, indirect or supportive (that is implied) rather than explicit (direct) (1986). The only way their parallel political marketplace model accommodates interaction between business, government, and consumer is if the focal issue that activated the temporary political market exchange temporarily mobilized all of the primary network actors. Hutt et al, proposed that, otherwise, there are only potential exchanges. In contrast, the premise of the consumer policy network is that there is ongoing mobilization of the all actors in the network via potential, supportive exchanges and that the stakeholders will be temporarily mobilized for a specific consumer issues via direct and indirect exchanges.

There are other notable differences between these conceptualizations. Hutt, Mokwa and Shapiro (1986) and Shapiro (1986) all proposed that there is only occasional interaction between the major political actors and when this occurs they are referred to as 'combatants' (cf. adversarial relationships, Venkatesh & Burger, 1984; Belobaba, 1985). This interaction occurs in the event that a consumer issue has political implications on the marketing strategies of the firm (enter the temporary parallel political marketplace). In contrast, the emerging framework proposes ongoing interaction between

the major consumer policy actors in the consumer policy network for consumer policy in general with specific stakeholders forming a policy shaping community and interacting for a specific consumer issue. The parallel political marketplace is temporary and the consumer policy network is permanent (although constituent membership may fluctuate).

There is another fundamental difference between the proposed consumer policy network concept and the parallel political marketplace concept (from which it is adapted). Whereas the parallel political marketplace is concerned with the strategic political role of marketer (political channels) in promoting and distributing goods and services (Hutt, Mokwa & Shapiro, 1986), the consumer policy network will be concerned with the interaction of the consumer, business and government in the representative development of consumer policy that addresses changes in the marketplace due to changes in the external environment. The former framework is concerned with the politics of marketing the service or product and the latter is concerned with equal representation of key actors in the development of consumer policy concerning government intervention in the marketplace as a result or precursor of the marketing of the good or service.

The domain of the parallel political marketplace model, which is concerned with the politics of marketing and the strategic political role assumed by the marketer when a marketing strategy has political overtones, limits its application to marketing strategies and delimits its appropriateness for explaining consumer policy decisions in the marketplace. Hutt, Mokwa and Shapiro (1986) noted that the primary actors in the temporary parallel political marketplace include regulatory agencies,

consumer advocacy organizations, businesses, trade organizations, and consumers (citizens). Yet when diagramming the networking between these political actors they suggest that the contribution and influence of the consumer in the exchange process is predominately indirect, supporting or potential (i.e., implicit). The author proposes to remedy this theoretical proposition by suggesting that consumer involvement in consumer policy should be ongoing, direct, influential and an inherent part of the policy process (i.e., explicit). Consequently, this dissertation proposes to adapt Hutt et al's (1986) model and develop a consumer policy framework that makes the consumer perspective of the political economy explicit rather than implicit yet still within the realm of the political economy paradigm.

In summary, the consumer policy network interprets changes in the external environmental structures and processes and filters this interpretation through to the internal political economy of the stakeholders coalescing into a policy shaping community to deal with a specific consumer issue. These actors culminate in a policy community with an internal economy and polity.

### **COMPONENT THREE: The policy community concept**

#### **The stakeholder concept**

The stakeholder concept needs to be explained before we discuss the third component of the framework, the policy community. Stakeholder is an extension of the stockholder concept and was contributed to the political economy vocabulary by Shapiro (1986). Mitroff (1983) conceptualized stakeholders as the forces, the interest groups, parties, actors, claimants and institutions both

internal and external to the corporation that affect or are affected by the corporations actions, behaviours and policies. It is easy to extrapolate this concept to the notion of a policy shaping community. Thus the stakeholders are the interest groups, parties, actors, claimants and institutions, both internal and external to the consumer policy network, that affect or are affected by the actions, behaviours and policies of the network of actors.

To further the analogy set forth by Mitroff (1983), the external stakeholders are the actors from the consumer policy network which are affected by consumer policy in general while the internal stakeholders form the core of the policy shaping community who will be directly or indirectly affected by a specific consumer issue. This conceptualization somewhat parallels Shapiro's observation that consumer policy refers to individual consumer transactions while public policy concerns the welfare of the entire body politic (1986). To extend the analogy, the external stakeholders in the consumer policy network are affected by general public policy and consumer policy and the internal stakeholders in the policy shaping community are affected by particular consumer policies.

#### **Policy shaping community construct**

As proposed, there is always an ongoing consumer policy network which is not a temporary marketplace but rather an ongoing entity working within the political economy of the nation. When a policy issue is at hand, the consumer policy network members who are stakeholders in the consumer issue will form a *policy shaping community*. This concept is well documented in the literature review. The policy shaping community construct somewhat resembles the



marketing channel construct. As noted in the literature review, a policy community is a "complex network of individuals, groups, and organizations at different levels of government and in both public and private sectors, that act together in the formation and implementation of policy in particular policy areas" (Rainey & Milward, 1978, p.140). This concept closely parallels that of a marketing distribution channel which consists of the network of organizations that are necessary to move goods from the manufacturer to the final consumer and the relationships among these organizations (Olsen & Granzin, 1990).

One is reminded that the concept of an action set prompted the conceptualization of a policy community. An action set is a construct which accounts for the formation of a group of organizations in a temporary alliance for a limited purpose.

When analyzing the interaction within the policy community, there are two commonly cited units of analysis - the focal dyad and the central set of actors. The focal dyad should not be confused with the idea of a central or key set of actors/linkages that are focal to the operation of a specific channel system (Achrol, Reve, & Stern, 1983). In their argument that public policy studies can draw from organizational theory, Rainey and Milward (1978) noted that in government process, the most important focus of activity is frequently a complex network of organizations and other entities whose activities are often centred on a particular public program [or policy]. Consequently, this research distinguishes between the policy shaping community (a focal dyad or triad composed of consumer, business, and/or government stakeholders concerned with a particular policy area) and the consumer policy network

(the central or key set of actors/linkages).

One is reminded that the constituent membership of the consumer policy network changes to reflect changes in the external environment (external economy and polity) which are having an impact specific actors in the consumer policy network. In essence, the consumer policy network interprets changes in the external environmental structure and processes and filters this interpretation through to the internal political economy of the stakeholders coalescing into policy shaping community to deal with a specific consumer issue. These actors culminate in a policy community with an internal economy and polity. When dealing with the issue, policy community members will interact among themselves while simultaneously relating to the broader constituencies they represent in the consumer policy network. The configuration of the stakeholders involved in the policy shaping community will probably change from one time period to another during the policy process. Otherwise, the issue specific alliance formed among the stakeholders usually becomes passive or less active (adapted from Shapiro, 1986).

As was noted, during the policy development process, the membership in the policy shaping community may vary but the members will all be consumer policy network members. In fact, there are multiple policy shaping communities occurring at one time (even with shared members) (cf. competitive sector of the primary task environment, Achrol, Reve & Stern, 1983). New policy shaping communities can be created for new issues as they appear in the external environment and are being filtered through by the consumer policy network. As well, this framework proposes that new policy shaping communities can be developed for existing issues or previously

resolved issues that reemerge due to changes in either the macro environment or changes in the character of the marketplace constituents in the consumer policy network.

### **The evolutionary nature of the policy community**

To this point the consumer policy framework (with the exception of the consumer policy network) has been grounded predominately in the political economy paradigm. It is now expedient to begin a more intense integration of the network paradigm. To that end, it is proposed that the membership of the policy community will not coalesce over night. Rather, it will evolve sequentially over time. Evolution is the process of the emergence of new forms of structure. The evolution of a network to its current state (the process by which pairs of relations cohere to form a network) has to be understood before the patterns of relations can be understood. It is proposed that the structure of the policy community will evolve and change over time. An appreciation of this evolutionary process reveals information about the dynamics of interaction and the development of relationships among consumer issue stakeholders. Therefore, one should analyze the periodic structures (maps of relationships) of the network so as to be able to compile a picture of the evolutionary process.

### **Literature support for notion of dynamic evolution**

The notion of network evolution is gaining recent acceptance, support and interest in many related fields. While discussing social networks, Granovetter (1973) argued that while it is a given that people are involved with an issue, how they are involved with each other is the question. An understanding of this involvement should

offer insights into the dynamics of social networks. Granovetter posed the question, "What is the developmental sequence of network structure over time?" (1973, p. 1378).

Frazier (1983) noted that it would be beneficial for marketing channel researchers to examine both the distal and the antecedents of existing exchange relationships, analyzing the history of each exchange. In her attempts to champion the network approach in the marketing domain, Kennedy (1987) also recommended that marketing scholars move from static measures which capture a network at one time to dynamic models of changing relations over a period of time.

Mattsson (1985) also challenged researchers in the field of industrial marketing to "... stress the development of the network structure. Since position changes or challenges to positions are happening all the time, a major research concern in the network approach is to describe and understand the process by which structural changes occur." (p.285). Knoke (1990) advocated that political science researchers needed to study how relationship arrangements arose and transformed in an interactional policy network. He argued that much political network research to date has focused on describing the existing arrangements at a given moment. In effect, they merely depict the results of ongoing policy processes. The dynamics aspects are treated as a black box. We do not know how arrangements arose or how they were transformed (p.117).

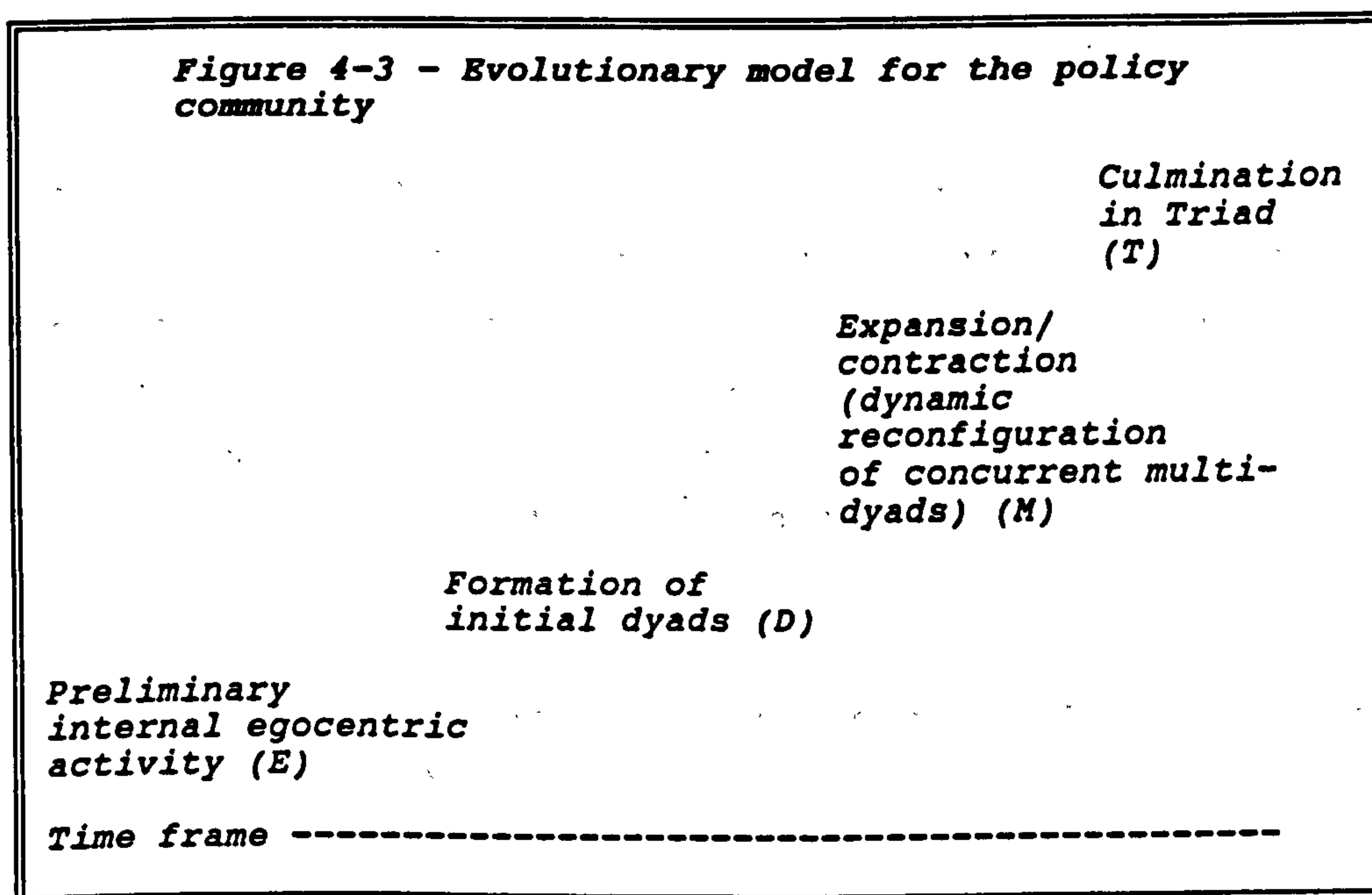
This diverse group of scholars provide strong collective evidence supporting the evolutionary, structural approach being utilized in this research. All of these scholars are concerned with gaining a better and deeper

understanding of the structure and patterning (regularity) of relationships in networks. They collectively advocate the adoption of a developmental sequence of networks so as to reflect the temporal dynamics of network development. This research parallels their approach. It advocates that the policy community evolves and changes over time. The network approach will provide the concepts necessary for analyzing this evolutionary process of dynamic change and development.

### **Discussion of evolutionary model**

Chapter three introduced the notion of an evolutionary model for the progression of the policy community. This model was developed by melding the stages of relationship development and the levels of network analysis. Succinctly, it is proposed that the policy community will evolve over time, passing sequentially through four stages characterized predominately by the type of relationship between the stakeholders (egocentric, dyadic, concurrent dyads and finally, a triad of stakeholders). In more detail, the egocentric network concept allows us to account for internal policy activity. The awareness concept involves unilateral consideration of potential dyadic exchange partners and parallels the network concept of initial dyadic activity. Exploration accommodates the search and trial phase of developing initial dyadic relations. The expansion phase of relationship development accommodates multi-dyadic activity via continual increase in the range and depth of developing relationships. Commitment corresponds with triadic activity wherein there is purposive maintenance of relationships. Finally dissolution of a relationship is proposed after the triadic activity occurs resulting in disengagement or decrease in dyadic interaction.

This predicted pattern will serve as the foundation for the development of propositions. Both relational properties and network structure properties will be proposed and investigated using this arrangement. It is predicted that the changes in specific relationships and the maps of collective relationships will be able to be explained using this conceptualization. Accordingly, the framework used to predict the temporal evolution of the relationships between policy community stakeholders is depicted in Figure 4-3.



Frazier (1983) and Knoke and Kuklinski (1982) reiterated the need for assuming an evolutionary perspective to the development of relationships. Dwyer, Schurr and Oh (1987) argued that this approach addresses the current lack of concern in marketing research for the antecedent conditions and processes for buyer-seller relationships. Hakansson (1987) developed the concept of a transaction chain to account for the order in which relationships develop and are established during interaction among actors in a network. This notion of a transaction chain

also contributes to the understanding of the dynamic evolution of the policy community over a period of time.

Studying the dynamics of the evolution of a network represents an attempt to separate a continuous and interactive set of temporal activities into an orderly sequence of distinct phases so as to understand the process. Some of the questions at hand are what interactional dynamics were involved as the evolution of this network occurred? Which relationships were formed first and between who? How long did they last and what was the content of these relationships? The answers to these and many other questions will provide data to describe the structure of the policy community as it evolved over time to deal with a specific consumer issue. The consumer issue was identified by the consumer policy network. Subsequently, concerned stakeholders formed a policy community to deal with the issue. What resulted is a web of contacts (Knoke, 1990) between stakeholders in an issue.

Many relational combinations are possible. There may be enduring dyads but a transitory triad for an issue. There may be only one or perhaps two dyads for a consumer issue. There could be an instantaneous triadic relationship within the policy shaping community culminating from previous dyadic relationships over a period of time with previous issues. The policy issue could be resolved through a triadic relationship from the inception of the issue. The latter would be a normative situation. In some situations dyads may form, develop into a triad and dissolve into a dyadic relationship again before the policy is developed. Many relational combinations are possible but in order to understand the nature of the relationship, one must be able to examine dynamics and evolutionary nature of the interaction

involved.

### **Policy environments**

Achrol, Reve and Stern (1983) advance the construct of "environmental factors" in the political economy of marketing dyads by introducing the notion of "relations to the environment" and three task environments, primary, secondary and macro. They separate the environment into three levels, the primary task environment, the secondary task environment and a macro task environment. They also divide the primary and secondary task environments into four sectors - the input sector, the output sector, the competitive sector, and the regulatory sector. This conceptualization of task environments is very appropriate for focusing the attention on the policy community. An explanation of this construct as it has been adapted for this research is required.

This research has substituted the phrase "policy environment" for "task environment". This change focuses the attention on the specific task of the policy community stakeholders. The macro policy environment refers to the external political economy, that is, the social, economic, political and technological forces impinging on the activities of the primary and secondary task environments.

The secondary policy environment is comprised of members of the consumer policy network who influence and who are direct or potential contributors to the policy shaping community. This policy environment will also use, implement, enforce, comply with, or depend on the resultant consumer policy. Via issues management, the consumer policy network filters and interprets changes in the environment (external political economy) and this in



turn, shapes the structure and process of the internal political economy of the policy shaping community.

**The primary policy environment** is comprised of stakeholders making up the policy shaping community engaging in direct exchange relationships pertinent to the consumer issue at hand. The interaction among the stakeholders in the community is shaped by the internal political economy of the community (the economic and political structures and processes) - in lay terms, group dynamics.

As previously mentioned, Achrol, Reve and Stern (1983) also conceived of sectors so as to account for interaction between focal dyads in the marketing channels and the sectors to which they must relate while interacting. To that end they divided primary and secondary task environments into four sectors (input, output, competitive and regulatory).

This macro-relational consumer policy framework will use the following adaptation of this approach:

**input sector** - potential (secondary policy environment) and actual (primary policy environment) contributors to policy development

**output sector** - all stakeholders of the issue (mainly the primary and secondary policy environments with possible ramifications on the macro policy environment)

**competitive sector** - actual and potential competition for this specific consumer policy issue (other consumer or political issues or concurrent policy shaping networks/channels). All three policy environments could be competitors.

**Initiator sector** - originally conceived of as the regulatory sector, this research substitutes initiator sector - initiation of the interactive process and instigation of the development of consumer policy in reaction to a change in the macro policy environment via issues management. By way of explanation, the premise of this macro-relational paradigm is that interaction preceding, during or afterwards among stakeholders is paramount to the development and understanding of relational consumer policy. The policy community cannot evolve and prosper unless someone initiates the interactive process and instigates the development of consumer policy in reaction to a change in the macro policy environment. So, to accommodate the interaction within this macro-relational consumer policy analysis paradigm, this work will substitute the regulatory sector with an **initiator sector** so to account for the consumer policy network and the policy shaping community of stakeholders who initiate, facilitate, and finalize the process of policy development.

By way of further explanation, Achrol, Reve and Stern (1983) conceptualized the regulatory sector as comprising governmental agencies, trade associations, interest organizations and ad hoc groups. In this macro-relational model the regulatory sector is in essence the policy shaping community. Therefore, in this macro-relational consumer policy model it is proposed that a regulatory sector would be redundant. The initiator sector replaces the redundant regulatory sector suggested by Achrol, Reve and Stern (1983) but also recognizes that regulators may well be and usually are the initiators of consumer policy development (as prescribed in their roles).

In summary, this conceptualization adapts their approach and portrays the primary task environment to be that of

the policy shaping community (a direct exchange or link). The secondary task environment is composed of the consumer policy network (direct or potential exchanges). The macro task environment is comprised of the social, economic, political and technological forces in the external environment, as was depicted by the political economy literature (Achrol, Reve & Stern, 1983).

This adaptation of the task environment construct of the political economy paradigm facilitates this research effort to account for interaction within the policy shaping community while developing policy when there is a change in the macro environment impacting on the members of the consumer policy network. The analytical framework will focus on the primary policy environment and, within that, the initiator and input sectors. The scope of this analysis will not encompass the activity within the macro policy environment nor the secondary policy environment (consumer policy network). Nor will it address the competitive sector or the output sector (the policy decision is yet to be completed). That is not to say that the macro-relational model does not accommodate analysis in all three task environments and all four sectors. It is just that this is disciplinary research, which is, by its very nature, focused (Johnson, 1986).

#### **COMPONENT FOUR: The internal political economy of the policy community**

One is reminded that the basic unit of analysis when examining consumer policy development will not be the consumer policy network. Rather, it will be the policy shaping community. At this point of the discussion, the policy community has formed and we are now concerned with the dynamics of the stakeholder interaction within

the boundaries of the policy community. To represent this activity, this research will adapt Walker and Haynes' definition of channels (1973). This research views a policy shaping community as an organized coalition of agencies and institutions which, in combination, perform all tasks required to formulate consumer policy. Drawing on Stern and Reve's (1980) conceptualization of the channel as a political economy, this researcher sees a policy shaping community incorporated in the political economy framework. The political economy approach thus enables this researcher to direct attention to two main areas: 1) stakeholder interaction and 2) consumer policy making (Cf. interorganizational management and internal marketing (Arndt, 1983)).

To that end, this section will profile the policy shaping community as a political economy by providing a description employing political economy terminology as well as adaptations of relevant network concepts. Theorizing about policy communities will require new concepts but ones that are quiet familiar to the political economy framework or borrowed from related fields. Stern and Reve (1980) stressed that political economy analysts tend to build their analysis on the research traditions of organizational theory (build on network theory), political theory, sociology and exchange theory. This conceptualization will follow this tradition. It is permissible and necessary in appropriate contexts for practitioners of one science to make use of concepts of cognate sciences and that in doing so they have to simplify and compress or extrapolate the material they borrow. But, they must look carefully at the range of concepts and study their names and definitions before borrowing (Barnes, 1969). Consequently every attempt was made to avoid introducing changes to definitions of concepts to suit convenience

without references to common usage in this and related fields of inquiry.

An understanding of the internal political economy of the policy community is critical to the interpretation of stakeholders activities and thus, the [interactional] behaviour of policy community constituents (Schul & Bababus, 1988). The two main constructs relevant to the internal economy are economics and polity. Within the broad political economy framework, polity (a politically organized unit) is synonymous with power and economics is synonymous with exchange (Zald, 1970). On a broader note, polity refers to the power and control system of a channel and economy represents the productive exchange system of the units which transform inputs into outputs (Hunt, Ray, & Wood, 1985). Polity is also used to denote the persons, positions and groups (stakeholders) that have a consistent influence on decision making within the channel (Arndt, 1981).

In keeping with the constructs stemming from the political economy paradigm, it is proposed that the policy community has an internal political economy, replete with collective exchange (relational and interactional) transaction patterns, decision making patterns, power/dependence patterns and patterns of conflict/cooperation sentiments.

In the political economy vernacular, the internal economy structure and processes will be discussed, followed by a discussion of the internal polity structure and process. In lay language, the economic system (internal economy) refers to the exchange mechanism and decision making patterns of the stakeholders while the socio-political system (internal polity) refers to the balance between power and dependence and the sentiments towards cooperation and conflict. The various dimensions of each

of these four components of the internal political economy of the policy shaping community need to be explored if one is to generate some understanding about the dynamics of the affiliation between stakeholders in the policy community. These four components and their dimensions are profiled in the Table 4-1.

**Table 4-1 - Components and dimensions of the internal political economy of the policy shaping community**

<b>INTERNAL ECONOMY STRUCTURE</b>	<b>INTERNAL ECONOMY PROCESS</b>	<b>INTERNAL POLITY STRUCTURE</b>	<b>INTERNAL POLITY PROCESS</b>
<i>Relationships and interaction patterns in networks - information exchange</i>	<i>Decision making process</i>	<i>Power and dependence balance</i>	<i>Cooperation and conflict sentiments</i>
<i>Transitory relationship</i>	<i>Incremental</i>	<i>Minimal power/low dependence</i>	<i>Detente cooperation - pervasive dysfunctional conflict</i>
<i>Recurring relationship</i>	<i>Mixed scanning</i>	<i>Bilateral mixed power/mutual dependence</i>	<i>Collaborative cooperation - adaptive conflict</i>
<i>Enduring relationship</i>	<i>Rational comprehensive</i>	<i>Multi-lateral, mixed power and mutual dependence</i>	<i>Ideological cooperation - functional conflict</i>
<i>Hierarchical relationship</i>	<i>Unilateral</i>	<i>Centralized power/high dependence</i>	<i>No cooperation - latent dysfunctional conflict</i>

**1. INTERNAL ECONOMY (relationships and decision making)**

**a. Internal economic structure - interaction and relationships**

The internal economic structure of the policy shaping community is interpreted to refer to the type of exchange relationship or interactions occurring between members of the policy community in order to facilitate the development of consumer policy. Focusing on transactions under the guise of interaction and relationships should permit research on the triadic exchange inherent in the proposed consumer policy network and policy shaping community. Hence, pertinent to the development of relationships and central to the argument in this thesis is the construct of interaction. Following the social exchange literature (on which the political economy framework is partially based (Arndt, 1983)) this researcher conceives the construct of interaction as developing in response to a combination of external and internal pressures (Rogers, 1974) on the consumer policy network. The existence of interaction is dependent on the stakeholders being aware of each other, being partially interdependent, having a common interest or concern (adapted from Rogers (1974) organizational perspective).

Within this framework, an economy is a system of distribution and allocation of resources to produce consumer policy which satisfies the needs of all stakeholders. By analogy, a policy shaping community's internal economy is its system for allocating resources in order to produce policy which satisfies all stakeholders. As noted previously, the economy represents the productive exchange system (relationships) of the policy shaping community members which transform inputs (resources) into outputs (policy decisions). Hakansson (1987) also discussed the notion of resource exchange during the formation of relationships.

This resource exchange approach to policy development is

also consistent with the environmental determinists macro approach to public policy analysis noted in Doern and Phidd (1983). It is also known as the comparative input-output analysis approach. From this perspective public policies are determined by changes in the economic, physical, social and technological environments that interact with the political system. The objective of this approach is to discover relationships between the various environmental factors (inputs) and resultant outputs (policy decisions) (Jackson, Jackson & Baxter-Moore, 1986).

Resources which can be exchanged within the policy shaping community during interaction include information, social legitimacy, affiliation, money, time, knowledge, expertise, physical resources, and political influence (Achrol, Reve, & Stern, 1983). Many of these constructs are discussed as types of power bases in the section on internal polity structure (power and dependence). These inputs relevant to the consumer issue are allocated among the stakeholders in order to produce consumer policy. Resource allocation in the policy shaping community is a complicated function of traditional rules of political conduct; differing members of the policy shaping community; intergroup lobbying, negotiating and bargaining; mechanics for deciding conflict; varying levels of concession, cooperation and amount of influence; political pressures; the current consumer policy framework and market philosophy; prejudices, values, economic interests, and political beliefs; to mention the most salient variables (Shapiro, 1986).

One is reminded that the internal economic structure of the policy shaping community is interpreted to refer to the type of exchange relationship or interactions occurring between members of the policy community in



order to facilitate the development of consumer policy. Hence, this model will construe exchange as being comprised of both a) type of relationship and b) the interaction involved in that relationship. In 1981, Sharkansky identified three variables explaining relationships between governments. These included authority (autonomous to hierarchial), character of decision making (negotiate to command) and accountability (diffuse to fixed). Based on these dichotomous extremes on a continuum, he proposed two patterns of intergovernmental relations. These are autonomous relations negotiated with diffuse accountability and hierarchial relations which are command driven with fixed accountability. Elements of this continuum will be evident in the following conceptualization of types of relationships in the policy community.

#### **Types of relationships**

The political economy and channel literature identify four types of exchange relationships including market exchange (Williamson, 1975), relational exchange (Dwyer, Schurr, & Oh, 1987), just in time relational exchanges (Frazier, Spekman, & O'Neil, 1988) and hierarchial exchanges (Williamson, 1975). The depiction of these exchange relationships in the marketing literature guided the conceptualization of four types of relationships that reflect the exchange process in the policy shaping community and yet retain the integrity of the political economy framework. Each of these exchange relationships will be discussed in light of their intended interpretation of the exchange (relationships) within the policy shaping community. The political economy orientation to these concepts has been instrumental in the development of this conceptualization.

## **Transitory relationships**

Dwyer, Schurr and Oh (1987) note that market exchanges are classified as discrete transactions. By this they mean that the exchange relationship is one time only and is separate from all else between the channel members. This research will utilize the term "transitory" to depict this type of transaction (Aldrich & Whetten, 1981). Relationships within the policy shaping community that are classified as transitory exchange relationships are characterized by informal, infrequent communications. There are loose affiliations among stakeholders reflecting few intermember linkages thereby limiting the communications among stakeholders. There is little commitment to the relationship and no future relationship is guaranteed. The information that is exchanged is limited to the policy issue at hand and most policy decisions within this type of relationship are reactive rather than proactive. It is typical in a transitory exchange relationship for there to be little or no coordination between policy shaping community members as far as policy development is concerned. Each member of the community has low dependence on the other members (defined as the degree to which the one member has to maintain a relationship with another member in order to achieve desired goals (Hale, 1988)). It stands to reason that most members involved in a transitory exchange relationship have a self serving purpose and few policy shaping members, if any, have shared values or goals except that of self advancement.

## **Recurrent relationships**

As the term implies, relational exchanges refer to an internal economic structure characterized by a somewhat lasting relationship between policy shaping community

members over a variety of consumer issues. The communications within such a policy shaping community occur frequently and in a relatively organized arena. There is moderately developed number of intermember linkages thereby enhancing the frequent communications among stakeholders. The alliances that develop reflect a tentative commitment to the relationship and there is a possibility of an ongoing future relationship in the event that binding consumer issues emerge. The information that is exchanged is pertinent to the consumer issue at hand and more significantly, it may also concern long term planning for other consumer policy issues. Although relational exchanges are also mostly reactive, the policy shaping community members work closely to ensure the development of effective consumer policy. This is reflected in the characteristic that stakeholders in relational exchanges are usually highly dependent on each other. This implies that there is a need to maintain the relationship in order to guarantee achievement of individual goals. At the same time, there is a higher incidence of shared goals and values among the policy shaping community members in a relational exchange (Dwyer, Schurr & Oh, 1987).

### **Enduring relationships**

A new form of relational exchange, has emerged in the political economy channel literature. Just-in-time relational exchanges (Frazier, Spekman & O'Neal, 1988) refer to an ongoing relationship that facilitates exchange and interaction among the policy shaping community members. This model will adopt the term enduring exchange relationships. In this type of exchange relationship there is frequent communication among large numbers of participants across many areas of consumer concern. There is a large number of highly developed

intermember linkages thereby facilitating the frequent communications among stakeholders. There is a high commitment to the relationship and the information that is exchanged between stakeholders is not restricted to just one consumer issue but rather is jointly shared over time and related very much to long term planning. There is close policy shaping community member coordination in development of consumer policy in a very collaborative atmosphere. Most activity pertinent to consumer policy is very proactive and oriented to prevention. There is understandably a very high level of dependence reflecting the interconnectedness of the interactions among stakeholders. They all depend quite heavily on the other for achievement of effective consumer policy both in the short run and in the long term.

### **Hierarchial relationships**

In channel literature, an hierarchial exchange is characterized by the making of all of the parts necessary to produce a product by the manufacturer rather than purchasing parts from specialized suppliers (Williamson, 1975). An analogous situation in the policy shaping community would be that government would make policy decisions without any consultation with other stakeholders. Shapiro refers to this as arbitrarily imposed governmental decisions (1986). There would be no communication between other stakeholders; no intermember linkages; no coordination of policy development; no proactive stance; no dependence on other stakeholders; no collaborative atmosphere; no information exchange pertinent to the policy issue; no shared values or goals. In the extreme, the policy shaping community membership in an hierarchial exchange would be limited to just the policy making branch of the government working in a vacuum, ignoring the ramifications of policy decisions on

others or the potential contribution of potential stakeholders affected by the policy decision. Dyadic relationships do not develop. In fact, Aldrich and Whetten suggest that an hierarchy may impede the growth of action sets [policy shaping communities] (1981).

### **Relationship management**

Levit (1983) furnishes a representative discussion of relationship management, and in considerable detail. This investigator assimilates his perspective on relationship management into the construct of the internal economic structure. He argues that managing relationships entails maintaining a process rather than clearing the market with the sale. He classifies it as a system of continuous contacts and evolving relationships. Relationship management requires maintenance, investment, improvement and also replacement.

Levit (1983) argues that actors have to spend time with the other person in their environment - get to know them and to respond to customers in deeper and more abiding ways, in short, build relationships and bonds that last. He maintains that the management of industrial marketing contracts deals with coexistence and communication over time. Management of relationships requires the creation and constant nurturing of systems to manage them, maintain and enhance them. A healthy relationship maintains and preferably expands the equity and the possibilities that were created during the courtship. A healthy relationship requires a conscious and constant fight against the forces of entropy (erosion or deterioration of sensitivity and attentiveness).

One also has to appreciate that players will change over the life of the relationship and we have to take steps to

assure continuity of good relations regardless if people are gone or replaced. This entails building bonds that last no matter who comes and goes in the position. Not all relationships can be or need to be at the same level of intimacy or the same duration. In a proper relationship both parties should benefit (profit) otherwise the relationship cannot last.

He offers the following seminal management relationship questions: how are we doing; is it up or down; how much are we talking to them; about what; with whom; what have we not done lately? Levit suggests that managers need to establish routines that assure the right kinds of contacts so as to institutionalize relationship management.

Frazier and Sheth (1985) discussed maintenance and coordination of ongoing channel relationships. Their focus was limited to how to influence the attitude and behaviour of others in the relationship (4 influence strategies) and how to communicate that influence (15 strategies). Their examination of ongoing interorganizational exchange relationships in distribution channels was quite worthwhile even if it was focused on one stage of the relationship development process. Knowledge of interfirm influence strategies contributes to the knowledge base of relational management and development theory.

Frazier and Sheth (1985) recognized that interfirm relationships in a channel are predominately on-going rather than discrete and that they need to be managed and coordinated. To that end, they proposed that, ultimately, one could strive to either use reinforcement or rationalization as a means of getting someone to continue to accept a strategy. On the other hand, one may have to

use inducement or confrontation to get someone on side who has rejected a marketing initiative. The success or failure of these attempts to influence will affect the future relationship.

**b. Internal economic process - decision making patterns**

The political economy literature identifies impersonal (habitual and routine), bargaining (lobbying and negotiating) and centralized planning (partisan mutual adjustment) (Hutt, Mokwa, & Shapiro, 1986) as the three basic decision making approaches. Channel members use these to decide how resources should be allocated within the internal economy so as to determine the terms of the economic exchange. To parallel this approach, the internal economic process of the policy shaping community will refer to the nature of the decision making mechanism used to determine the terms of the consumer policy.

Public policy literature also identifies three basic micro approaches to making public policy decisions. Micro approaches explain how the individual policy decisions are made within a broad framework of public policy. The three micro public policy theories to be utilized are the incrementalists approach, mixed scanning approach and the rational approach. Integrating the three basic decision making processes identified in the political science literature into the internal political economy of the policy shaping community facilitates the development of the internal economic process as it pertains to the policy shaping community. The notion, from the political economy perspective, that terms of exchange are being decided is still incorporated (Arndt, 1983). In the policy shaping community, terms of consumer

policy are being decided via one of several decision making models which very closely parallel those portrayed in the political economy literature and the marketing literature. Each of the policy decision making models will be discussed as they pertain to the internal economic process of the policy shaping community.

**Rational-comprehensive model.** The most widely accepted theory on decision making in governments is comprehensive rationality (Adie & Thomas, 1982). It is said that this process results in the most effectively achieved desired end. It represents an ideal that policy makers should strive to approximate as closely as possible (Barrett & Fudge, 1981). Chandler and Chandler assert that this method of making policy decisions is a comprehensive approach that achieves rationality through a broad evaluation of viable alternatives and their consequences (1979). Most advocates of this theory recognize that there are five stages or steps involved in the decision process that contribute to arriving at the best solution. These steps include problem recognition, alternative identification and evaluation, choice from among alternatives, implementation and finally, evaluation of the outcome of the policy option (Doern & Phidd, 1983; Pal, 1987).

This rational approach is based on several assumptions. It is assumed that time and information are both available to facilitate analysis of the situation. The theory of rationality suggests that Government acts as a single actor with a single set of goals or objectives and that they select from a range of alternatives the policy that best serves its perception of national (consumer) interest. To elaborate on this latter point, this theory assumes that there is a decision making unit at the apex of the information system that is the center of



control ensuring no overlapping mandates (Pal, 1987). Pal continues to argue that the rationale decision making model provides a systematic way of coming to terms with policy problems and provides an ordered means of dealing with all of the information.

The theory assumes that, rather than avoiding or limiting alternatives, the cost and benefits of each alternative course of action are evaluated. More fundamentally, it is assumed that this theory provides a normative standard against which to test all decisions and policies, i.e., how the government ought to make decisions. It implies that the elected politicians rather than the appointed public servants make the policy decisions based on a wide range of alternatives relative to a previous clarification of stated goals. Furthermore, it implies that the government anticipates rather than reacts to events and that they consider one problem in relation to others (Adie & Thomas, 1982; Doern & Phidd, 1983; Jackson, Jackson & Baxter-Moore, 1986). In short, this theory deals with undertaking a comprehensive analysis of the situation by singling out problems and identifying long term solutions that take into account all other policy decisions.

They draw upon advanced decision making techniques including systems analysis, computers and social forecasting (Adie & Thomas, 1982).

**Incrementalists model.** On the other hand, the incrementalist model deals with short run. Pal (1987) characterized this method of making policy decisions as successive limited comparisons. In fact, it is also known as disjointed incrementalism. This is in deep contrast to a rationale, systematic approach to making a decision. Whereas the rationale model represented the

ideal, Pal suggests that the incrementalists model describes the reality of government decision making (1987). She asserts that the policy making process is narrowly focused and that little attention is given to fundamental goals. Each small policy decision is dealt with on its own thereby resulting in uncoordinated policy decisions.

Compared to the rationale model, the incrementalist model suggests that policy makers do not have well developed analytical skills therefore they rely upon past decisions as models (Doern & Aucoin, 1979). This "muddling through" process (Lindblom, 1964) results in policy decision making that is made up of disjointed series of piecemeal decisions (Chandler & Chandler, 1979). Pearce calls these localized decisions (1983). In other words, policy development occurs in bits and pieces in a process that does not entail determination of goals and values, does not involve assessment of perfect information and does not involve exhaustive comparison of all alternatives against all costs and benefits.

Indeed, the model does assume that the problems are complex and interrelated but it differs in that it is felt that the feasible way to deal with the policy decisions is to deal with policy options that are politically feasible, are variations of existing policies and are not substantially different from past policies. Policy decision makers rely on intuition, hunches, hindsight and insight rather than a systematic, rationale decision process (Adie & Thomas, 1982). They further rely on simplification through omission, satisficing, use of remedial rather than productive options as well as bottlenecks and delays to gain time. They drive bargains with interest groups as convenience dictates and feel that the best decision is the one that gains consensus

rather produces good results (Doern and Phidd, 1983).

Supporters of this theory also believe that the process of making policy decisions is dependent on one participant being able to persuade others to change their policy preferences rather than progressing through a rationale decision process. They justify this approach by arguing that decisions are made in a climate of uncertainty and with limited resources. There is no perfect information. Nor do they strive to evaluate all possible ramifications of each policy alternative because there is pressure of time and often the timeliness of the decision is as or more important than the thoroughness with which it was considered (Adie & Thomas, 1982). Because policy makers are only interested in what is relevant, they deliberately narrow their focus resulting in comparisons that are made against the status quo rather than among all of the available alternatives (Pal, 1987). In Lindblom's (1964) incrementalists model, politicians and bureaucrats marginally adjust policies in accordance with what could be agreed upon by contending interest groups.

**Mixed scanning model.** To reiterate, the two models just discussed are examples of micro approaches to policy decisions and are similar in that they explain how the individual policy decisions are made within a broad framework of public policy. Rationalism represents the ideal and incrementalism represents the reality. Supporters of the incrementalists model do not insist that all policy decisions be incremental and concede that the rationale technique is used if the situation allows (Adie & Thomas, 1982).

The previous concession leads to a discussion of a compromise suggested in the literature by Etzioni known

as mixed scanning (1967). Etzioni suggests that this third micro approach to policy decisions represents a middle position between rational decision making and incrementalism. It is argued that the major difference between rational and incremental decision processes is that the former strives to make fundamental policy decisions by logically reviewing the broad goals and long term actions in a policy area while the latter uses marginal adjustments to existing policies (Jackson, Jackson & Baxter-Moore, 1986).

The mixed scanning model suggests that when necessary the rationale process occurs and otherwise small scale incrementalism prevails (Chandler & Chandler, 1979). Mixed scanning implies that only a few aspects of a problem and only a few alternatives are selected for intensive analysis. This scanning occurs when there is a rapid change in society or when a crisis occurs because of prolonged neglect or mistaken treatment of a problem (Adie & Thomas, 1982). Doern and Phidd further clarify that this theory recognizes that governments have the capacity to be rational about a very small handful of decisions which are scanned but that the majority of decisions are left to drifting incrementalism (1983). Adie and Thomas go on to suggest that rational behaviour occurs at the federal elected level while incrementalism occurs more frequently at the appointed bureaucratic level (1982).

#### **Uni-lateral decision making**

Using this model, it is proposed that decision making would be limited to just the policy making branch of the government working in a vacuum, ignoring the ramifications of policy decisions on others or the potential contribution of potential stakeholders affected

by the policy decision. Government would make policy decisions without any consultation with other stakeholders. Shapiro refers to this as arbitrarily imposed governmental decisions (1986).

## **2. INTERNAL POLITY (Power and Cooperation)**

The policy community is both a political and a social system as well as an economic system. The internal sociopolitical aspects of the policy community will be explained next. Polity is the channel's power system. It is a systematic manner in which power, influence and authority are distributed, mobilized, utilized and limited (Zald, 1970). This notion is inherent when discussing the internal polity of the policy shaping community.

### **c. Internal polity structure - power and dependence**

In review, the polity structure is composed basically of two concepts, those being power and dependence. Within each policy shaping community there will be power struggle relevant to who will have the most say concerning the policy inputs and outcome. Possessing power is being able to impose ones views on an issue against possible opposition in the channel (Flipo, 1986). It is the ability to get another channel member to do what the latter would not otherwise have done (Stern & El-Ansary, 1977).

#### **Power**

A channel member has as firm possession of power if they can bestow awards in the event that a member conforms to their persuasion (reward power). If the channel member

can deal out punishment in the event that other member(s) do not conform they are said to have coercive power. Possessing a special knowledge necessary for channel performance is known as expert power. Other channel members do not question the knowledge. A channel member possesses legitimate power if one member believes that another member has the right to influence him (authority) and that he has an obligation to accept the influence. A channel member has referent power if other members want to identify with him because it is perceived that goals are closely allied or congruent. Finally, a channel member perceived to be an able to cope with uncertainty because they possess information is said to possess information power because they have information not previously available. Channel members have to accept the logic of the member possessing the information because in essence this member is persuading other channel members to comply with his influence (Lucas & Gresham, 1985; Luch & Ross, 1985; Rosenbloom, 1978; Stern, El-Ansary, & Brown, 1989).

These six basic power sources are often categorized as coercive or con-coercive (Flipo, 1986; Lucas & Gresham, 1985). A coercive power involves punishment or threat of punishment. Non-coercive power involves a willingness to yield to power of another due to a reward (carrot) offered. Coercive power bases result in low cooperation, high conflict, low compliance, short run control and a need to monitor the compliance of the yielding power. On the other hand, the other power sources yield, on the average, high cooperation, low conflict, long run control, high channel performance and less need to monitor compliance of the yielding party (Stern, El-Ansary, & Brown, 1989).

In a political economy context, there can be minimal

power (decentralized power), mixed power (balanced power) or imbalanced power (centralized power). A mixed power situation describes a situation where different channel members exercise control over different interactions and policy making activities. Bi-lateral mixed power refers to a situation in which two stakeholders are involved and multi-lateral mixed power refers to more than two stakeholders exercising power. There are constellations of balanced and imbalanced power within the channel. If power is fully concentrated in one channel member, a centralized power situation is said to exist (Stern & Reve, 1980).

The policy outcomes move towards the direction of the stakeholder gaining influence (exercising power) and away from the direction of stakeholders losing influence (Majchrzak, 1984). She goes on to define the dimensions of power as amount of resources, ability to mobilize those resources and access to the decision making process. A stakeholder power structure is the identification and nature of the stakeholder, the strength of their support or opposition, their power relative to others, and the direction (positive or negative) of the coalitions of stakeholders involved in a policy process.

### **Dependence**

Power is a function of one channel members dependence on another (Lusch & Ross, 1985). The level of a channel members power is based on the dependence of the target member on the source of power. Dependence is defined as the degree to which one channel member has to maintain a relationship with another member in order to achieve desired goals (Hale, 1988). Dependence can be categorized on a continuum from low to high. If power is

low so is dependence, that is, the channel member does not have any power over the other member because the latter is not dependent on it. Therefore, low dependence implies that the channel members do not need relationships each other for goal attainment.

Conversely, high interdependence obviously implies that the channel members could not fulfil roles or attain goals without maintaining relationships with other channel member through a balanced power structure. Mutual dependence means that there is a mixed power structure and that channel members are dependent on some channel members some of the time.

### **Power/dependence balance**

On the premise that exchange theory does not conceptualize connections and network theory just describes social structures rather than explaining them, Richard Emerson and Karen Cook blended exchange theory with network analysis with the goal being to discover laws that help account for particular patterns of exchange relations. In their 'exchange network approach', an exchange relation is defined as opportunities across time for an actor to initiate behaviours that lead to relatively enduring exchange transactions with other actors in the environment (Turner, 1986).

In these relations, Emerson (1962) proposed that power resides implicitly in the other's dependency. In Emerson's view, a power advantage represents an imbalanced exchange relation, but over time, imbalanced exchange relations tend towards balance (Turner, 1986). He visualized this as occurring through a number of 'balancing operations' including (a) denial of dependence, (b) diffusion of dependence, (c) formation of a collective coalition to increase power balance and (d)



emergence of a power status hierarchy, also to increase the power of a weaker actor (Emerson, 1962). Turner proposes that in complex networks, the basic processes of dependence, balance and power will ebb and flow as new actors and resources enter the network. Cook and Emerson suggest that dependence, use of power and balancing operations operate as sources of change in network structures, and that for power and equity to be studied effectively, analysis of systems larger than dyads is needed (1978).

Markovsky, Patton and Willer (1988) also discuss power/dependence relations in exchange networks. They differentiate between power, power use and power happening. While power is potential to influence, and power use is an indicator of possession of power, power happening is those whose positions in the network allow them to dodge the struggle to avoid exclusion. Power and resource distributions are affected not only by network shapes, but also by the conditions under which exchange transpires. To that end, they argue that when studying power relations we must "specify the relevant actors and resources, identify other pertinent relations in which actors are engaged, observe who seeks exchange with whom, identify which actors risk exclusion from valued resources, consider temporal constraints... and determine the extent to which the exemplar departs from the idealized scope of the [power relations] theory" (p.232).

Drawing on business management literature, the public policy literature has recently "[begun] the process of developing theory of [strategic management] action for managers of public policy. Two concepts in particular - the agency power matrix and the change scenario - are ... necessary components of this theory" (Skok, 1990, p.77). He notes that strategic management in the public sector

"focuses upon agency power relationships within a network of functionally related participants (policy sub-system) ... and is seen as a process designed to develop desired relationships with other participants in competitive situations to advance a preferred policy outcome and maintain the agency's power and effectiveness" (pp.78-79).

Skok (1990) argues that government agencies achieve one of three power statuses (independent, symbiotic or dependent) on the basis of the resources available to them. The three power statuses closely parallel this conceptualization of minimal power, lateral power and centralized power, respectively. What is of further interest is his conceptualization that there are various types of power relationships linking actors to the policy community. To modify this concept to fit this model, an actor achieve the status of autonomous (independent due to expertise), client (symbiotic due to political support) or captive (due to political patronage). The nature of the power relationship will shape ones ability to manipulate the policy community to a desired outcome.

Skok (1990) advances the change scenario concept to account for threats to the stability of the policy community. Plans for coping with these changes are referred to scenarios, of which there are four. The actor can act aggressively with the objective of enhancing power and influencing policy. An actor can take steps to maintain their current power balance in the policy community. Going on the defensive is the third scenario, entailing attempts to orderly withdraw from the policy community in hopes of moving into a more attractive policy arena. Finally, the actor can divest its interest in the policy issue and leave the policy community due to vulnerability and conditions of adversity (low power).

Both the concepts of a power matrix and change scenarios contribute to the conceptualization of the power and dependence balance in the policy community. The policy analysis literature has advanced another useful concept, that of power structure. Majchrzak (1984) defines this as the nature, strengths, and directions of the coalitions of stakeholders involved in the policy decision. The concept of power structure has three dimensions - amount and type of resources, ability to mobilize and access to the decision making process. Dwyer and Welsh (1985) offer the same concept in the marketing channel literature, but they define power structure slightly differently. They perceive it had being comprised of centralization (concentration of decision makers), participation, formality (degree of rules and procedures) and specialization (task differentiation). Merging these two conceptualizations of power structure provides a compelling measure of power in the consumer policy shaping community.

#### **d. Internal polity process - cooperation and conflict**

The sociopolitical processes primarily refer to the dominant sentiments and behaviours which characterize interactions between channel members (Stern & Reve, 1980). Conflict and cooperation are the two concepts relevant to the internal polity process. Interchannel member conflict or cooperation are possible outcomes of interaction (Schull & Babakus, 1988). These authors maintain that conflict is pervasive rather than limited to just a few issues because it stems from the natural interdependence inherent in an exchange relationship (that is there is a state of tension). The internal polity process is concerned with understanding the process necessary for cooperation and reduction of

conflict within the channel (Stern & Reve, 1980). Therefore, in order to maintain the integrity of the policy shaping channel from a political economy perspective, there must be an accounting for the process of conflict reduction and the enhancement of a sentiment of cooperation.

### **Cooperation**

The vast majority of channel relationships are cooperative. Cooperation is defined as joint striving towards an object. It is the process of coalescing with others for a good, a goal or a value of mutual benefit (Stern & Reve, 1980). When there is cooperation, each party knows what to expect from the opposite members (Stern & El-Ansary, 1977). These authors go on to note that cooperation allows for coordination of planning, information, decision making and enables individual members to justify joint goals on independent criteria. Cooperation is object centred rather than opponent centred (as is conflict). As well it is collaborator centred. This implies that the individuals collaborate to provide means to achieve the mutually beneficial goals. Stern and Reve clarify that goals will be jointly obtained and jointly shared (1980).

Cooperation can be informal (eg. word of mouth conversations) or formalized via the establishment of advisory boards, ad hoc committees, external affairs departments in business organizations, government consumer affairs departments, and the like (Stern & Reve, 1980). Other cooperative activities between members of the policy shaping channel could include research work, studies, training of personnel, shared contacts, shared personnel; shared information, or funding of consumer movement activities. Informal cooperation entails very

little interaction whereas formal cooperation by its very nature necessitates a lot of interaction (Stern & Reve, 1980).

Detente cooperation refers to the situation wherein the policy channel members relax the usual strain for a specific policy issue (pervasive conflict relaxed to accommodate cooperation). Ideologically induced cooperation refers to the continual efforts to maintain the sentiment of cooperation within the channel (Stern & Reve, 1980).

### **Conflict**

Although the vast majority of channel relationships are cooperative, some are not. Channel members specialize in performing certain functions (unique roles). The roles of consumer, business and government were discussed in Chapter one. In a channel context, they each have a domain or an area carved out that is explicitly their own (Stern & Gorman, 1969). Each member becomes dependent on the other to realize goals as they perform these prescribed roles within their domain. These roles are fulfilled via direct or indirect lines of communication. Conflict is not possible without interdependence (Achrol & Stern, 1988). Whenever there is dependency in order to fulfil role prescriptions or achieve goals, there is potential conflict. It has been established that indeed, there is an historical conflict between the dyads in the marketplace.

Consensus occurs when there is similar conception of performance and prescription of roles in the channel. Conversely, conflict arises when members cannot fulfil these roles to their satisfaction because of a situation in which one member of the channel perceives another

member to be engaged in behaviour that is preventing or impeding that member from achieving goals. Quite simply, when there is no consensus, there is conflict (Lucas & Gresham, 1985; Stern & El-Ansary, 1977).

### **Causes of conflict**

For conflict to occur members must first become cognizant of issues over which disagreement might occur (Stern, El-Ansary & Brown, 1989). Numerous researchers have discussed the notion of the causes of conflict. A consensus in the literature points to the following causes of conflict - goal incongruity, goal incompatibility, questions regarding domain (domain descensus), differences in perception of reality or environmental stimuli, problems in communication, situational factors, differences in expectations or anticipation of behaviour of other channel members, role incongruities and finally, scarce resources ((Lucas & Gresham, 1985; Rosenbloom, 1978; Stern, El-Ansary, & Brown, 1989, Stern & Gorman, 1969)).

### **Types of conflict**

There are four types of conflict depicted in Table 4-1. These include two types of dysfunctional conflict, and adaptive and functional conflict (Stern & Reve, 1980). As the terms imply, dysfunctional conflict adversely affects channel performance (developing representative consumer policy) while functional conflict positively affects channel performance. An adaptive (neutral) situation occurs when the channel is so highly interdependent that they have learned not to let disputes affect channel performance (Stern, El-Ansary, & Brown, 1989).

Dysfunctional conflict results in less cooperation, less

sharing of information thereby less optimal decisions, and too much time spent on dispute resolution with little time left on channel operations (policy development). It can cause channel performance and channel member satisfaction to decline. Conversely, functional conflict enables channel members to have more frequent and effective communication, standardized dispute resolution procedures, reflective posture concerning past actions, and a balance of power. The entire system benefits rather than just one member of the policy shaping channel (Stern, El-Ansary, & Brown, 1989).

### **Conflict resolution strategies**

Obviously, channel members should optimally strive for functional conflict or a neutral situation. Stern, El-Ansary, & Brown, 1989 noted that channels should try to either prevent dysfunctional conflict, reduce dysfunctional to functional level, or partially resolve conflict so that it is at the neutral level. They do not suggest that channel members strive to resolve conflict completely because functional conflict improves the performance of the channel. It is said to stimulate channel performance and keep it dynamic, innovative and positive (Stern & El-Ansary, 1977).

The literature identifies several conflict management strategies with varying conceptualizations. Pearce (1983) discussed conflict management strategies for marketers in their role as political actors. A similar conceptualization was offered by Stern and El-Ansary (1977) as a means of managing dyadic interorganizational channel relations. These two approaches are very similar in nature so for the purposes of this discussion, they will be integrated with Stern, El-Ansary and Brown's suggestion that conflict can be prevented, reduced,

partially resolved or terminated (1989). These will be addressed briefly.

Methods of preventing dysfunctional conflict include diplomacy, joint membership, education, cooptation and exchange of personnel. There is characteristically medium to high dependence among channel members striving to attain goals.

Succinctly, diplomacy entails the management of channel relations through an ambassador or envoy operating at the boundary of the organizations with the function of acting as a liaison or key informant. Joint memberships in trade associations enables channel members to coordinate their activities and become less hostile towards each other. A disadvantage of this management mechanism is that interaction is sporadic. Education and propaganda mechanisms use information and educational activities to manage or contain conflict within channel relationships.

Cooptation is subtle overlapping of memberships (similar to the interorganizational network dimension of interlocking directorates, Tichy (1981)). It is the process of absorbing new participants into a policy determining structure as a means of averting or reducing threats through realization that they may have compatible goals. This shared responsibility can prevent or reduce conflict. The person being coopted should at least have the appearance of making or influencing decisions and can be either elected or appointed (Pfeffer & Salanick, 1978). An exchange of personnel strategy promotes channel member understanding of another's roles and difficulties in performing those roles. This understanding can lead to reduced levels of conflict especially if the exchange person becomes involved in the policy making function of the channel.



Methods of reducing dysfunctional conflict to functional conflict (i.e., managing conflict) encompass the options available for preventing conflict plus arbitration, mediation, conciliation and use of superordinate goals. There is medium dependence between channel members. Conciliation is the passive role of attempting to bring harmony and a spirit of cooperation to a conflict situation and primarily involves adjustment of dispute by the parties themselves.

When a third party is involved in settling the dispute, mediation is the method of conflict resolution utilized for the purpose of reducing dysfunctional conflict. Mediation involves submitting the dispute to a third party who in turn offers the conflicting channel members alternative opportunities that they might otherwise not have seen. Mediation restructures the conflict situation. Arbitration involves the channel members submitting their dispute to a third party whose decision is final and binding. It can be voluntary or compulsory by law.

The methods suggested for resolving conflict are bargaining and negotiation. There is low dependence of channel members. The conflicting parties must be ready to accept a compromise rather than seek a final resolution of all of their differences. Bargaining and negotiation are useful tools to resolve disagreements over domains.

Under the guise of the concept of conflict, Morris and Sirgy (1985) suggest that, in a channel, each level (subsystem) will be motivated to maximize their interests at the expense of or in ignorance of others in the channel. Obviously, this leads to conflict, of which there are two types - functional and dysfunctional. The

authors add another dimension to conflict, that being achievement of group needs goals in contrast to achievement of individual goals. Of relevance to this research is the notion that group needs achievement is the aggregate set of the individual experiences as a result of their interactions in the system.

Superordinate goals are those that are shared by channel members involved in dysfunctional conflict. They can be achieved by any one member of the channel but require the concerted effort of the entire channel to be attained. This strategy is a means of managing or reducing a specific dysfunctional conflict but is no guarantee that the pervasive conflict in channel relationships will be resolved. Superordinate goals are often developed in response to an external threat to the channel. They set aside their differences for the sake of defence of the channel performance. Superordinate goals play a synergistic function in that the ends desired by all cannot be met unless a concerted effort of all stakeholders is put forth. Inherent is the notion that they must all find a common goal without sacrificing their economic, social or political principles (Stern & El-Ansary, 1977). The empathy gained through this equitable participation and contribution may positively affect future relationships between channel members thereby reducing future conflict.

#### **Types of conflict-cooperation relationships**

There are three types of conflict-cooperation relationships noted in the literature (Walker & Haynes, 1973). Autocratic relationships occur when one channel member controls conflict via power and thus forces other members to cooperate. Democratic relationships are recognized by the fact that all channel members agree and

cooperate. On the other hand, anarchistic relationships are those where there is open conflict but no one is able to control using their power. An analogous typology was offered by the same authors for the three different types of control respectively, centralized, joint and autonomic control.

Each type of relationship uses bases of power to handle channel conflict. Stern and El-Ansary note that in order to achieve effective role congruence and channel performance and to keep conflict within the functional range one needs to use power (1977).

Pearce (1983) suggests that there are reactive responses to conflict and proactive stances. Reactive response to conflict include withdrawal, disengagement, ignore, give concessions, delay, confrontation/coercion, arbitration, negotiations (implicit and explicit (face to face) and mediation. Proactive reactions encompass an ongoing environmental scan, redefinition of the public arena (eg. interorganizational change), decentralized decision making and representative consultative policy development.

#### **New directions in conflict/cooperation research**

After criticizing past definitions and operationalizations of cooperation and conflict (the nature of which is reflected in the preceding discussion), Dant and Monroe (1987) resort to exchange theory and channel theory for a new paradigm for conflict and cooperation - balanced and imbalanced exchange relations. The old paradigm, which was concerned with overall perceptions of conflict and cooperation, recognized the connection between fulfilled expectations, satisfaction and cooperation and unfulfilled

expectations, dissatisfaction and conflict. The new paradigm, which is issue-specific, suggests that comparison levels of expectations along degrees of indifference regarding the outcome (desirability, undesirability or indifference) also impact on the balance of the relationship and the degree of cooperation and conflict. This is a valuable contribution from the literature on cooperation and conflict in marketing channels which has merit for the macro-relational consumer policy framework.

Another recent thrust in the marketing channel literature is the shift from cooperation and conflict to trust and cooperation. Young and Wilkinson (1989) argued that the former explored sick relationships while the latter studies healthy relationships. This change in focus from tension to trust supports their premise that channels cannot develop, be competitive and efficient without reasonable relationships existing as the norm between their members. The macro-relational consumer policy framework assumes this posture as well and welcomes the shift towards developing the theoretical concept of cooperation.

This concludes the discussion of the four components of the macro-relational consumer policy framework, grounded in the political economy paradigm and the network paradigm. The components are noted below:

1. External political economy (macro environment)
2. Consumer policy network (issues management process)
3. Policy shaping community (evolutionary process of stakeholder interaction and relational development)
4. Internal political economy of policy community:
  - a. internal economic process - decision making patterns

- b. internal economic structure - interaction and relationships
- c. internal polity process - power/dependence balance
- d. internal polity structure - cooperation/conflict sentiments

### **C. APPLICATION OF FRAMEWORK TO DEVELOP RESEARCH DESIGN**

The conceptual framework introduced and developed in this chapter will serve as the conceptual foundation for generating the propositions which will guide the ensuing research and serve as the basis for organizing the analysis of the data accumulated via the research methodology. It is incumbent on the investigator to focus the research using specific components of the macro-relational consumer policy framework. For it is as yet unfeasible to test all components of either the political economy paradigm (Arndt, 1983) or the network paradigm (Knoke, 1990).

Prior to focusing the research, it is necessary to reiterate the basic premise of the macro-relational consumer policy framework. It is proposed that changes in the external environment will be observed by the members of the consumer policy network. Via the process of issues management, the consumer, business and government members of this network filter the changes occurring in the external environment and determine that their interests in the marketplace will be adversely affected by this change. To that end, stakeholders from the consumer policy network for a specific issue will coalesce into a policy community to deal with the consumer issue. The relational consumer policy model proposes that this policy community, which evolves sequentially over time,

will have a unique internal political economy (interaction and relational patterns, decision making patterns, a power and dependence balance, and sentiments towards cooperation and conflict).

### **Focusing the research design**

There are four major components to the macro-relational consumer policy framework - the external environment, a consumer policy network, a policy shaping community, and the internal political economy of that policy community. One is reminded that the adaptation of the task environment construct of the political economy paradigm facilitated accounting for interaction within the policy shaping community while developing policy to address a change in the macro environment. The macro policy environment is comprised of the social, economic, political and technological forces in the external environment. The secondary policy environment is comprised of members of the consumer policy network. The primary policy environment is the policy shaping community.

Although the macro-relational model accommodates analysis in all three policy environments, the scope of this analysis will not encompass the activity within the macro policy environment (external environment) nor the secondary policy environment (consumer policy network). That is to say, the basic unit of analysis when examining macro-relational consumer policy development will not be the consumer policy network. Rather, it will be the policy shaping community which is the major contribution of this consumer policy framework. Further, the focus will be on a change in the technological sphere in the macro policy environment.

Although there are four major components to the internal

political economy of the policy community, this research will focus on the evolution of the policy community and the resultant interaction patterns and relationships that developed. It will leave the examination of decision making patterns, power/dependence balance and cooperation and conflict sentiments for another time. And although the macro-relational model accommodates analysis of all four sectors of the primary policy environment (policy community), the research will not address the competitive sector or the output sector. It is just that this is disciplinary research, which is, by its very nature, focused (Johnson, 1986). Therefore, the analytical framework will focus on the primary policy environment and, within that, the initiator and input sectors. The focus will be on the initiation of the policy community and the interaction between the contributors of policy development.

Within this context, the analysis will also be focused by employing the proposed evolutionary nature of the policy community. This facilitates the measurement of the sequential evolution of the life of the policy community as they strive to develop consumer policy stemming from a perceived change in the external environment. Succinctly, it is proposed that the policy community will evolve over time, passing sequentially through four stages characterized predominately by the type of relationship between the stakeholders (egocentric, dyadic, concurrent multi-dyads and finally, a triad of stakeholders). This predicted pattern will serve as the foundation for the development of propositions and the organization of the analysis chapter.

This research is focusing on the interrelations between the political behaviour of business, consumers and government. At a finer level, the focus of activity is a

complex network of organizations and other entities whose activities are centred on a particular public policy. The macro-relational consumer policy framework proposes ongoing interaction between the major actors in the policy shaping community interacting for a specific consumer issue. Focusing on transactions under the guise of interaction and relationships should permit research on the triadic exchange inherent in the proposed policy shaping community.

### **Generation of propositions**

To obtain answers to the some of the research questions established in Chapter three, the analyst must measure specific interaction and network concepts aimed at examining the properties of the relationships between the actors in the policy community. To accomplish this, specific proposition were developed to guide the research design. These are organized by applying the evolutionary model of the sequential evolution of relationships and patterns of interactions among the stakeholders in the policy community.

The evolutionary model advocates that the policy community evolves and changes over time. The network approach will provide the concepts necessary for analyzing this evolutionary process of dynamic change and development. Both relational and interaction properties and network structure properties will be proposed and investigated using this arrangement. It is predicted that the changes in specific relationships and the maps of collective relationships will be able to be explained using this conceptualization.

Accordingly, the framework used to predict the temporal evolution of the interaction and nature of the



relationships between policy community stakeholders is depicted in the Figure 4-3.

### **List of propositions**

This research will be guided by twenty six (26) propositions. They are organized according to the stages of the evolutionary process established in the development of the macro-relational consumer policy framework. The following protocol was followed:

Upper case characters were used to classify the six different groups of propositions. The number of propositions for each stage of the evolutionary process is indicated in a bracket (totalling 26).

"E" indicating "egocentric activity" propositions (4)  
"D" to signify "dyadic activity" propositions ((3)  
"M" signifying "multi-dyadic activity" propositions (4)  
"T" signifying "triadic activity" propositions ((4)  
"I" signifying "interaction patterns" propositions (5),  
and  
"N" signifying "network properties" propositions (6).

#### **E - PRELIMINARY INTERNAL (EGOCENTRIC) ACTIVITY PROPOSITIONS**

It is proposed that **egocentric activity** (internal analysis of issue) will occur as a result of a perception that there has been a change in the macro policy environment which will effect the stakeholders' interest in the marketplace. Propositions related to this stage of the evolutionary process will be indicated with an "E", indicating "egocentric activity". There are four such propositions:

E1. Internal egocentric activity (developing initial position of the issue) will occur prior to dyadic activity.

E2. The length of time devoted to internal egocentric

activity will vary for each stakeholder.

E3. Stakeholders would not return to internal activity subsequent to engaging in dyadic activity.

E4. Prior to entering into dyadic relationships, stakeholders will form internal bodies to deal with the issue of EFTS.

#### **D - FORMATION OF INITIAL DYADS PROPOSITIONS**

It was proposed that, subsequent to internal egocentric activity, the need to seek information and interact with other stakeholders to develop a position would prompt each stakeholder to enter into a dyadic relationship with another stakeholder. Propositions reflecting this stage of the evolutionary process will be indicated with a "D" to signify "dyadic activity". There are three such propositions:

D1. Stakeholders will gradually and incrementally form dyads with each other rather than form multi-dyadic relationships simultaneously.

D2. Some stakeholders will remain isolates during the evolutionary development of the policy community.

D3. Once stakeholders move from egocentric activity to dyadic activity, they will then move from dyad to dyad rather than move into multi-dyadic relationships.

#### **M - RECONFIGURATION OF MULTI-DYADS PROPOSITIONS**

It was proposed that most stakeholders would move from egocentric to single dyadic relationships and then to multi-dyadic relationships with other stakeholders. It was theorized that once the multi-dyads were formed, the policy community would evolve via expansion and contraction as the years evolved. This dynamic change would reflect the reconfiguration of the multi-dyadic relationships. Propositions reflecting this stage of the evolutionary process will be indicated with an "M", signifying "multi-dyadic activity". There are four such propositions:

M1. Once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships.

M2. Subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships.

M3. The dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in nature.

M4. The stakeholders would form inter-organizational bodies to facilitate dialogue and collective policy development.

M5. The contact person for each stakeholder would change during the incremental development of the policy community.

#### **T - CULMINATION INTO A TRIAD PROPOSITIONS**

The evolutionary model of the consumer policy community predicted that once the stakeholders had managed dynamic multi-dyadic relationships, the policy community would evolve into a triadic network of three aggregate stakeholders and appropriate constituent stakeholders. Propositions reflecting this reconfiguration of the policy community will be indicated with a "T", signifying "triadic activity". There are four such propositions:

T1. The express desire for a triadic network will exist and will vary with stakeholders.

T2. One stakeholder will take the initiative to pull the stakeholders into a triadic network.

T3. Once this initiative is undertaken, the other stakeholders in the policy community will willingly form a triadic network.

T4. As the triadic network solidifies, the dyadic activity will decline.

#### **I - INTERACTION DYNAMICS PROPOSITIONS**

Interaction is an integral component of the reconfiguration of the dyads over time therefore it has separate propositions. It was proposed that as the stakeholders engaged in interaction and the development of relationships they would vary along the following five interaction dimensions (communication patterns and content) - frequency, directedness, durability, intensity (level of commitment), and role perception of self and others in the policy process. Propositions reflecting these variables will be prefaced with an "I" signifying "interaction patterns". There are five such propositions:

I1 - The frequency (regularity) of contact and communication between stakeholders will vary during

the evolution of the policy community.

- I2 - The directedness of interaction between the stakeholders will vary during the evolution of the policy community.
- I3 - The durability of the relationships between the stakeholders will vary during the evolution of the policy community.
- I4 - The intensity of the relationships (level of commitment) between the stakeholders will vary during the evolution of the policy community.
- I5 - The stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy making process relative to others will change during the evolution of the policy community.

#### **N - NETWORK STRUCTURE PROPOSITIONS**

It was proposed that the configuration of the policy community would change as it evolved along the following network dimensions - the size, density, cohesiveness, connectedness, knittedness and stability. Propositions reflecting these variables will all be prefaced with an "N" signifying "network properties". There are six such propositions:

N1. The number of stakeholders in the network (size) will vary during the evolution of the policy community.

N2. The density of the network (proportion of actual to potential members) will vary during the evolution of the policy community.

N3. The cohesiveness of the network (desire to stay together) will vary during the evolution of the policy community.

N4. The connectedness of the network (strength of links) will vary during the evolution of the policy community.

N5. The knittedness of the network (awareness of each other) will vary during the evolution of the policy community.

N6. The stability of the network will vary during the evolution of the policy community.

## CONCLUSION

Succinctly, the consumer policy process can now be conceived of and be studied from both a political economy and a structural perspective and the resulting data can be analyzed from a network perspective rather than a micro-economic perspective. The creative orientation towards consumer policy provided by the macro-relational consumer policy framework should provide compelling theoretical insights into the interactions of consumer (individual and consumer advocacy organizations), business, and government in the consumer policy process.

As well, it will hopefully contribute to the conversion of the way of thinking regarding the integrated roles of consumer, business and government in the policy process. The constructs of the consumer policy network and policy shaping community add additional dimensions to the dynamic interactions inherent in the political economy paradigm. Development of these constructs reinforces the central tenet of the political economy framework, that being that complex socioeconomic and political interrelations involve multilateral interactions that should not be analyzed in isolation. Further, it embraces the basic tenet of network theory, that being that if one is to understand a phenomena, one must appreciate the interaction and relationships that develop between actors affected by or creating the phenomena.

Development of this conceptual framework also supports the recent call for a shift in paradigms - a shift from a micro-economic perspective to that of a macro-relational perspective. The result should be the implementation of relational consumer policy that reflects and incorporates the interactive concerns of all of the political actors in the political community who are attentive to the

effects of changes in the macro-environment on their interests, roles, rights and responsibilities in the marketplace.

Chapter five will now set out in detail the research design utilized to collect the data for analysis. In this study, constituent, dyadic and aggregate stakeholders will be examined in respect to their interaction and relationships during the evolution of the policy shaping community which formed to deal with consumer problems stemming from the computerization of the Canadian payments system via the Electronic Fund Transfer System - EFTS. With the help of the macro-relational perspective, it is expected that insights will be gained regarding the dynamics of interaction patterns and network configuration over time. The data generated in the study will be relational data and will be analyzed using interaction and network concepts. This will be the first attempt to utilize the macro-relational consumer policy framework to guide consumer policy research.

INTRODUCTION TO RESEARCH DESIGN

**Disciplinary research design perspective**

Johnson (1986) adopts the premise that there are three basic approaches to conducting research - disciplinary, subject-matter, and problem solving. There are, in turn, three kinds of knowledge that can evolve from these approaches to research - positivistic, normative (about values) and prescriptive and, there are three philosophical orientations (positivism, normativism and pragmatism) that one can adopt, respectively.

This research design is based on a disciplinary research approach. However, for the sake of clarity, both subject matter and problem solving approaches to research will be very briefly delineated using information from Johnson (1986) and Kinsey (1989). Subject matter research, which is multi-disciplinary in nature and employs a normative research philosophy, is designed to influence a number of decision makers facing a number of practical problems that can be solved with either positivistic or normative knowledge. The research will provide a body of knowledge suitable for a number of people who then use the information to optimally solve their aspect of the subject. Conversely, problem solving research, also multi-disciplinary in nature but employing a pragmatic research philosophy, generates all three types of knowledge for a specific decision maker who is running the practical affairs of the world. This specific decision maker will use predominately prescriptive knowledge to solve short term, specific problems.

The following text places this research in the

disciplinary research design perspective. Disciplinary research is work that is done to improve the discipline and to improve theories. Disciplinary research generates knowledge that can be transmitted from one generation to another and that is useful for problem solving and subject matter researchers. It does this by focusing on one subpart of a phenomena or discipline. Disciplinary research produces combinations of the three types of knowledge (value free, value laden and prescriptive) for the sake of improving the discipline and for making indirect contributions to our capacity to solve real world problems. As with policy analysis (Majchrzak, 1984), disciplinary research is not concerned with the immediate practical implications of the results but with the new insights gained for a specific phenomena and the contribution to theory advancement.

Disciplinary research often introduces a new way of looking at practical problems and experiences. This was the foremost reason for developing the macro-relational consumer policy framework. This framework is grounded in two paradigms which are gaining respected support in the literature - the political economy paradigm and the structural (network) paradigm. Grounding the research in these paradigms does indeed introduce a new way of looking at practical problems and experiences (Johnson, 1986) as regards consumer policy development. It is anticipated that this research will demonstrate that this framework will provide insights for future consumer policy makers and stakeholders and will provide a macro-relational analytical tool for consumer policy researchers which will supplement the reigning micro-economic paradigm.

Highly disciplinary research focuses on one subject without devoting specific attention to the other key



factors of the phenomena. Disciplinary research permits the researcher to abstract from other complexities of a phenomena or discipline (Johnson, 1986). This disciplinary research focused on a relatively undeveloped subpart of relational consumer policy making - interactions and relationships. That is, it was specifically designed to focus on the effect of the relational policy making context of the internal political economy of the policy community. This dimension of policy community activity has been abstracted from the decision making patterns, power/dependence patterns, and cooperation/conflict sentiment dimensions, the other key dimensions of the internal political economy of the policy community.

In reality, problems cannot be solved solely with highly disciplinary research techniques because real world problems are multidisciplinary. Policy makers and other researchers will realize that the other functions of the policy community are significant and that information on them is also needed when making policy decisions. It is also recognized that those policy makers or researchers in possession of the knowledge resulting from this focused research will have specialized knowledge. However, Johnson (1986) agrees that it is quite acceptable to expect those policy makers and researchers to consult with disciplinary or subject matter researchers dealing with the other components of policy communities before reaching a research or policy decision. To that end, they would be directed to consult the literature identified in chapter four on (a) cooperation and conflict in marketing channels, (b) the power, influence and dependence patterns of marketing channels and political elites and, (c) the decision making patterns of both marketing and political actors.

As previously discussed, this research is being driven, not by a theory per se, but rather by paradigms or perspectives (political economy and network). It is proposed that a network evolves overtime. An appreciation of the patterns of relationships and the configuration of the network between the stakeholders of an issue during the development of consumer policy (necessitated from a perceived change in the macro environment) will shed insights into the policy development process for future consumer policy decisions and policy communities. This entails perceiving consumer policy development from a comprehensive, macro-relational perspective rather than a series of discrete exchanges of information and positions (micro-economic perspective).

The study undertaken in this research will therefore strive to refine and advance the macro-relational consumer policy framework rather than test it, per se, although the framework, and the perspectives it stems from, will be used as guidelines for the generation of guiding propositions. As suggested by Yin (1984), the theory will become the significant contribution to the field of knowledge rather than the data relevant to one policy community becoming the significant contribution to the discipline. For, this research design is intended to generate information to answer the research question "is the macro-relational perspective on consumer policy development and analysis a useful analytical tool for other researchers in the discipline of consumer policy to the extent that it supplements the reigning but challenged micro-economic paradigm"?

#### **OVERVIEW OF SECTIONS OF THE RESEARCH DESIGN**

The design utilized to conduct this research employed a combination of qualitative and quantitative research

methods - a content analysis generated a case study which was then subjected to a network analysis. This chapter on research design theory is organized in the following manner. First, a brief discussion of qualitative and quantitative research is followed by the rationale for combining the two approaches in a research design. The relevancy of this research design to policy research is followed by justification of EFTS as an appropriate consumer issue, a detailed account of the data collection and, in order of presentation, preparation theory relevant to content analysis, longitudinal research, case studies, and network analysis. Attempts to enhance reliability, validity and generalizability are discussed at each stage of the research design. Figure 5-1 profiles the research design utilized in this investigation.

Figure 5-1

**PROFILE OF THE RESEARCH DESIGN UTILIZED IN THIS STUDY**

**Define and operationalize interaction and network concepts**

**Qualitative research**

**Quantitative research**

**Set boundaries for network**

**DATA COLLECTION**

**Content analysis:**

**Within the network boundaries, establish key informant sampling frame and solicit documents via iterative process**

**DATA PREPARATION Phase 1**

**Conduct manifest content analysis of documents to compile constituent cases**

**DATA PREPARATION Phase 2**

**Draft longitudinal case studies for chronological constituent stakeholders using data from the content analysis**

- . Iterate cases with stakeholders
- . Redraft case studies using feedback
- . Iterate again with questionnaire
- . Redraft case studies using feedback

**Amalgamate constituent cases into a chronological case study of policy community**

**DATA PREPARATION Phase 3**

**Use network conventions to convert case study data into relational data (matrices and sociograms)**

**NETWORK ANALYSIS OF RELATIONAL DATA**

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

There are six sections in the research design chapter:

Section one - Rationale for integrating qualitative and quantitative research orientations in a research design

Section two - Relevancy of research design to policy research and justification for examining

the EFTS issue

Section three- Definition and operationalization of variables

Section four - Sampling procedure - Establish network boundaries and draw stakeholder sampling frame via snowball sampling

Section five - Data collection - create data base by soliciting raw documents from stakeholder sample frame

Section six - Data preparation in three intermediate phases culminating in generation of relational data:

**Note that phases one and two occurred concurrently:**

Phase one - Content analysis to generate data for case study

Phase two - Generate longitudinal case study during ongoing content analysis

Phase three - Use of network analysis conventions to convert narrative case study to relational data in the form of sociographs and incidence and adjacent matrices

## **SECTION ONE - RATIONALE FOR INTEGRATING QUALITATIVE AND QUANTITATIVE RESEARCH METHODOLOGIES**

### **Differentiating between qualitative and quantitative research**

Fundamental epistemological issues separate qualitative

and quantitative research methods. They embrace different ways to studying life; perceiving what should constitute warrantable and acceptable knowledge; and, to designing research, collecting data, and analyzing data (technical differences) (Bryman, 1988; Cooper & Branthwaite, 1978; Johnson, 1986; Hakim, 1987; Holsti, 1969; Walker, 1985). It is suggested that while qualitative research is appropriate for describing and analyzing human behaviour from the point of view of those being studied, quantitative research is grounded in the scientific approach. It is also suggested that there are situations when it is appropriate to merge these two approaches to conducting research. These will be discussed in this section.

The main intellectual undercurrents of quantitative research include methodological naturalism, phenomenism (empiricism), inductivism, deductivism, and objectivity. Contrast these with the intellectual underpinnings of qualitative research - phenomenology reductionism, symbolic interactionism, *verstehen* (empathy), naturalism, and ethogenics - and you have evidence of divergent research orientations (Bryman, 1988, Holsti, 1969).

In more detail, quantitative research (founded in positivism), holds that people and their feelings are not an obstacle to using the scientific method and that the researcher should strive for objectivity by imposing ones own conceptual scheme (theories, models, frameworks) on the social world. They use instruments that interrupt and disturb the naturalness of the world so as to measure only phenomena that can be sensed. Only this phenomena can be called knowledge and this knowledge is arrived at through inductivism (accumulation of scientifically verified facts) or deductivism (theories suggest hypothesis which are tested).

On the other hand, qualitative research holds that the subject matter of research is the people and their reality - the focus of the research is on the practical reasoning (commonsense constructs) used by people as they make sense of the world. The researcher must be committed to the subjects perspective because the aim is to examine the process (examination and deliberation) and interpretation of both the action (how a person sees a situation) and the interaction (how one thinks others see and receive him or her in that situation). While gaining this value laden knowledge, the researcher must have empathy and a commitment to minimizing the disturbance of the natural setting of the study. Researchers attempt to identify structure in the midst of apparent disorder by analyzing peoples accounts of their actions within identified sequences of interlocking acts or events.

Qualitative research methodologies are appropriate when the researcher wants to construct a contextual picture of a situation or flow of events or examine the intricacy of patterns of interaction. It provides rich, deep data in contrast to quantitative research which provides hard, reliable, and some say, more rigorous data. The accumulation of this quantitative data is possible due to the adherence of the scientific process, which does not take into account the flow of events. Rather it is concerned with cause and effect rather than process.

While quantitative research provides results in the form of tables, charts, and is concerned with causality, qualitative research profiles the results in descriptive accounts coloured with quotations and detailed descriptions dealing with the subjects perceptions rather than causal propositions. Quantitative research provides a static image of reality from the researchers imposed perspective while qualitative research yields a dynamic,

processual and socially constructed subject generated image of reality.

Whereas concepts, hypothesis and theories are the point of departure for quantitative research, they are often the results of qualitative research or at best serve as inputs to quantitative analysis in the form of sensitizing concepts which help the researcher gain initial insights and hunches that lead to the future development of testable hypothesis and theories.

There are obvious differences between qualitative and quantitative research orientations. There is an ongoing acrimonious debate concerning the calibre of research depending on which of these two research foundations are employed. It is imperative to recognize and reconcile the divergent perceptions in the literature on the appropriateness of utilizing qualitative research as a method in its own right as opposed to quantitative research (Booth, 1988; Cooper and Branthwaite, 1977; Cooper & Branthwaite, 1978; Miln & Vineall, 1977; May, 1977; Griggs, 1987).

Recently, Elliot (1989) reported that qualitative research in marketing is reaching a crisis situation because practitioners have not taken standards of professional practice seriously enough. He claims that clients are loosing their confidence in the validity of the findings of qualitative research. He suggests, as do Bryman (1988), Twyman (1973) and Bryne and Cohen (cited in May, 1977) that qualitative research may be more useful as input to the research design (or a double check for quantitative studies (Reynolds & Johnson, 1978) rather than as a substitute for quantitative research. This argument that qualitative research cannot stand on its own is stemming from the suggestions that findings



from the two types of research are not congruent, with quantitative the most rigorous. Cooper and Branthwaite (1977, 1978) and Reynolds and Johnson (1978) contradicted this premise by showing that qualitative research and quantitative research both yielded the same results, with qualitative being much less expensive and more accurate and reliable than previously supposed. The debate continues.

### **Merits of integrating qualitative and quantitative research methodologies**

However, since this research design utilized a combined research approach, it is important to demonstrate that, despite the tensions between these two methods, as theoretical approaches the two types of investigations are complimentary. Indeed, qualitative research can be designed to be used in conjunction with quantitative research so as to add another perspective on the phenomena of interest as well as increase generalizability, reliability and validity of findings (Cooper & Branthwaite, 1978; Bryman, 1988; Campbell, 1955; Cooper & Duster, 1981; Fielding & Fielding, 1986; May, 1977; Miln & Vineall, 1977; Walker, 1985).

Bryman (1988) recognized three obstacles to be cognizant of when adopting this integrative research design. Qualitative and quantitative strategies are based on fundamentally incompatible epistemological situations. There are potential financial and temporal costs, and the adequacy of the training of the researcher (ability to utilize both approaches) needs to be queried. Nonetheless, there are compelling arguments for combining these approaches in a research design. Bryman (1988) (citing many supporting sociological and political references) provides a very comprehensive discussion of

the merits of combining the two traditions of qualitative and quantitative research. Cooper and Branthwaite (1977) discuss the marketing perspective of this topic. Together they identify 10 rationales for combining the two strategies, in most instances increasing generalizability, validity, and/or reliability. Each of these will now be briefly discussed and are summarized in Table 5-1.

*Table 5-1 Rationales for combining the quantitative and qualitative research strategies*

- 1. permits data triangulation*
- 2. one can be the percussor of or tool for the other*
- 3. permits balance of subjective and objective perceptions*
- 4. corroborates breaches and discrepancies in data*
- 5. establishes patterns via more complete account of event*
- 6. provides balance of dynamic versus static view of event*
- 7. enables subjective and objective perception of events*
- 8. increases reliability, validity and generalizability*
- 9. permits macro and micro levels of analysis*
- 10. enriches research design at different stages*

First, combining qualitative and quantitative strategies is appropriate when one is examining a policy innovation. This is feasible by combining a multi-method and multi-site amalgam of documentary evidence and content analysis. Salisbury (1968) presented the notion that "it is the patterns of behaviour rather than separate, discrete acts which constitute policy" (p.153). A combined research strategy enables the investigator to discover these policy patterns.

Second, combining the two strategies moves the research closer towards achieving triangulation via multi sources of data and multi methodologies. This combination provides different ways of examining the same research problem. The claim of validity is increased if both strategies show mutual confirmation of findings. Triangulation is a means of using different research methods or sources of data to examine the same event. If

the findings of all methods or data concur then the validity of the findings is increased substantially (Cooper & Branthwaite, 1977; Denzin, 1978; Hakim, 1987; Miller & Wilson, 1983, Yin, 1984). In discussing case study designs, Yin (1984) stressed the necessity of utilizing multiple sources of evidence (data triangulation). Denzin (1978) and Rock (1988) also incorporated data triangulation via case study and micro/macro levels of analysis via content analysis. Holsti (1969) acknowledged researchers who had merged content analysis with network analysis to achieve data triangulation.

Thirdly, qualitative research can facilitate quantitative research and vice versa. When this is the motive, qualitative research can be the precursor of quantitative research. It can be the source of hunches or hypothesis to be tested by future quantitative research, and it can facilitate construction of scales or indices for quantitative research. As well, the quantitative method can be used to judiciously select cases to be qualitatively analyzed. This is not a common reason for combining the two research strategies.

However, the fourth reason for integrating the two strategies is the most frequent motivation. Combined strategies are able to allow for enriching cross-checking of data which results in high scholarly standards. Lacey (1976) suggests that cross checking of data (via moving continually from observation to analysis to understanding) escalates insights in the research findings. If the quantitative data suggests something, the qualitative data can be assessed to verify and enrich and vice versa. One method is able to fill the gaps in the other method and this is further enhanced by using multiple levels of analysis (Lacey, 1976; Moyser &

Wagstaff, 1987).

In the same vein of thought, some argue that qualitative research provides rich data (attention to intricate detail) and insights (Miln & Vineall, 1977) while quantitative research provides additional, more rigorous information. Although this statement implies that qualitative research is not rigorous therefore not valid or reliable, Yin (1984), Miln and Vineall (1977) and Cooper and Branthwaite (1977) suggest that this implication is misdirected and unfounded. They provide convincing counter arguments in favour of the ability to increase both the validity and reliability of qualitative research. In fact, Miln and Vineall (1977) suggest that "it may be that the place of qualitative research is that it seeks to fill the gap between a perfect formal knowledge and the need to act in a state of imperfect knowledge" (p.114).

Fifth, quantitative research provides for a static view of regularities (stability over time via processes and structures) while qualitative research provides a dynamic processual view of the phenomena via the connections and underlying patterns. An establishment of patterns is much more accessible because a more complete account of the event is provided as a result of combining the methods.

Coalescing the two methods enables the researcher to combine his or her perspective with the subjects perspective. This sixth reason for integration allows for the fruitful combination of ones own interest with the subjects interpretation of their perspective.

The seventh reason for combining the two strategies is premised on the contention that the problem of generalities or typicality is paramount in qualitative

research. It is argued by proponents of quantitative research, that by relying exclusively on illustrations and quotes of the data, qualitative research loses much of the data. The question is always there - did the researcher select only the fragments of data that would support the argument? They counter argue that counting data provides an overall impression and reveals whether impressions were mistaken. It assures that qualitative data is reasonably representative of the whole population. This is done by integrating the counts into the qualitative report.

An eighth reason for combining qualitative and quantitative methods in the research design is that, by helping determine how relationships come about, qualitative research facilitates the quantitative interpretation of the relationship between the variables under examination. Since network analysis, a qualitative methodology, is about relationships (Knoke & Kuklinski, 1982) its use augments the findings generated by the content analysis.

Hakim (1987) and Knoke (1990) noted a ninth reason, that it is important that a solid research design assure that individual methods of data collection and analysis are selected with a view to ensuring that both the macro and the micro level of analysis are covered. This means in practice that a broader level as well as a more focused and intensive level of analysis are incorporated. Duster (1981) supports this notion with the suggestion that research designs aimed at drawing out the interrelationships between different but complimentary levels of inquiry and data should incorporate the following levels of analysis - historical context as a grounding step; micro-observational (individual units); intermediate step to vertical integration; and, macro

analysis of policy. He further suggests (as does Campbell, 1955) that multiple levels of analysis merits the integration of quantitative and qualitative methodologies due to the transition of analysis from ground level to political level. Since qualitative research studies large scale phenomena (case study and network approaches) while quantitative methods research the small scale phenomena (examine effect of one variable on another), an integration of the two strategies contributes to the joining of the macro and micro levels of analysis, achieving data triangulation (Denzin, 1978). Duster (1981) and Krausz and Miller (1974) concur that the macro level is appropriate for qualitative research and the micro level is appropriate for quantitative analysis.

The final and tenth justification for combining the two research strategies was identified by Gross, Giacquinta, and Berstein (1971) (cited in Bryman, 1988). Qualitative and quantitative research methods may be relevant at different stages of the research design. As assessment of the attributes (content and behaviour) of the individual actors is possible via content analysis; assessment of the structure of relationships (regularity of patterns of relationships among the actors) is possible due to network analysis; and, the case study serves to provide the global structure or patterns of relationships.

Again, the reader is directed to Table 5-1 which summarizes the key reasons for integrating qualitative and quantitative methodologies into this or any research design.

## SECTION TWO - RELEVANCY OF RESEARCH DESIGN TO POLICY ANALYSIS RESEARCH

Policy analysis and research is conducted so as to study the policy development process and the subsequent outputs (decisions) and outcomes (consequences). An ideal policy research study is one that combines a number of different research methods - an ideal combination is to use both qualitative and quantitative research methods to address policy issues (Majchrzak, 1984; Patton & Sawicki, 1986). This strategy, which affords triangulation, provides increased validity and insights. Triangulation is already a wide spread practice in policy research (Hakim, 1987) and this research continues this tradition.

Simeon (1976) notes that, when conducting policy research, it is important to go beyond describing the patterns of interaction and get at the substance of the relational content (Knoke & Kuklinski, 1982). This can be achieved via integration of qualitative and quantitative research methods (Duster, 1981). To illustrate, qualitative research offers the policy maker and researcher a theory of policy actions grounded in experiences - the world view - of those likely to be affected by the policy decision or thought to be part of the problem [and the solution] (Walker, 1985). Quantitative data are useful in capturing the processes and on going problems and successions of policy development (Rist, 1982). The appropriateness of each of the separate methodologies (content analysis, case study and network analysis) to policy research will now be briefly justified.

Content analysis appear frequently in the political science literature (Krippendorff, 1980). Indeed, Bryder contends that it is reasonable to posit that researchers

who want to describe, explain, or predict policy events in a contemporary setting will, in most circumstances, approach the project first with a content analysis (1981). A policy analyst works primarily with public documents and a content analysis is useful approach to analyzing these documents (Bailey, 1978, Rock, 1988). This method is relevant to policy research because it provides a systematic analysis of the communication content of written documents which can involve identifying and analyzing communication networks (Moyser & Wagstaff, 1987; Patton & Sawicki, 1986). This is the aim of this research design.

Because of its diversity and flexibility, Hakim (1987), Yin (1984) and Majchrzak (1984) concur that case studies are used extensively in political research to collect primary data for policy research. A case study is a research design well suited to policy research because it allows for identification of behaviour and variables not expected to be related to the problem, it provides a more complete understanding of a situations' complexity, and it promotes an examination of the process by which policy action or intervention has been conceived and/or implemented (Bryman, 1988; Hakim, 1987).

Eckstein (1975) provided an extensive inventory of examples of the use of case studies in political research. He noted that they are used at the micro level (individual personalities), the political group level (pressure groups, elites, movements), the individual policy process level (decision making, programs, policies, legislation, administration, executive, judicial, and electoral), and finally, at the international level. This taxonomy represents the micro through macro theme often reflected in this research. This research design was developed to deal with the



policy process level. Knoke's (1990) approach to this notion closely parallels that of Eckstein.

Barrett and Fudge (1984) further note that in Canada, there is a shift from an emphasis on comparative studies to the use of detailed case studies of particular policies or events. This new focus examines the origins of the issue, the objectives, how the decision was made, why the decision came to be made and why events turned out the way they did. This new focus (via the use of the case study method) raises questions about the political/economic/social environment, the stakeholders, and focuses attention on the way individuals behave and respond in a bureaucratic organization. This research design on consumer policy incorporated the case study method for these reasons.

Knoke and Kuklinski (1982) recommend document analysis for network analysis research so as to examine the relationships and network structures that evolve over time. Knoke (1990) further corroborated that case studies provide manifest structures which can lead to latent inferences regarding the interaction patterns and network structure of policy communities. He submitted that network analysis is on the cutting edge of theory and research in many fields, notably policy research. He stressed that network analysts need to combine several levels and units of analysis and this discussion has shown that this is possible if an integrated research design is utilized (Denzin, 1978; Duster, 1981; Krausz & Miller, 1974).

Finally, policy research should reflect the socio-economic and political environment in which the study is taking place (Majchrzak, 1984). The grounding of this research in a framework based on the political economy

paradigm assures this requirement.

It is quite evident that a research design which integrates qualitative and quantitative methods is quite appropriate when conducting consumer policy research. The content analysis and longitudinal case study (both dependent on documentary analysis) resulted in relational data that was subjected to a network analysis. All of these methods have been recognized as appropriate techniques to use when conducting policy research. This integrative and complex research design should yield valid and reliable information relevant to answering the question, "is the macro-relational perspective on consumer policy development and analysis a useful analytical tool for other researchers in the discipline of consumer policy to the extent that it supplements the reigning but challenged micro-economic paradigm"?

#### **Why Electronic Fund Transfer Systems (EFTS) as a policy issue?**

The relational consumer policy framework proposes that a change in the macro environment, if detected by members of the consumer policy network, will stimulate the convergence of a body of stakeholders (a policy community) concerned with this challenge to their interest in the marketplace. Their role will be to develop policy that accommodates the interests of all parties, but most notably the consumer. The environmental change in question is the computerization of the Canadian payments system (a technological innovation) and the resultant perceived marketplace failures necessitating the development of consumer protection policy.

Knoke (1990) convincingly argues that a technological innovation in the macro-environment is a valid stimulus

for imposing a network perspective on any policy process. This research embraces his position and strongly argues that the electronic financial information revolution will set the limits within which tomorrow's political economy will be constructed. The marketplace structure (relations between consumer, business and government) will be transformed due to the many technological innovations in the Canadian payment system. Fundamentally, the payment system has moved from a paper based system to an electronic, computer based system during the last twenty year time span. The existing legislative framework regulating the paper based system (the consumer-business-government interface) has been challenged by this technological innovation. As Knoke intimated, what better way to understand how this C-B-G interface dealt with the challenge than to impose a structural perspective on the resultant consumer policy process?

Network analysis helps us understand the evolution of this policy community replete with insights into the interaction, relationships and dynamic changes to the network structure as consumer policy was developed to confront this challenge from the macro-environment. This disciplinary research design will focus on the relational dimension of the internal political economy of the policy community, reserving research on the other three dimensions (power, decision making and conflict) for another time.

#### **Background on EFTS**

Prior to computers, the Canadian payments system was comprised mainly of barter, cash, cheques and credit cards (all paper based transactions). Due to technological innovations, money is now increasingly being transferred within the payment system

electronically via computers as well as by paper, and the system is referred to as the Electronic Fund Transfer System (EFTS). The computerization of the payment system has manifested itself most visibly for the consumer in the form of cash dispensers, automated teller or banking machines (ATMs or ABMs), pre-authorized debits and deposits (PADs) (examples of automated funds transfers (AFTs), and most recently, debit cards (electronic fund transfer at point-of-sale - EFT/POS). Even more contemporary innovations include home shopping via Videotex and related technologies (teleshopping), drive through banking, touch screen banking, the Smart Card, home banking, and account updating service to compliment the debit card service. These are all examples of technological innovations which have affected the relationship between financial institutions and individual consumer clients.

Although not within the scope of this research, technological innovations have also changed relationships between the financial industry and their corporate clients, at both the domestic and international levels. These include Large Value Transfer Systems (LVTS), Electronic Data Interchange (EDI), Commercial Cash Management Payments (CCMPs), The Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T.), and the Automated Clearing Settlement System (ACSS).

#### **Consumer issues due to EFTS**

Using the four spheres within the political economy macro environment provides a juncture for discussing the dimensions of this consumer issue (social, political, economic and technological). The status quo of the consumer in the financial marketplace vis a vis the financial and retail industries is gravely challenged due

to these technological innovations. There are perceived market failures in the social, economic, legal (contractual) and information arenas (Bartel & Arbuckle, 1987; Medicoff, 1988; McGregor, 1986, 1988; Mitchell, 1988; OECD, 1982; OECD, 1989, to name just a few who have given comprehensive coverage to these consumer issues resulting from failures in the financial markets due to EFTS).

### **Social issues**

At the social level, there are many problems, one being the comfort level with the technology due to consumer unfamiliarity with or distrust of computers. There are threats to privacy and confidentiality of personal financial information, threats of depersonalization and loss of control over financial transactions, and threats of discrimination and access to EFT services to certain vulnerable consumer groups. There are charges that remote, darkly lit off site banking machines offer threats to ones personal safety while using the automated teller machines. Social issues also encompass the problems of consumer indebtedness, inadequacy of money management skills, and compromised access to the electronic system due to social position. Another social issue is the integrity of the technology now being piloted for determining customer identification (eg. hand, vein, voice or retina scans).

### **Economic issues**

Economic issues relate to freedom of choice of services, impact of technology on competition and the structure of the financial industry and, more close to home, the cost and pricing of financial services. Other economic dimensions of EFTS are the impact on employment (and consumer spending power and confidence), on bank and monetary policy (cost of borrowing and investing), and on

the economies of scale in banking industry via shared ABM and EFT networks.

### **Legal issues**

Legal and contractual issues are many and complex. They include the issuance of the ABM card and the personal identification number (PIN), the confirmation and proof of deposit and withdrawal, the reliability of the transmission of data, allowable evidence in case of dispute, and error, resolution, and redress procedures for withdrawal and deposit disputes. A major legal issue is the totally imbalanced contractual terms between the financial institution and the consumer. The consumer is held liable for everything, even machine malfunctions and errors. Consequently, a major legal issue is the rights and responsibilities of the consumer and financial institution as regards the use of the PIN, and the unauthorized use of the PIN or ABM card (due to loss or theft) resulting in fraud. Security of consumer funds due to break and entry into the off site banking machine is also a grey legal matter and tied closely to proof of deposit. On a broader level, legal issues concern the structure of the telecommunications industry (which provides the technology for transferring the funds electronically) and the international dimension of the financial network systems which link EFT systems world wide.

### **Information issues**

Consumer information is an issue because of the complexity of these new computerized financial services and means of managing ones financial affairs. Consumer information problems are far ranging encompassing marketing techniques for this new service, the disclosure of contract terms, cost, fees and the usage of the technology, and the disclosure of periodic financial

statements and records of transaction. The overall provision of consumer education to accompany the introduction of such a monumental change to the way consumers handle their financial affairs is paramount but often inadequate.

It is quite common for policy makers and stakeholders of a consumer issue of this complexity to take a number of years (10-20) to develop the appropriate response to a market challenge (Blake Dobrowolski (Consumer and Corporate Affairs) cited in Medicoff, 1988; Howard Eddy (Law Reform Commission), personal communication, September, 1991) and indeed this issue has been salient since as early as 1969. Coping with the voluminous cash and cheque paper based system first became an apparent problem at financial institutions, with the Canadian Bankers Association becoming involved in 1969. They established a special sub-committee to suggest better ways (other than on paper) to exchange financial information. At that time, the CBA [correctly] predicted that an EFT system would be in place within ten to twenty years (Dafoe, 1975). Closely paralleling the involvement of the financial industry was government in 1972 (initially the Department of Justice and the Law Reform Commission) (Gellman, 1972; Eddy, 1974) and the Consumers's Association of Canada in 1975 ("Consumer's", 1975).

The subsequent collective evolutionary behaviour of all stakeholders involved with this issue will be profiled in the case study developed from a content analysis of documents generated over the years by each stakeholder. The network perspective will be imposed on this chronological case study so as to determine the dynamics and interaction patterns between consumer, business and government as they worked to address the policy

challenges stemming from this technological innovation in the marketplace.

It must be acknowledged that the imposition of a network perspective was done in light of the fact that most stakeholders would not perceive themselves as members of a policy community or network (Barnes, 1969). In fact, during the data collection stage, many stakeholders remarked that there was no network. But Knoke (1990) acknowledged that the imperatives of interest maximization compels organizations to construct dyadic exchange relations. Interorganizational networks are initially unintended consequences of purposive organizational self-interest actions. But once a stable configuration emerges, this network is a fact of political life and all organizations must take it into account. Like it or not, believe it or not, each stakeholder has a position in the network (p.109).

### **SECTION THREE    DEFINING AND OPERATIONALIZING THE INTERACTION AND NETWORK CONCEPTS USED IN THIS RESEARCH**

Chapter four discussed in detail the development of the macro-relational consumer policy framework. There were four dimensions to this model - the external environment, the consumer policy network, the policy community and the internal environment (political economy) of the policy community. The model proposed that the policy community exhibited relationship and interaction patterns, decision making patterns, power and dependence balance and sentiments towards cooperation and conflict. This disciplinary research focused on only the relational aspect of the policy community and, within that, only certain interaction and network variables were



operationalized and measured. This section of the chapter on research design will identify, define and operationalize those select concepts.

Touliatos and Compton (1988) reaffirm that operationalizing variables entails developing a combination of indicators to represent the constructs being examined. This process helps others interpret the results even though they may not always agree with the choice of indicators. Brymer (1988) sets out in some detail the process of operationalizing variables. Succinctly, after one identifies the connections between classes, objects or processes, these are given a name. The various notions of this concept derived from the literature are then broken down into dimensions and sub-dimensions. Indicators (groups of questions for each dimension) are developed followed by the development of codes or scales (numerical indicators of the conceptual dimensions). He also concurs that operationalization removes the ambiguity by specifying the operations by which a concept is to be measured.

The reader is directed to Appendix One for a very thorough and comprehensive explanation of the definition and operationalization of the selected interaction and network concepts utilized in this research design. These were placed in this appendix so as to facilitate the flow of this discussion of a complex research design. The investigator utilized this appendix to develop both the content analysis coding instrument and to generate the relational data. Hence, the reader is instructed to read this Appendix for clarification of which variables were chosen, which indicators were adopted and how the scales were developed for each concept and its relevant dimensions.

Appendix One provides detailed information on the literature surveyed and its contribution to the development of these concepts for this research design. This research design measured fourteen different variables, eight interaction variables and six network concepts. In brief, Table 5-2 summarizes the interaction and network concepts utilized in this research:

*Table 5-2 Dimensions of interaction studied in this research:*

1. *relationships*
2. *origination and initiated interactions*
3. *durability*
4. *communication and content*
5. *directedness*
6. *frequency*
7. *intensity (commitment)*
8. *role perception*

*Dimensions of networks studied in this research:*

1. *size*
2. *density*
3. *connectedness*
4. *stability*
5. *knittedness (awareness)*
6. *cohesiveness*

#### **SECTION FOUR - SAMPLING PROCEDURE FOR NETWORK ACTORS**

##### **Network sampling boundary theory**

Because this is a network analysis, it was imperative for the investigator to set the boundaries of the network under investigation prior to establishing the actual sampling frame of relevant stakeholders (Knoke & Kuklinski, 1982; Scott, 1991) of the EFTS issue. For, one is reminded that a network is a construct created by the researcher and then imposed on the data so as to analyze relationships. A priority of the researcher is to set limits on the boundaries of the network so that it is manageable and at the same time representative of the relationships being examined. Barnes posed the question:

Where does one set limits when collecting data on networks that in reality may have no obvious limits (1969)? Going on the assumption that, indeed, relevant boundaries can be defined, the first thing the network analyst has to do is to set the limits on the network prior to collecting the data. That is, the researcher has to delimit who to collect the data from.

In essence, the analyst is defining the target population for study. No matter where the researcher stops, complete enumeration almost certainly will never be achieved. The analyst is strongly urged to appreciate that failure to attain a complete account of the complete network can produce significant distortions of the resulting picture of the network (Knoke & Kuklinski, 1982; Scott, 1991). This problem can be minimized by always basing decision about where to draw the sampling boundary on the social-theoretic considerations of the phenomena under investigation and from one of two recognized approaches.

The first of two recognized approaches to setting boundary limits on collecting data for network analysis is the **nominalist approach** (Laumann, Marsden & Prensky, 1982). This entails the analyst imposing a conceptual framework on the data collection framework. Researchers using this approach commonly study laboratory groups or formally bounded natural groups such as organizational units or classrooms as a means of setting limits on networks (Knoke & Kuklinski, 1982). This is an analytical imposition as opposed to a subjective imposition to the network closure dilemma replete with the problem of whether the subjects' perception of the network matches the researchers imposed boundaries.

Secondly, using a **realist approach**, the analyst can adopt the actor's perception of the boundaries of a system

which entails the limits consciously experienced by the actors of the system. This entails the adoption of mutually relevant criteria when specifying the boundaries of the system. Basically this implies that only actors who are perceived to be relevant to each other should be included in the system. Laumann, Marsden and Prensky (1982) identified four types of evidence of mutual relevancy - formal organization that has prima facie interest in the domain; organizations publically stating position on domain; groups or organizations judged to be influential; and, groups or organizations named by the other three groups. These greatly aided the analyst in setting the data collection boundaries, to be discussed shortly.

In the same vein of thought, Scott (1991) advocated the adoption of a **positional approach** when there are mutually relevant 'positions'. This entails the identification of positions or groups which are of interest and then sampling their occupants or members. An example would be to draw a sample from a village, school, political elite or corporate directorate. The problem is to decide which position to include or exclude. The solution is to base these decisions on theoretical and empirical justifications.

Scott (1991) identifies another variant of this strategy, the **reputational approach**. This entails sampling all of the names on an initial list of nominees produced by the investigator and/or knowledgeable informants. Those included on the original list are reputed to be the members of the target population. The researcher then followed up on names nominated by the original list of informants, and so on. Most discussions of this strategy as well as the realists approach merge with discussions of the snowball sampling procedure, to be discussed

shortly. Regardless of the approach utilized, it is agreed that the decision about where to draw the sampling boundary is set by the social-theoretic considerations of the phenomena under investigation (Knoke & Kuklinski, 1982). In this research, the investigator utilized the realist approach with the reputational, mutually relevant strategy for setting boundary limits to the policy community.

#### **Actual boundaries employed in this research design**

So as to account for divergent interests in a consumer policy issue, there is a need to represent the relationships of all parties germane to a policy decision. This issue typically arises in the design of sampling frames for research designs. The term stakeholder is used to refer to the various parties who are affected by or party to the policy decision (Hakim, 1987; Majchrzak, 1984; Mitroff, 1983). The following text will describe the establishment of the boundary parameters of the sampling frame from which the members of the policy community were identified. In turn they will be used as sources for the raw documents to be analyzed for the case study and network analysis.

It was decided that the sample frame for the network (policy community) would be derived from English speaking Canadian federal government or national business and consumer associations. This was done for reasons of previous knowledge with the issue, expediency, language capabilities of the investigator, and a need to limit the analysis to a manageable scope. These four boundary criteria (Canadian, English language, federal government, and national associations) will now be justified, respectively.

There is considerable activity regarding EFTS at the international level (United States, United Kingdom, New Zealand, Australia, Netherlands, France) but the scope of the sample frame would have been too broad. Moreover, the intent of the research was to examine the evolution of the Canadian policy community rather than do a comparative analysis of the Canadian situation with other countries. It was felt that exclusion of the international dimension from the sampling frame was justified.

Canada has two official languages - French and English. However, because the investigator speaks only one of these languages, all communication with contacts was conducted in English. Using this criteria resulted in the elimination of the financial institution of the Caisse Populaires and any consumer organizations in Quebec (specifically the Associations des consommateurs du Quebec). The exclusion of these French speaking financial and consumer organizations from the sampling frame due to language restrictions is regrettable but is nonetheless justified due to adherence to the criteria established to limit the boundaries of the network.

The sample frame was restricted to Canadian federal government agencies and departments and national financial industry associations, retail industry associations and consumer associations. Using organizations as a sampling unit is justified (Yin, 1984; Yin & Heald, 1975). Owing to previous experience with the issue of EFTS the researcher knew that the provincial or territorial governments had not become involved with the EFTS policy issue at the time the sample frame was established. In the Canadian federal state, the Constitution mandates that the federal government deal with fiscal and monetary policy (banks). The provinces'

detachment from this specific consumer policy issue was due in part to the fact that banks and the payment systems are not part of their regulatory domain. Further, changes in the payment system are being dealt with by a deliberately founded federal organization - the Canadian Payments Association (1980), thereby negating the immediate need for provincial intervention in this particular policy domain.

The many private financial and retail institutions that exist were excluded from the sample frame because it was felt that the management of the study of network relationships would become very cumbersome and unwieldy. Instead, only the national associations representing their collective interests were included in the sample.

Only one consumer organization was solicited to represent the consumer interest in this policy process - the Consumer's Association of Canada. It is funded by the federal government so it can serve as the national voice of the consumer in the policy process in Canada.

The media, knowledge industry (academics and researchers), and independent organizations were excluded from this sample frame. Although the media are influential in the policy development process, examining the relationships between individual reporters and collective organizations would have broadened the scope of the sample frame beyond acceptable breadth. Besides, most reporters were documenting specific consumer problems with the innovation of EFTS or specific technical innovations developed by individual financial institutions rather than documenting the development of consumer policy to address market failures.

The knowledge industry (individual academics and

researchers) was excluded so as to maintain the aggregate nature of the sampling frame. The rest of the sampling frame was drawn from professional or government bodies rather than from individuals. Furthermore, many academics were also dealing with specific market failures due to the introduction and evolution of a computerized payment system rather than dealing with the policy process to address the market failures. This research did not address specific consumer problems within the EFTS issue. That research is targeted for a future date via secondary analysis of the raw data. At that time the work of these academics will become relevant.

In summary, the sample frame included relevant English speaking Canadian federal government departments and agencies, national business associations and the national consumer association. Once these boundaries of the network were established, the investigator relied on the realist approach to guide the sampling of actors within the parameters of the sampling frame. To briefly reiterate, this means adopting the actor's perception of the network and of who is perceived by them to be mutually relevant to them as they deal with the issue. This was done via snowball sampling. The theory related to this sampling procedure will now be discussed in some detail prior to an elaboration of the actual sampling strategy.

#### **Snowball sampling theory as applied to this research**

A sample frame is a complete list of the elements in the population. The purpose of developing a list of stakeholders (elements in the population) was to be able to solicit documents from them for a content analysis, leading to a case study which was transcribed into relational data. It is this relational data which was



exposed to a network analysis so as to examine the evolutionary nature of the life of the stakeholder policy community for EFTS.

Sampling is concerned with assuring that the findings can be legitimately generalized to a wider population of which the sample is representative. As noted previously, a sample frame is a complete list of the elements in the population. When a list is available it is standard procedure to resort to representative random sampling procedures. This entails randomly drawing samples from a population of which all members have an equal opportunity of being selected. This is not an arbitrary process, however. On the contrary, it is a very much based on chance (Scott, 1991).

When no explicit sample frame (list of people in a population) is available the research design has to rely on a non-probability, purposive sampling procedure, of which snowball sampling is a prominent example (Bellenger & Greenberg, 1978; Krausz & Miller, 1974). Snowball sampling is an arbitrary process of locating members of a unique population by referrals (Zikmund, 1986). More importantly, Scott (1991) and Knoke and Kuklinski (1982) strongly recommended the use of snowballing sampling if one adopts a reputational (realist) approach to determining boundaries, which was the method used in this research design. Frank (1978) has shown that the snowball sampling method allows a reasonable estimate to be made of the number of dyads and triads, a state very indicative of relationships between stakeholders. Krausz and Miller (1974) concur that it is a very useful design for studying exchanges among selected groups of people. Since the complete membership of the policy community for EFTS was unknown by the investigator, snowball sampling was justified.

Working within the confines of previously established network boundaries, the investigator has to intuitively, purposively, and arbitrarily compile a list of possible organizations and contacts and then ask each of them to provide information leading to other sources (Miller & Wilson, 1983; Peil, 1982). The sample should comprise a small number of units with experience with the issue (Walker, 1985). This assurance of familiarity and expertise with the issue was feasible because, although no sampling frame existed, the researcher was familiar enough with the issue (McGregor, 1986, 1988; cited in Medicoff, 1988) to appreciate who would be the likely initial contacts in the community unique to the consumer issue being examined (Walker, 1985). In marketing terms, she was aware of the 'heavy users' (Zikmund, 1986).

This initial intuitive procedure was necessary because there was no representative sample frame available. Instead, arbitrary reliance was put on the key informants or reference people to generate additional contacts (Krausz & Miller, 1974). In more detail, this snowballing process entailed the investigator relying on a chain reaction built up from a few initial intuitive contacts. This chain reaction occurred because original informants nominated others for study. These nominees were, in turn, interviewed and were asked for further nominations thereby providing a system through which a group could be sampled for documents (Scott, 1991).

A problem with snowball sampling is that the selection process cannot guarantee avoidance of all biases, especially since contacts may come from a few closed circles (Krausz & Miller, 1974; Zikmund, 1986). To cope with this bias, the research design incorporated focused snowball sampling, which is the selective study of particular persons, groups or institutions (Bryman,

1988). Focused sampling offers two benefits - increased assurance of generalizability and detailed information (Hakim, 1987).

Although no attempt was made to find a truly representative sample (as is the convention with purposive sampling techniques), the investigator contacted as many people as possible to saturate each specific category (Hakim, 1987; Miller & Wilson, 1974). The accuracy of focused sampling is dependent on the degree to which the researcher can develop and confirm the breadth of the sample in the categories (Bryman, 1988). The categories of consumer, business and government were considered fully developed and saturated at the point when most people were being cross referenced by other people and no new contacts emerged. Scott (1991) verifies that when names are being mentioned for a second and third time, the researcher can justifiably conclude that the snowballing procedure has been taken far enough to guarantee a representative sample. To this end, the researcher must have some knowledge of the population and their relations in order to make an assessment of the representativeness of the sample frame. This was the case in this research design. The investigator had been involved with the EFTS issue for five years prior to initiating this doctoral research, 1987.

Although it was recognized that they can lower the quality of the data set, proxy informants were necessary in some instances because the original contact was no longer with the organization, was deceased, or was no longer involved with the issue (Krausz & Miller, 1974). However, their use was a feasible way of extending the sample frame for each category, especially since the researcher was grappling with sample attrition which is a concern for longitudinal studies. In fact, some sources

of sample attrition can be used as substantive information in its own right, instead of being bemoaned as a data quality problem (Hakim, 1987). It is significant to realize that the sample in qualitative research is constantly changing because the research entails differing degrees of association with each contact (Bryman, 1988).

Snowball sampling is a good design for obtaining documents from informants (Krausz & Miller, 1974). Since each stakeholder was contacted for the purpose of acquiring verbal but predominately written documentation of their organizations' position on EFTS it was possible to take the snowball sampling procedure even further. This was done by analyzing the documents obtained from the initial contacts. Each reference to another stakeholder in the text or in the reference list, footnotes or endnotes also suggested other groups which could be usefully included for analysis (Walker, 1985). To further extend the snowball procedure, verbal referrals to others were also incorporated into the sample frame and followed up.

#### **Results of snowball sampling strategy**

This section will profile the actual snowball sample procedure as it was initiated and extended and the resultant sample frame. The established boundaries of the sample frame restricted the initial contacts to Canadian, English speaking government agencies or departments, national business organizations and the CAC. More specifically, within the context of focused snowball sampling, the initial categories of informants included bureaucratic and elected federal government representatives responsible for marketplace surveillance,

regulation of the financial industry; or the evolution of the payment system. Other initial contacts included key informants from business organizations responsible for the design of EFTS technology and the implementation of EFTS technology (banks, credit unions, trust companies, and retailer organizations). The consumer advocate was the Consumer's Association of Canada, Canada's key voice of the consumer in the policy process. This classification system for key informants was modified from McClintock, Brannon and Maynard-Moody (1979).

As is custom with snowball sampling, the process was broken into zones (Knoke & Kuklinski, 1982; Scott, 1991; Tichy, 1981). Beyond the first round of contacts, the researcher organized subsequent contacts into the first zone, second zone and so on until saturation in categories occurred. As recognized in the literature, this occurred by the third (or fourth) zone. The following discussion of the snowballing procedure undertaken in this research will be organized using this zoning concept.

The results of the snowballing strategy are depicted in Appendix Two. As snowball sampling theory dictates, the initial round of contacts consisted of known stakeholders or anticipated stakeholders. The zone one nominees consisted of those stakeholders nominated by the initial contacts. Zone two nominees contained a consolidated list of those contacts nominated from the initial contacts and so on. To reduce redundancy, the contact is only noted once in the subsequent zone lists even if it was nominated several times by numerous other nominees. This process resulted in the final list comprising the sample frame for this research.

Beyond the initial round of contacts, the process

necessary to reach a sample saturation point resulted in three zones (Scott, 1991). This is very acceptable according to snowball sampling theory. Although the second zone was very large, each subsequent zone got smaller in size. A consolidation of the three zones with the initial contacts resulted in the final list of actors representative of the policy community for the EFTS issue. Due to the longitudinal nature of the research, this sampling frame was continuously solicited for information during the data collection stages. They were also asked to vet the drafts and the final versions of their constituent cases. An analysis of the snowballing process reveals that while the initial round of contacts was based on the investigators' intuitive sense and experience with the issue (indicated with an @), the first sampling zone was determined equally by document analysis (\*) and personal communication with the contacts (#). The further into the zoning process the more likely that the investigator would determine the sampling frame through analyzing documents (\*) rather than from personal communications (#). Overall, there were slightly more contacts generated through document sampling than from personal communications. Therefore, the use of this technique to extend the zones was justified (Walker, 1985).

The final sampling frame is set out in Table 5-3 at the aggregate and constituent level. The sampling frame consisted of seven federal government departments or agencies, ten provinces and two territories (designated as PROV), three financial associations, two retailer associations, one association which has joint retailer and financial membership (INTERAC) and one organization which had joint consumer, financial and retailer membership (PACE). There was one consumer organization.

**Table 5-3 - Final stakeholder sampling frame**

**GOVERNMENT:**

**Federal:**

CCAC - Consumer and Corporate Affairs Canada  
DOF - Department of Finance  
DOJ - Department of Justice  
CPA - Canadian Payments Association  
OSFI - Office of Superintendent of Financial Institutions  
LRC - Law Reform Commission of Canada  
PIAC - Public Interest Advocacy Center

**Provincial:**

All ten provinces and the territories

**BUSINESS:**

CBA - Canadian Banker's Association  
TCAC - Trust Companies Association of Canada  
CCCS - Canadian Cooperative Credit Society  
PACE - Payments Alternative Communications Exchange  
INTERAC Association  
RCC - Retail Council of Canada  
CFIB - Canadian Federation of Independent Business

**CONSUMER:**

CAC - Consumer's Association of Canada

**SECTION FIVE - DATA COLLECTION FROM THE SAMPLING FRAME**

**Overview**

There is no clear line of demarcation between gathering, recording and analyzing qualitative data. These three processes are intertwined in qualitative research (Touliatos & Compton, 1988; Sykes, 1991). However, an attempt was made to distinguish data collection and the intermediate process of data preparation prior to analysis, recognizing that supplemental data collection occurred during the data preparation stage because of iteration of case studies with stakeholders. To that end, data collection was taken to mean the compilation of a separate data base comprised of raw documents solicited from the sampling frame of key stakeholders. This

entailed organizing, recording and storing the segregated data base.

Data preparation, on the other hand, was seen to involve a process of preparing the data for an eventual network analysis. To that end, a content analysis of the documents in the data base was presented as a case study. This case is available from the researcher on request. It is not included in the presentation of the dissertation because it was an intermediate data preparation stage rather than the final objective of the research (Yin, 1984). Instead, the narrative case study was then converted to relational data in the form of matrices and sociograms and these are included in the Appendices. The findings generated by the analysis of this relational data using network analytical techniques are presented in the chapter on Results and Analysis.

#### **Document sampling theory and process**

The previous segment outlined the sampling procedure utilized to identify key informants among the stakeholders (the sampling frame). This section will provide the theoretical justification for and the actual process entailed in collecting the documents from these stakeholders so as to eventually generate relational data. Table 5-4 summarizes the document collection concerns addressed in the following text, in order of presentation. This detailed account of the document collection procedure ensures reliability and reproducibility of the data collection procedure.



Table 5-4 Document collection issues addressed in this research

1. Document sampling procedures
2. Appropriate types of documents
3. Representativeness, validity and reliability:
  - . Adequate sample size
  - . Accuracy of information - validity
4. Ease of access to documents and informants
5. Missing data
6. Stakeholder's perception of document interpretation
7. Security of sensitive documents
8. Anonymity of informants in data base
9. Organization, storage and security of data base

### 1. Document sampling procedures

Documents are important sources of policy analysis information (Majchrzak, 1984; Patton & Sawicki, 1986). Policy research advocates purport that proper data bases must be available in order to conduct the policy research. If they are not (as was the case), it is quite acceptable to build a new data base of selected items taken from a combination of different data bases (Doty, 1982). To that end, the analysts must often obtain data that have never been organized or tabulated and experts in the area are often the best initial source of such information; they will often know where to locate unpublished material or who else to contact (Patton & Sawicki, 1986).

The chief aim of sampling for these documents is to yield a sample of documents that is representative of the phenomena of interest because the phenomena of interest can only be manifested in available material (Krippendorff, 1980). The data are not the final objective but are rather a stepping stone. But if the stones are not secure then the inferences made from the data will be unreliable and uncredible.

Therefore the researcher has to find ways to secure all or a sample of the documents when conducting a content

analysis (Krippendorff, 1980). It is impossible to identify a single document sampling procedure for all content analysis research. There are however, several types of sampling procedures appropriate to selecting documents for content analysis (Holsti, 1969; Krippendorff, 1980). These include stratified, systematic, cluster, variable probability, multistage sampling and snowball sampling. It is the latter procedure which was employed in this research design and this was given extensive coverage in the previous section. Snowball sampling relies on the researcher's initial intuitive knowledge of informants then on their feedback to obtain other informants and documents. As for the other document sampling methods, a brief summary is merited.

Stratified sampling recognizes several distinct sub-populations within a population of publications - called strata. The researcher carries out random sampling in each strata. Systematic sampling relies on data stemming from regularly appearing publications. Cluster sampling relies on documents that are readily and easily identifiable. Variable probability sampling relies on statistical knowledge about the context of the data. Multistage sampling relies on sampling documents subsequent to stratifying the population. Sampling within the stratified sample of documents is necessary if the first stage of the design does not reduce the volume of data to a manageable proportion. The researcher can rely on expert judgement to determine which documents are to be selectively analyzed (Holsti, 1969; Krippendorff, 1980).

## **2. Types of documents available for sampling**

Document analysis is relevant to network analysis because

it provides network data that would not otherwise be obtainable due to sample attrition, refusal to be interviewed or dissolution of an organization. It is useful also because documents span an extended period of time and are useful on identifying relationships (Knoke & Kuklinski, 1982).

There are two basic types of documents that can be collected and analyzed - primary and secondary (Mouser & Wagstaff, 1987; Patton & Sawicki, 1986). Because the latter refer to biographies and autobiographies germane to personal life histories, they were not a concern for this research design. Instead, the focus was on the primary documents of which there are in turn, two dimensions - public and private. Again the private primary documents (personal logs, professional correspondence and business or personal diaries) were not included in the sampling frame.

Of major concern for this research design were the public primary documents. An exhaustive list of these includes speeches, published letters, internal and public newsletters and journals, conference, seminar or workshop proceedings, committee reports and transcripts, government documents (elected and bureaucratic), Parliamentary reports, and House and Senate records. Other primary public sources included inhouse draft documents, consultancy reports, articles published by organizations, special government publications, policy position papers, books, press releases and yearly or annual reports (Mouser & Wagstaff, 1987).

Mouser and Wagstaff (1987) go on to suggest that, when sampling any documents from the relevant parties in the sampling frame, it is prudent to distinguish between internal or inhouse documents that are written for the

purpose of formulating the policy position, and those external documents shared with other stakeholders which are written for the purpose of possible coalitional behaviour. Both of these types of documents were included in the sampling frame for the content analysis. Finally, even though the documents are not standardized (not all the same type of public primary documents) they can still be subjected to a content analysis (Krausz & Miller, 1974).

### **3. Representativeness, validity and reliability**

An adequate sampling design for procuring documents is necessary for ensuring validity (Holsti, 1969; Goldstein, 1979). The sampling plans for collecting the documents has to be detailed and explicit so as to result in a procedure that is replicable and yields similar samples from the universe of samples. When the analyst has complete control over the choice of including or excluding a particular datum in the sample the analyst then follows one of the standard random sampling procedures. However, in most cases, the control over the process of collecting data for content analysis is limited. It is difficult to assess whether the information at ones disposal is complete enough for any firm conclusions. Research based on selected published material is bound to be tentative in conclusions (Moyser & Wagstaff, 1987). Inferences about the set of documents will be more reliable if the sample of documents is representative of the population of available documents (Krippendorff, 1980). The sampling procedure is fundamental. Table 5-5 summarizes the steps taken at each stage of data preparation to accommodate concerns for representativeness, validity and reliability.

**Table 5-5 Steps taken at each stage of data preparation to accommodate concerns for representativeness, validity and reliability**

<b>Generalizability</b>	
. Focused snowball sampling	Bryman, 1988; Hakim, 1987
. sequential longitudinal research	Nesselroade & Baltes, 1979
. Vet list of documents with key informants	Yin, 1984; Peil, 1982
. sample over a time span	Krausz & Miller, 1974
. rely on theory to establish content coding categories	Holsti, 1969; Krippendorff, 1982
. resort to analytical generalizability	Yin, 1984
. obtain representative sample of stakeholders via snowballing	Burgess, 1988
. solicit wide range of people	Bryman, 1988; Procter & Abell, 1988; McClintock, et al., 1979; Yin, 1984; Hakim, 1987
. understand wide range of perspectives	Ditto
. relate data to research question	Hakim, 1987; Yin, 1984
. Base research on propositions	Yin, 1984
. saturate stakeholder categories	Bryman, 1988; Scott, 1991
<b>Validity</b>	
<u>Case study:</u>	Yin, 1984; Miln & Vineall, 1977
. use case protocol	
. multiple sources of evidence	
. maintain chain of evidence	
. keep data base separate from findings	
. take steps to increase objectivity	
. code only manifest data	
. predict pattern and compare to reality	
<u>Content analysis:</u>	
. precisely define categories	Andren, 1981; Berelson, 1952; Holsti, 1969
. care when selecting indicators	Ditto
. use imposed, emerging categories	Walker, 1985; Miles & Huberman, 1984
. base categories on conceptual tool	Miles & Huberman, 1984
. use vernacular of informants	Miles & Huberman, 1984
. triangulation of data	Bryman, 1988; Yin, 1984
. vet case with stakeholder	Yin, 1984; Krippendorff, 1980; Walker, 1985; Johnson, 1986
. structure data gathering procedure	Holsti, 1969; Krippendorff, 1980; Walker, 1985; Moysen & Wagstaff, 1987;
. use both qualitative and quantitative research methods	Ditto
. examine latent content as well as manifest	Ditto
. approach more than one person	Akeroyd, 1988; Lipstein, 1975; Deming, 1950; Krippendorff, 1980
. reduce time and concentration needed to respond	Ditto
. deal with self sampling bias	Ditto
. deal with missing data	Ditto
. keep data base separate from findings	Hakim, 1987; Holsti, 1969; Lipstein, 1975
. code only manifest data and leave latent to interpretations stage	Lipstein, 1975

**Table 5-Continued:**

**Reliability**

- . achieve stability reliability at coefficient of 90% Miles & Huberman, 1984; Sepstrup, 1981
- . iterative coding of documents (via multiple passes over a period of time) Miles & Huberman, 1984
- . cross referencing allowing corroboration of breaches and discrepancies of data Fielding & Fielding, 1986; Lacey, 1976
- . vet cases with stakeholders Sepstrup, 1981, Yin, 1984, Walker, 1985
- . use case protocol Yin, 1984; Miln & Vineall, 1977
- . multiple sources of evidence Ditto
- . maintain chain of evidence Ditto
- . keep data base separate from findings Ditto
- . operationalize units of analysis Yin & Heald, 1975
- . make coding instrument available Krippendorff, 1980

The following text elaborates considerably on the steps summarized in Table 5-5.

**a. Adequate sampling size**

Ackeroyd (1988), Holsti (1969) and Krippendorff (1980) were concerned with the methodological issue of adequate sample size. This question of sample frame relevancy and adequacy (how many documents are necessary and sufficient?) had to be carefully addressed for reasons of generalizability, reliability and validity. This research design, which employed snowball sampling, dealt with size of the document sample frame in several ways and these will be given considerable coverage. These are summarized in Table 5-6.

**Table 5-6 - Steps to ensure adequate document sampling frame**

- . vet case with stakeholders
- . set time frame for which documents are pertinent (1970-1991)
- . stakeholders can explicitly acknowledge they are no longer involved
- . scrutinize bibliographies, reference lists, and endnotes
- . vet list of documents with the stakeholder
- . cross reference between stakeholders
- . using secondary data, develop proxy case for those who sent no documents
- . deal with self informant sampling bias
- . reduce time and concentration necessary for key informant to collect the documents

The fundamental theoretical criteria is to collect all of the documents. A realistic approach was to collect a representative sample of documents and analyze them, draft the constituent cases and vet them with the stakeholder to the extent that they concurred with the investigator's interpretation of their involvement with the policy community. At a more pragmatic level, the data collection process has to stop at some point in time so the analysis could occur (Touliatos & Compton, 1988). To that end, a cutoff date was set beyond which no further

documents received by the investigator were incorporated into the cases (September, 1991). This was postponed for as long as possible so as to collect as many documents as possible and still allow time for a thorough analysis. As well, no documents were collected that were dated before 1970. This set the limits for document collection - entertain only the documents generated between 1970-1991. Sampling over a time span presumably attains greater representation (Krausz & Miller, 1974).

Within a content analysis, the analyst can address sample size issue by either increasing the sample size or using better and more precisely defined categories to reduce sampling error (Holsti, 1969; Krippendorff, 1980). Consequently, in the event that new stakeholders were identified late in the data collection process (eg. OSFI, and the Provinces) this research design was flexible enough to accommodate the drafting and incorporation of constituent cases into the final case.

Within the constraints of the imposed time frame (1970-1991), other criteria to ensure that enough documents had been procured were employed. In some instances, some organizations simply stated that they had sent all they had on the issue. Yet, another procedure entailed collecting documents which were recognized by stakeholders as seminal documents. Another technique was to exhaustively scrutinize the bibliographies and reference lists of documents until as many as possible of all relevant documents were solicited and obtained from the respective stakeholders. Representation is increased if there is agreement from several places because this assures that the findings are more than an accident of sampling (Peil, 1982). Therefore, once initial documents were obtained, the reference lists and bibliographies were consulted so as to do a forward and backward search.



This proved to be a very fruitful means of acquiring documents.

Another technique utilized to assure a representative sample of documents was employed. The investigator solicited documents and reiterated this list of documents with the stakeholder until such time that they confirmed that they had no further documents to contribute and that the content of the case was representative of their actual involvement with the policy issue. One is reminded that while some documents were acquired by directly soliciting the gatekeeper of the organization (the person identified as the key informant in the boundary role) other documents were acquired through unsolicited means (literature review, bibliographies and serendipitous findings, etc.). Both are relevant but one must be aware that there will be different motivations for writing the documents thereby resulting in different thrusts in the logic and argument (Bogdan & Taylor, 1975).

The most efficient sampling scheme will have a longitudinal element and a cross sectional element as well (Goldstein, 1979). The longitudinal aspect of this requirement was achieved by drawing documents germane to each stakeholders' case from each member of the sampling frame over a four year time frame (1988-1991). By cross referencing between all documents (via accessing reference lists and references to other's documents in the text), the investigator incorporated a cross sectional element of document sampling into the research design. This was another useful technique for ensuring a representative sample of documents.

It is recognized that some degree of uncertainty will always remain no matter how assiduous the attempts to

select a representative sample of documents. However, to make inferences one must make sure that the sample is as representative as possible (Walsh, (1990). The many steps delineated in the previous text were very useful for assuring that the question of how many documents were necessary and sufficient was theoretically addressed.

There were instances when no documents were received directly from the stakeholder yet numerous references were made about that absent stakeholder's involvement in the policy community. In those instances, the constituent case was compiled solely on the basis of secondary data and the inherent biases. The stakeholder was then sent this proxy case and asked to vet it in anticipation that they would either approve this proxy version or send appropriate documents. This did provide a means of securing the stakeholder's verification of the content of the case allowing them to be included as part of the data base.

#### **b. Sampling validity**

Sampling validity of documents is of two types - sampling by content analyst and sampling by informant (self sampling). The former is concerned with the acquisition of an unbiased sample of the universe or a sample sufficiently similar to another sample so that data can be taken to be statistically representative. The latter is concerned with the reality that most often the data are sampled from the universe using an informant who is using their own bias that the analyst cannot control. This research design incorporated both analyst sampling and informant sampling, with emphasis on the latter.

A demonstration of sampling validity is especially important when self sampling by an informant is involved, as was the case. This entails ensuring that the sample

corresponds with the composition of the universe of documents (Krippendorff, 1980). This was achieved by sending each informant a list of all of the documents available pertaining to their involvement with the issue. They were asked to confirm and augment this list. As well, they were each sent a list of the perceived stakeholders involved with the issue and asked to confirm and identify others (Johnson, 1986).

Increasing sampling validity also entailed reducing the time it took the informant to find the documents and reducing the degree of concentration required for the task (Lipstein, 1975). This was addressed by providing a list of the appropriate types of documents (speeches, position papers, etc), a time frame (1970 to 1991) and, as noted, a list of those documents already possessed by the investigator. As well, the stakeholders were instructed to confine their response to only two aspects of EFTS - debit cards and automated banking machine cards. Other aspects of EFTS, including SWIFT, LVTS, EDI's and PAD's were excluded from this specific analysis. This guidance greatly narrowed their search for appropriate documents.

There are other document collection issues besides the all important one of sampling validity. In fact, there are some matters relevant to collecting data during ethnographic studies (Akeroyd, 1988) which are relevant to documents collected as a data base for policy analysis. For, while the situational context is different, the rudimentary logic is quite similar. Consequently, many of these ethnographic data collection concerns were recognized, accounted for and incorporated into this research design.

#### 4. Ease of access to documents and informants

Akeroyd's (1988) concern for the accuracy of the information because of its proxy nature (possibility of being denied access because of asking the wrong person) was addressed by approaching more than one contact within the organization when possible and keeping a record of the position of the actual contact. The investigator also set up index files on each contact and recorded date, time, content of conversations and intended action on their part.

There were different degrees of access to documents depending on the specific stakeholder. Overall, government was quite willing to release all 'public' documents. There was some lack of control over access to some government documents due to their protected status and the security level needed to access them. To illustrate, every effort was made to gain copies of the documents through use of previous contacts at Consumer and Corporate Affairs (CCAC). The serendipitous appointment of the researcher to a 6 month Executive Interchange Program at CCAC (May-October, 1990) and a subsequent appointment as principle researcher to a newly formed Consumer Policy Framework Secretariat in Canada (January-April, 1991) expedited this access to CCAC documents. This appointment necessitated a "secret clearance" level for the investigator and resulted in access to many protected documents. In some instances, access was allowed in exchange for services rendered (good will). Due to this contact, the researcher was also allowed access to the extensive library at the Ottawa headquarters of CCAC.

In the event that another investigator was not fortunate enough to gain such envious passage to the elite involved with the issue or was denied access to certain documents,

the investigator could resort to accessing protected documents using the 1984 Access to Information Act or similar legislation in other countries. This Act outlines a process for accessing government generated documents. This action was not necessary and was avoided in the name of good will.

Towards the end of the data collection procedure, events occurred within the policy community which generated very relevant data regarding the policy process. But due to the sensitivity of the policy process (another concern identified by (Akeroyd, 1988), the proprietary nature of some technical documents (trade secrets), and the delicate balance of trust being nurtured during the policy development process, the researcher was denied access to these documents at the time of writing. The stakeholders did not want to compromise the process or the outcome due to the intrusion of an outside party at the policy table.

Key government informants have given assurances that relevant documents would be released as soon as was politically feasible (Helen Carson, Peter Ferguson, David Waite and Blake Dobrowolski, CCAC analysts, personal communication, 1989). However, as of May, 1992, these documents were still not available for public consumption (Peter Ferguson, CCAC, personal communication, May 4, 1992). This is unfortunate but it is a fact of life in policy research. It is not felt that denial of these documents will compromise the study of the evolution of the policy community. This assumption will be justified in the analysis section.

For those government departments where no previous contact existed, the investigator made a 'cold call' and asked for someone who had authority to deal with the

request for release of documents pertinent to the EFTS issue. The investigator then carefully articulated the purpose of the research, the intended use of the documents and assured the contact that they would have several opportunities to vet the contents of their case as it evolved. This was usually enough to placate most concerns and consequently, most departments were amenable to complying with the request for documentation of their position with the issue of EFTS. Some expressed concern that no one in the department dealt with the issue any more or that their information was too old. In those instances, they were prompted to offer referrals to someone who had been involved and were assured that nothing was too old because of the evolutionary nature of the research.

As regards the consumer stakeholder, there was only one, the Consumer's Association of Canada. They were willing and able to release any documentation they had germane to the policy issue. Again, the investigator had previous links with this organization (VP of the Nova Scotia Provincial Branch and a recipient of a small grant to conduct research on the issue of EFTS). However, there is no reason to suggest that they would hesitate to release documents to another policy researcher if the request was adequately justified.

The business stakeholder possessed different access dilemmas. While some business organizations were very cooperative, others were reluctant (and some refused) to release documents due to their proprietary nature. Other business organizations hedged for a number of reasons, the most prevalent being (1) they were too busy, (2) there was no one familiar with the issue, or (3) they had lost the documents due to relocation of the business or reorganization of the record keeping systems. Some said

the relevant documents had (4) either been destroyed or had been relegated to off site archives and were nonretrievable. Other businesses said (5) they were too understaffed to deal exclusively or thoroughly with the request but they would help to the extent that it was feasible. On one occasion, the investigator was told that the organization (6) had so much documentation on the issue that they were unable to select or prioritize appropriate documents. Repeated attempts to focus the selection process for them (bearing in mind the risk of introducing a bias) failed to elicit a response. This type of resistance to access to documents was the exception, not the rule! As noted earlier in the discussion, proxy cases using secondary data were developed to address this concern. The stakeholder in question approved the case.

#### **5. Missing data**

Inevitably, because of this lack of control over collecting the data and the real possibility of denial of access to data, the researcher has to cope with irregularities and missing data as well as self sampling bias. To what extent do non-sampled people reciprocate relations directly to them from those sampled? Are those unsampled objects of strong relations of those sampled or are they isolated? How are the nonsampled actors interconnected, apart from the sample? Failure to include actors in the analysis can result in a much more fragmented picture of the network than actually emerged (Knoke & Kuklinski, 1982).

Holsti identifies several factors contributing to missing data when doing political research. These include the destruction of documents, misfiling, bias and carelessness when informant is collecting the documents, amendments before release, deleted statements due to

security and unpublished records of hearings, committees, etc (1969). He continues by noting that the problem is not sufficient data but missing data which may be different from the data that is available. The researcher needs to find ways to enhance the quality of inferences if the data is missing. If the cause of missing data is inadequate conceptualization of either the universe or of the organization of it, the researcher has to revise the sampling plan or what constitutes the universe (Krippendorff, 1980). Indeed, if data is missing, the picture of the network is distorted. The principal methods used to account for possibility of missing data were to vet lists of stakeholders, vet lists of documents, and vet the cases with each respective stakeholder and then incorporate their feedback into subsequent versions of the cases (Yin, 1984).

Self sampling bias is defined as the reliance on a key informant to select the documents. Self sampling bias was addressed by the analyst making all possible efforts to get the documents and if this was not possible, then it was necessary to investigate why it was unavailable and find a possible substitute (Deming, 1950; Krippendorff, 1980). As noted earlier in the discussion, proxy cases using secondary data were developed to address this concern and reduce the incidence of missing data.

#### **6. Stakeholder's perception of document interpretation**

Vetting the cases with the stakeholders was done in conjunction with a series of questions designed to clarify the stakeholders answer to the question: "Based on the information incorporated in this case, do you feel comfortable with me drawing conclusions about the pattern of relationships that evolved between you and the other stakeholders during the development of consumer policy



for EFTS"? The entire letter containing this request is in Appendix Three, the pertinent questions designed to account for missing data are organized around two concerns - comprehensiveness of case and interpretation of their material. These questions proved to be a very useful tool for structuring their responses to questions concerning the comprehensiveness and correctness of the data in the case. This effort contributed to enhancing the reliability and validity of the results via reducing the incidence of missing data.

#### **7. Security of sensitive documents**

Related to the issues of access to sensitive data is the problem of security measures to ensure confidentiality of the contents of the documents once they are procured (Akeroyd, 1988). The nature of the request for the documents was such that the key informants knew the intended use of the information and that it would be published in doctoral findings. The data is in textual form so it is easily accessible to a casual reader. They released documents cognizant of this fact. Therefore the researcher is confident in using the information in the documents for subsequent publication.

#### **8. Anonymity of informants in data base**

Although Akeroyd (1988) was concerned with the issues of referability (ability to find yourself in the results) and indentifiablity (ability to find others in the results) this was not an issue in this research design. As noted previously, the nature of the request for the documents was such that the key informants knew that the information would be analyzed and compiled into a case study. Actual names of people and organizations were used in the cases. Each stakeholder had the opportunity to vet the cases for corroboration of facts and interpretation of the documents they forwarded for analysis. This

iteration process afforded them the opportunity to corroborate the secondary data gleaned from other stakeholders. Everything was fully referenced and in quotes. Based on these precautions, the researcher is confident in using the factual information in the results and analysis. In the event that a researcher is concerned with the issues of referability and identifiability it is possible to code the documents and give key informants pseudonyms. The former precaution can also serve as a means of retrieving the documents for future use (Akeroyd).

#### **9. Organization, storage and security of segregated data base**

A case study data base should be compiled and indexed so the material can be stored and retrieved for further analysis and to allow for the researcher and others to check the interpretations offered in the final report against the evidence (Holsti, 1969; Hakim, 1987; Yin, 1984). A file was created for each constituent stakeholder. As the documents were procured, they were placed in the appropriate file. Within each file, the documents were first arranged in chronological order by year and month. Then each document was coded "C" for consumer source, "B" for business, and "G" for government. Each document was coded according to specific constituent stakeholder and, once all documents were collected, they were then numbered (eg. B-CBA-1 - this code would refer to the earliest document available pertaining to Canadian Bankers Association, a business stakeholder). It was possible to number at the end rather than as they were received because of the ability to avoid pseudonyms. In that event, the documents would have to be coded as they were received so that the investigator could concurrently develop the case studies using direct quotes but not direct reference to specific

people, organizations or documents.

Using the coding sheet in Appendix Four the documents were further coded by date, title, author, length, intended audience (inhouse or public), status (public or protected) and whether the investigator received the document directly from the stakeholder or from another stakeholder. This provided a profile of the raw data or sample frame of documents.

Of the 233 documents making up the sample frame, 55% were government documents, 32% were business and 14% were consumer documents. There were twenty nine (29) different types of documents comprising the data base. Table 5-7 profiles the data base by type of document and type of stakeholder.

**Table 5-7 Data base by type of document and type of stakeholder**

TYPE OF DOCUMENT	C	B	G	TOTAL
<b>Listed from internal to public in nature</b>				
Workplans			1	1
Public catalogues			1	1
Internal memos			2	2
Minutes to meetings	2		1	3
Resolutions	1			1
Newsletter		12	25	37
Journal articles		20	2	22
Magazine article	2	3		5
Published letters		1	1	2
Internal analysis			16	16
Background paper	2	1	1	4
Discussion paper		1	1	2
Speech	10	9	7	26
Position paper		2	1	3
Working Group Report			7	7
Consultancy reports			2	2
Seminar/workshops	2	1		3
Committee reports/ transcripts			1	1
Studies	1		4	5
Special reports	3	4	7	14
Briefs	6	4		10
White or Green paper			2	2
Annual reports		2	8	10
Conference proceedings				
Conference agenda			2	2
Parliamentary Doc				
Fact sheet/brochure		4	4	8
Press release		2	2	4
Legislation			1	1
Letters to investigator	4	8	23	35
Third party sources			2	2
<b>Totals</b>	<b>33</b>	<b>74</b>	<b>126</b>	<b>233</b>

The most common types of documents in the data base, in descending order, are letters to the investigator, newsletters, speeches, journal articles, internal analysis documents, special reports, briefs, annual reports, working group reports, fact sheets and brochures, studies, magazine articles and press releases.

All stakeholders are represented in the category of background papers, speeches, special reports and letters to the investigator. At least two stakeholders (mainly business and government) are represented in the categories of minutes to meetings, newsletters, journal articles, magazine articles, published letters, discussion papers, position papers, seminar or workshop reports, studies, briefs, annual reports, fact sheets and brochures and press releases. Consumers were the only stakeholder represented in the resolutions category and government was the only stakeholder represented in the public catalogues of publications, legislation, committee reports and work plan categories.

The types of documents which were conspicuously absent from the data base include work plans, internal memos, minutes from meetings, committee reports, consultancy reports and conference proceedings. One conspicuous characteristic of these absent documents is their internal, potentially proprietary nature. Although it is difficult to draw the line between whether a document is private or public (depending on the intended audience and use, which were not always stated), it is projected that close to 40% of the documents in the data base could be classified as predominately private in nature.

The documents from or about financial institutions are mostly internal documents (newsletters, journals) and speeches. Government documents fall under similar categories with the addition of Working Group Reports and Special Reports. Retailer's documents are predominately speeches or internal magazine articles. Consumer documents are mainly speeches and briefs, with a few Special Reports.

The documents in the data base were obtained either from

the stakeholder, the public library, private libraries, referrals, third party sources, or serendipitous findings. Most of the documents came from the actual stakeholder. The majority were public documents. Government documents were the ones most likely to be proprietary, protected documents (for internal use only), with business documents sometimes, but seldom exhibiting this characteristic. Consumer documents were all public in nature. The bulk of the documents were generated in the mid seventies, and in the mid to late eighties with a renewed surge in the early nineties. Although some were hundreds of pages long, most were in the vicinity of 15-20 pages in length. The government documents were the most lengthy, followed by business and then consumer.

As well, master lists were compiled for all documents from all stakeholders, both by year and by source. Hence, there is a chronological record of all documents collectively received from each of consumer, business and government and there is another master list for documents from all sources which is organized by year, available from the investigator.

Akeroyd (1988) also identified another dimension of document security - the issue of storing and depositing the data base subsequent to the research effort. The documents collected for this research will be retained for subsequent secondary analysis and for verification of findings. They will be stored securely in the residence of the researcher or at the place of employment (secure university campus). No one else will be allowed access to the more protected documents until and if such time that they become public property. Finally, as was recommended by Yin (1984), the data base was kept separate from the findings so that the reader can access the files and trace the development of the evidence to

support the results and conclusions drawn from the results. In summary, many steps were taken to ensure an adequate, representative document data base and the reader is again directed to Tables 5-4, 5-5, and 5-6 for a summary of these steps.

## **SECTION SIX - DATA PREPARATION PROCESS**

### **Preamble**

As noted previously, this research design incorporated a three phase data preparation process. Once the raw documents were collected and stored as a separate data base, they were subjected to a content analysis. The results of the content analysis were presented in the form of a case study. The case study data was then transcribed to relational data and represented in matrices and sociograms. This relational data was subjected to a network analysis. This data preparation section will be organized by phase one (content analysis of raw documents), phase two (development of a longitudinal, chronological case study), and phase three (conversion of case study data into relational data).

#### **Phase one - content analysis of raw documents**

The research design incorporated both quantitative and qualitative methodologies. The content analysis represents the former and the case study and network analysis represent the latter. This section will describe the content analysis. This phase of the data preparation stage entailed the execution of a content analysis on the data base (documents) so as to generate the data to compile the case study (phase two).

This section will outline the theory and steps employed to conduct the content analysis of the raw documents. It will be organized by a definition of content analysis, its usefulness and its limitations. Issues determining the quality of research (reliability and validity be discussed) in conjunction with steps taken to increase the quality of the content analysis. The steps entailed in soliciting documents from the sampling frame have been given considerable attention because this process resulted in the raw data base for the entire research. There will not be a discussion of analytical techniques appropriate for conducting content analysis because the data is going to be ultimately analyzed using network analytical techniques. The content analysis resulted in the creation of an intermediate or transitional stage of data in the guise of a case study.

#### **Content analysis defined**

Content analysis is an approach to documentary research because it analyzes the communication content of written documents (Adams and Schvaneveldt, 1985; Berelson, 1971; Holsti (1969; Krippendorff, 1980; Miles & Huberman, 1984; Moyser & Wagstaff, 1987). Researchers have the option of doing either qualitative and/or quantitative content analysis (frequency counts and quotes) (Fibiger, 1981). Sepstrup (1981) concurs that quantitative content analysis will always be suitable for identifying and describing the simple forms of data. These results are easily communicated and normally enjoy considerable credibility. But one needs qualitative analysis to understand the text and explain the context of the event. Adam and Schvaneveldt (1985) add that quantitative content analysis contributes an objective perspective (frequencies, duration of events, quotes) while qualitative content analysis contributes a subjective perspective. So as to achieve both an objective and



subjective perspective in this research design, a quantitative content analysis will 'objectively' identify the quotes needed to develop the case study. The network analysis will provide the 'subjective' qualitative dimension of this research because it will explain the context of the event (the evolutionary nature of the policy community).

#### **Usefulness of content analysis**

Content analysis is useful when data accessibility is a problem and data are limited to documentary evidence as is the case with this research design. This is because the researcher does not have to deal with the subjects' memory loss or distortion. Time restrictions sometimes dictate that subjects and their communications have to be studied at a distance through their records or writings (Rock, 1988). Also, a content analysis is useful if one wants to study changes over time (Krippendorff, 1980). It is an unobtrusive research method meaning that the analysis is based on cultural artifacts (documents) which were not constructed for the specific research purpose (Bryder, 1981). It is useful when the problem requires precise and replicable methods of analyzing those attributes of documents which may escape casual scrutiny. For indeed, a content analysis is not an ordinary reading of documents (Krippendorff, 1980). It is for all of these reasons that a content analysis was incorporated as part of this research design.

#### **Limitations of content analysis**

The price to be paid for being able to analyze extensive material is that many aspects, nuances, and overall pictures are neglected by the special questions asked (Krippendorff, 1980). This limitation can be overcome to an extent by the use of secondary analysis of the data to address other research questions which were not the focus

of this particular research thrust. This will be feasible because of the development of segregated data base. Another criticism of content analysis is that they usually occur independently of the social context (Sepstrup, 1981). Again, concern for this criticism is allayed somewhat due to the contextual nature of the chronological case study which was developed using the data accumulated via the coding process in this content analysis.

#### **Validity of research findings**

Validity is concerned with whether the coding instrument measures what it was intended to measure (Krippendorff, 1980). Berelson (1952) exclaimed that in most cases validity does not seem to be a major problem in content analysis when there is careful attention to definitions of categories and judicious and alternate selection of indicators. The aim of all research is to avoid costly consequences due to making decisions on data that is not relevant (valid) (Andren, 1981). Validity is important because the research findings have to be taken seriously when constructing theories or in making practical policy decisions in government or industry (Krippendorff, 1980). For this reason considerable attention was given to validity even though recently, Krippendorff insinuated that in most cases it is common to be rather casual about the validity results of content analysis. In fact, only 15-20% of researchers reported on validity (Holsti, 1969). The standards in this research design were high due to the fact that indeed, the results will contribute to not only theory development but actual policy development as well.

Several taxonomies are used to classify the five types of content analysis validity (Andren, 1981; Holsti, 1969; Krippendorff, 1980). While Krippendorff classifies

validity according to whether it is concerned with the data (semantical and sampling), the product/method (correlational and predictive) or the process (construct validity), Andren is concerned with whether the validity is concerned with relevancy (semantic, sampling, correlational, and construct), truth (none are concerned with only truth), or relevancy and truth (predictive).

As well, these five different types of validity are of concern at different stages of the research design. Sampling and semantical validity are relevant during the design and data collection stages; correlational and predictive validity are of concern during the analytical phase of research; and, construct and content validity are relevant during the results stage (Krippendorff, 1980). The stages of research will be used to organize this discussion of content analysis validity. When it is appropriate the discussion will indicate specific steps taken to increase validity in this research design.

#### **Validity at the data collection stage**

Semantical validity is concerned with what gets coded into categories. At issue is whether to use indigenous categories or imposed categories. Is the coding procedure sensitive to the linguistic context of the world (Holsti, 1969)? Walker (1985) clarifies semantical validity (he calls it conceptual validity) by posing some fundamental questions - do the concepts used fit the data? Does the content of the category correspond with the description of it? Are categories defined and saturated or still emerging? Are the concepts imposed by the researcher as a conceptual tool or are they used by the respondents in the course of their communications? In actuality, the researcher, who imposed emerging coding categories on the data using a conceptual tool, was cognizant of the vernacular of the real world of consumer, government and

business. Sampling validity of documents is discussed in the section on document sampling from the key informants.

#### **Validity at the results stage**

Construct validity is concerned with validating the theory underlying the measure (Holsti, 1969; Walker, 1985). The measure of the ability of the analytical procedure (in this case network analysis) to model the relationships in the context of the data is reflected in whether the hypothesis can yield similar results in different settings (generalizable results rather than to a single situation). The validity of the construct is established by showing that the operationalization of the construct captured the relationship. The construct is rejected if it cannot be shown to correspond with the knowledge from which the data stemmed. For content analysis that are unique to a particular set of data (of which this is an example) or unprecedented in a given situation, the validity of their procedures as constructs of the data might be the only recourse for validity because statistical validity is practically ruled out (Krippendorff, 1980).

Finally, content validity (face validity) is the most frequently relied upon test for content analysis. It is concerned with whether the results are plausible and consistent with the information about the phenomena being studied - are the findings at odd with the evidence (Krippendorff, 1980)? Again, vetting the cases with the informants should result in increased content validity. Both of these types of validity will be addressed in the results section of the research.

#### **Validity at analytical stage**

Correlational validity refers to how the findings of one

method correlate with the findings of another method. This type of validity is impossible if the content analysis is designed de novo, of which this is the case. Predictive validity refers to whether the predictions based on the findings agree with the observed facts. This entails extending available knowledge to the unknown (Krippendorff, 1980). This type of validity was addressed by vetting the drafts of the cases with each respective stakeholder (Walker, 1985) (that is, they each got to see their own as it emerged). Their comments were incorporate into subsequent drafts of the case. Their approval of the final version of the case strengthened the predictive validity of the data (Yin, 1984).

#### **Increasing validity**

Validity can be increased if the data gathering process is structured and if the informants are solicited to ensure that the final list of documents is complete. Incorporating quantitative and qualitative content analysis increases validity as does examination of the latent as well as manifest content of the communications. The coding procedure should be sensitive to the linguistic context of the world. The research design, choice of categories, sampling design, and accounting for reliability are all paramount to increasing validity (Holsti, 1969; Krippendorff, 1980; Walker, 1985). All of these precautions were taken in this research design.

#### **Data collection for content analysis via coding instrument**

Once the documents have been collected from the sampling frame, they have to be analyzed. This analysis is facilitated by looking for certain parts of the text which communicates a specific message (the objective of a 'content' analysis is to code specific content so as to

address the research question). To focus this process, the researcher should develop a coding system which narrows the analysis to only certain messages or bits of information. Never does a content analyst code everything. The rules for coding are the link between the data and the theory or hypothesis. It is therefore evident that coding rules are a central part of the research design (Adams & Schvaneveldt, 1985; Holsti, 1969; Krippendorff, 1980; Miles & Huberman, 1984; Sepstrup, 1981).

### **Coding categories and process**

The coding of data in the raw documents is the stage when specific words, sentences, etc., are located in the text and placed into previously determined categories. This process codes the manifest (surface) meaning of the text. Reading between the lines (looking at the latent meanings) is done at the interpretation stage. This often entails making inferences about the data. Since inferences do not justify themselves, when designing a content analysis one must clarify what one wants to know yet cannot observe directly, then look for and code data that might allow inferences. Even though anything connected with the phenomena of interest qualifies as data for a content analysis, the final choice of what to code so as to generate data must be justified by what the analyst wants to know (Krippendorff, 1980).

Before the researcher can code the data, it is necessary to stipulate the categories or variables which will be measured with the resultant data. The process of category formation is quite decisive of the results of the analysis, for distinctly refined different categories can yield strickenly different results (Adam & Schvaneveldt, 1985; Holsti, 1969; Krippendorff, 1980). More fundamentally, if the category is not established in

advance, the content of course cannot be described along that dimension. Category formation is determined by hypothesis (stemming from the theory guiding the research) and the purpose of the study and solely by these. It is a minimum requirement that a number of assumptions and hypothesis (guidelines) be formed about the examined documents in order to secure the necessary dimensions through category formation. These assumptions must come from either theory or previous empirical research. Therefore, the starting point of doing a quantitative content analysis (of which this is the case) will be the predetermination of dimensions or categories and sub-categories (Sepstrup, 1981).

In essence, establishing the categories (variables and sub-concepts) is a means of operationalizing the codes. In this research design, the researcher relied on existing theories or hypothesis that describe concepts and categories in terms of which the new data can be described (network and interaction concepts). The researcher who relies on existing conceptualizations of the concept has more of a chance to contribute to knowledge (Holsti, 1969; Krippendorff, 1980), a prime objective of disciplinary research (Johnson, 1986).

As was noted, it is necessary to operationalize the codes so as to assure that other researchers are perceiving the phenomena the same way (Touliatos & Compton, 1988). To that end, the investigator developed the coding instrument and, as recommended, placed all of the categories (codes) on one sheet for easy reference (Miles & Huberman, 1984). This was done because each step in the coding procedure is defined so it can be replicated. The final coding instructions provide the basis for reproducing the analysis so they must be incorporated into the report or made available upon request

(Krippendorff, 1980). The latter is the stance adopted by this investigator. In the meantime, the reader is directed again to Appendix One for a detailed description of the codes developed for each variable.

Miles and Huberman (1984) recognized two ways to create the codes. The first method entails the creation of a calculated "start list" from a culmination of cf's, research question, hypothesis, problem statements and key variables. Their second approach, which was utilized in this research, was referred to as the grounded approach. This entailed a "code in use" approach. Rather than force fitting data into inflexible predetermined codes, the researcher started with a preliminary start list and then let the codes emerge progressively during data collection. This was possible due to the iterative process built into the research design in the form of multiple readings of and intricate cross referencing of the documents used to develop the case study. As recommended by Miles and Huberman, the codes were part of a governing structure (the variables were drawn from interaction and network analysis theory) and they all related to each other via the use of the evolutionary stages of the policy community (egocentric, dyadic, reconfiguration of multi-dyadic, and triadic network structures).

Coding units can be words, sentences, clauses (multiple sentences), paragraphs, and naturally occurring "chunks" of data (name, title, etc) ((Adams & Schvaneveldt, 1985; Holsti, 1969; Krippendorff, 1980; Miles & Huberman, 1984). This research design incorporated all of these larger blocks as units of analysis. The use of these larger coding units facilitated obtaining the qualitative nature of the evolutionary process of the policy community. The intent was to document only manifest



communication content at the coding stage saving latent interpretation for the analysis stage of the research via the use of direct quotes (Holsti, 1969; Krippendorff, 1980; Walker, 1985). The manifest nature of the data was to be reflected through the use of direct quotes which would form a large part of the case studies, thereby necessitating larger units for coding procedures. The initial coding of manifest data was done so as to reduce the introduction of investigator bias in the development of the case studies. The goal was to be as objective as possible thereby minimizing the possibility of imposing a subjective contamination of the raw data (known as 'conviction bias' (Lipstein, 1975)). In lay terms, "I did not want to put words in their mouths to suit my own ends". The configuration of the direct quotes into a chronological profile of the evolution of the policy community (via constituent cases and a case for the policy community) provided the data base for the latent interpretation of the data via network analytical techniques.

#### **Reliability of coding instrument**

The quality of the content analysis is measured on the standards of reliability and validity and resultant errors. By implication, the certainty with which inferences are made is affected (Krippendorff, 1980). Content analysis validity has already been discussed. Reliability refers to the facts; does the data from the collected documents reflect reality - it is the truth (Andren, 1981)? Low reliability means that data cannot be trusted and the integrity of the policy recommendations is comprised. Therefore, some kind of reliability test of the coding process must be undertaken so that another researcher can obtain the same results from the same rules and the same data (Lindkvist, 1981).

Reliability of the coding instrument can be achieved by one of three ways (Andren, 1981; Krippendorff, 1980; Miles & Huberman, 1984; Sepstrup, 1981). First, double coding by two different people either concurrently or at two different times to a congruence level of 70% is acceptable, addresses interreliability errors, and assures consensual reliability. Secondly, double coding by the same person (with a lapse of several days) to a congruence level of 80% is also acceptable, deals with intrareliability errors, and assures stability reliability. A reliability coefficient of 90% is the ultimate standard, whether it pertains to interreliability or intrareliability checks.

Stability reliability is achieved when the analyst codes the data twice. This attempts to account for intraobserver error (bias) in the form of inconsistencies (noise) in the analyst's coding. This is due to cognitive changes that take place while the coder was reading the documents. It could also result from coder fatigue (Holsti, 1969). Ironically, this fatigue was reduced by multiple readings of the cases to facilitate cross referencing of documents and to develop the codes. Accuracy reliability is the third type and is the ideal, but it is seldom available as means of ensuring reliability. This would need a known standard against which to measure the coding process (for example, IQ test standards) (Sepstrup, 1981).

This research design utilized the double coding by the same person approach thereby achieving stability reliability. Several techniques were employed to elevate the reliability factor even further. First, the research design incorporated an iterative approach to coding the documents, meaning a minimum of three passes over each document (Miles & Huberman, 1984). As they recommended,

this entailed not waiting until all documents were collected to code them. Instead, the iterative process was used as a means of ongoing data collection and truly aided in detecting incomplete and ambiguous data. As predicted by Miles and Huberman, as the coding proceeded the cases emerged mapping the events surrounding the phenomena in question. Secondly, data was collected and coded via intricate cross referencing between documents sent by stakeholders and between references made by other stakeholders (Fielding & Fielding, 1986; Lacey, 1976). Due to this iterative process further corroboration of breaches and discrepancies in the data were reconciled resulting in enhanced reliability of findings. Thirdly, and most importantly, the cases were vetted with each respective stakeholder (Sepstrup, 1981; Yin, 1984) providing even richer data and stronger corroboration of breaches and discrepancies in the data.

Finally, the stability reliability was achieved with close to a 90% reliability coefficient. Miles and Huberman (1984) noted that dividing the number of agreements in coding by the number of disagreements plus the number of agreements will yield a reliability coefficient, expressed as a percentage. Using this approach, a reliability check was conducted on approximately half of the variables with an average reliability coefficient of 88%, well above the 80% minimal standard and very close to the 90% ultimate standard. Achieving stability reliability is an acceptable standard when doing content analysis (Krippendorff, 1980; Sepstrup, 1981). It is concluded that the iterative coding process, in conjunction with the intrareliability coding approach, the intricate cross referencing of data found in documents, and the process of vetting the cases with the stakeholders proved to be a viable and effective means of ensuring reliable data for

the network analysis.

### **Analytical techniques**

As was noted in the introduction to this section, the data extrapolated using the coding process will eventually be subjected to a network analysis. Therefore this discussion will not elaborate to any great length on content analysis techniques but it will recognize the prominent analytical methods. There are multiple variable analytical techniques available for analyzing data generated from coding the contents of documents. These include frequency counts (absolute and relative), cross tabulations (to measure relations between variables), multivariate analysis (to discover patterns and relationships), and contingency analysis (study congruent idea patterns across time) (Holsti, 1969; Krippendorff, 1980). Combinations of these techniques can be used in order to summarize the data so that it is more easily comprehended, interpreted or related to some decision the user wants to make. The reader is directed to numerous research methodological textbooks for full accounts on each analytical technique.

The objective of analyzing the coded data can be to discover patterns and relationships within the data that the naked eye would not easily discern, to relate the findings of one study to another, to validate the method, or provide missing information for the content analysis (Krippendorff, 1980). The literature contributed many modes of analysis. To summarize, Walker (1985) and Morton-Williams (1985) discussed exhaustive, selective and detailed analysis. Peil (1982) identified six levels of analysis ranging from macro to micro: universal, cross cultural, or single society statements through specific place, specific domain or specific incidence statements

and advised that several levels of analysis should be used. Goldstein (1979) recommended undertaking either (1) a specific analysis of particular events and relationships and/or (2) exploratory analysis of data to determine interesting patterns. It is Goldstein's approach that was the objective of this content analysis but via network analytical techniques on relational data rather than the traditional attribute analytical techniques used for content analysis.

Regardless of the mode of analysis, Peil (1982) cautioned that the analyst take care not to outstrip the data by reaching conclusions that are owed more to values, assumptions or ideological positions (referred to as conviction bias by Lipstein (1975)) than to the data at hand. On the other hand, she cautions the analyst not to be too cautious or unwilling to generalize.

### **Finishing a content analysis**

On a final note, most content analysis are never finished. A good content analysis will answer some questions and it is also expected to pose new ones leading to revisions of procedures for future applications. Although not the case with this research design, sometimes a content analysis cannot be executed as planned. This occurs when the researcher had the wrong conception of the data, when the researcher could not find enough of the documents or literature to justify the contentions, or when the resources needed to undertake the content analysis have been underestimated. If this should occur the researcher has several options - return to the drawing board and redesign until the analysis is workable or appreciate that when writing the results, it may become apparent that further computations will be necessary (Krippendorff, 1980).

## **Phase two of data preparation - Case study data**

### **Preamble**

One is reminded that the objective of this research design was to collect data which would profile the evolutionary process (interaction patterns, relationships and network structures) of the policy community for the consumer issue of EFTS. The reader is also reminded that the data preparation stage was comprised of three phases. While phase one of the data preparation stage dealt with the coding the raw documents via a content analysis, Phase two of the data preparation stage of this research design used the data accumulated in phase one to present a narrative account of the development of the policy in the form of a longitudinal case study. This case study consisted of a chronological amalgamation of the individual case studies on each constituent in the policy community. Once the case study was compiled, the third phase of the data preparation process entailed the conversion of this narrative case study data to relational data (in the form of matrices and sociograms). This relational data was finally subjected to a network analysis.

### **Longitudinal case research**

Due to the temporal and dynamic nature of this case study on the evolutionary nature of the EFTS policy community, it is expedient to briefly discuss the nature of longitudinal research before examining the theory and process entailed in developing the case study.

The case study developed in this stage of data collection profiled the life of the policy community between 1970-1991. This approach inherently implied a longitudinal research design. The fundamental purpose of a

longitudinal design is to allow the researcher to study change over time. Nesselroade and Baltes (1979) cited several principal authors in the field of development research who concurred that there is no hard and fast definition of what constitutes a longitudinal study but that longitudinal is a blanket term describing a variety of methods. The one minimum requirement is that the entities under investigation are observed repeatedly as they exist and evolve over time. This research qualifies as longitudinal research because it examined change over years (Hollingworth, 1927; Goldstein, 1979; Nesselroade & Baltes, 1979; Rist, 1982).

Longitudinal studies are concerned with temporal ordered causal events of change of which there are two types - concurrent and historical (Adams & Schvaneveldt, 1985; Nesselroade & Baltes, 1979). Historical or distal causes are concerned with events located in the earlier sequence of events that influenced the policy process. Concurrent (proximal) causes refer to events immediately proceeding the event being examined. They can explain the causes of change or the outcome as can historical or distal causes.

It is argued that developmental orientation (research based on stages) becomes more salient the more historical (versus concurrent) the phenomena, the longer the causal chain and the more distant the causal origin (Nesselroade & Baltes, 1979). So as to increase the salience of the research, both types of temporal ordered causes of change (historical and concurrent) were incorporated into the research design. As well, the history of the evolution of the policy community was organized around the four stages of (1) egocentric activity, (2) dyadic activity, (3) multi-dyadic reconfiguration, and (4) triadic activity and is set within a 21 one year time frame (a

sufficiently long causal chain).

Nesselroade and Baltes (1979) go on to explain that historical explanation is essential to the developmental orientation but that there are variations in how explicit distal causality can be as it influences the course of research. Mechanistic models of causation reply on the principles of what is sufficient to account for the origins of the development. There are two dimension to historical cause. The first is termed a sleeper effect wherein a long term delayed antecedent effect is sufficient to cause an impact on policy output if it is cumulative in nature. The second dimension of mechanistic historical causation is events that occurred but were not significant until at least one additional event (contingency factor) becomes part of the developmental process. Interaction theory referred to a similar phenomena as connectedness of events (Mitchell, 1969).

The researcher was interested in determining whether there seemed to be any sleeper effects and/or contingency effects that contributed to the shaping of the policy community. These effects, manifested in identification of emerging patterns of interaction, relationships and evolving network structures, will probably lead to the generation of hypothesis for future research and will provide much needed insights into the relational nature of the consumer policy process.

#### **Application of sequential longitudinal strategy**

To reiterate, the one minimum requirement of a longitudinal study is that the entities under investigation are observed repeatedly as they exist and evolve over time. How this is translated into concrete application is up to the individual researcher (Nesselroade & Baltes, 1979) and will now be discussed. A



relatively recent innovation in longitudinal research designs that was incorporated into this research is that of sequential strategies. In the last 35 years, interest in sequential strategies, which involve a combination of longitudinal and cross sectional studies, has increased. This strategy is based on the theme that there are two streams of change involved in development [even policy development] - individual change and evolutionary or historical change. This is accommodated by expanding the method of single cohort case studies to include sequential-longitudinal study of multi cohorts (cf. single-case embedded design, Yin, 1984) and cross sectional content in Parkyn, cited in May, 1977)).

The recognition that there is no hard and fast rule defining what constitutes a longitudinal study (Nesselroade & Baltes, 1979) enabled this researcher to apply this new sequential design to the study of the evolution of the policy community. This was necessary in order to account for change and constancy within the key stakeholders and between them and over time. It stands to reason that in order to understand the longitudinal change and constancy occurring with the stakeholders during the policy development process, a precise account of the situation of each aggregate stakeholder (consumer, business and government) must be available. That is, it was necessary to have information about antecedent - consequent relationships for all stakeholders concerned. This was gleaned from the results of a cross sectional analysis for each stakeholder (different groups at different time frames, 1970-1991) which was then amalgamated into a longitudinal perspective of the policy community over time (same group (policy community) at different time frames, 1970-1991). The time frames and developmental stages remained constant for both the longitudinal and cross sectional studies. This will be

discussed again under the guise of embedded case studies (Yin, 1984).

There is ample rationale for this approach. Cross sectional data are static. But they do provide information for the longitudinal perspective which is dynamic in nature. Given that one definition of longitudinal research is the study of phenomena in their time related constancy and change, a longitudinal time ordered study of change needs to be supplemented with a time ordered cross sectional study of exploratory determinants (constancy) (Nesselroade & Baltes, 1979). Hence the incorporation of the sequential approach to the case study component of this research design.

As well, research in the behavioral development field suggests that longitudinal research should be conducted with multiple cohorts rather than the traditional single cohort (Nesselroade & Baltes, 1979). Hence the unit of analysis in the development of the case study was each group of stakeholders (consumer, business and government) each with variable dimensions and sub-dimensions (see Table 5-3). The dimensions were established as boundary limits for the network under examination (English speaking Canadian federal government agencies and departments and national business and consumer organizations). The sub-dimensions were determined through the snowball sampling process utilized to develop the documents sampling frame for the network analysis. These aggregate groups with their respective constituent dimensions are profiled in Table 5-8.

**Table 5-8 Dimensions and Sub-dimensions of aggregate stakeholders**

<i>Business</i>	<i>Consumer</i>	<i>Government</i>
<i>Retailer:</i> RCC CFIB	CAC	<i>Federal:</i> CCAC DOF DOJ CPA LRC PIAC OSFI
<i>Financial organizations:</i> CBA TCAC CCCS PACE INTERAC		<i>Provincial and territorial</i>

### **Case study theory and methodology**

Qualitative research often conducts research via case studies (Bryman, 1988; Yin, 1984). In fact, much of the most influential and stimulating research in human sciences (of which policy research is a part) has actually been developed from case studies (Proctor & Abell, 1985). A primary goal of this qualitative case study was to capture the frame of reference and definition of a situation from an informant or participant in the event (McClintock, Brannon, & Maynard-Moody, 1979). For the case study is a detailed examination of an event or series of related events (using multiple sources of evidence) which the analyst believes exhibits the operation of some identified general theoretical perspective (Burgess, 1988; Yin, 1984). More simply, it is a presentation and interpretation of detailed information about a single subject (Hakim, 1987), in this case the evolutionary nature of a consumer policy community.

In the past, case study researchers have often bemoaned the fact that there was "scant" methodological literature on doing case studies (Eckstein, 1975). Recently however,

the case study has been recognized as a separate research strategy that has its own research design (Campbell, 1984; Touliatos & Compton, 1988). In 1984, Yin published a book on case studies on the premise that the research design of case studies had not been codified. Yin's book broke new methodological ground and described for the first time a basic set of research designs for doing single and multiple case studies.

Yin (1984) identified tactics to deal with case study validity and reliability. He argued that the findings of case studies should be generalized to the propositions rather than the population thereby enabling the researcher to expand and generalize theories. Finally, he argued that there are alternate ways to write up case studies to minimize the length and accommodate the bulk of data. There is a chapter on each of these arguments in his book. His approach to dealing with the quality of case study research contributed tremendously to the rigour and soundness of case study findings (Yin, 1984, p.28) and was key to shaping this section on data collection via case studies.

#### **Functions of case studies**

Burgess (1988) (drawing on Eckstein (1975)) identified two basic functions of case studies - a rhetorical or logical function. Case studies serving a rhetorical function are concerned with the presentation of the argument while logical functions range from tentative and exploratory work to strong theoretical assertions. In essence he is saying that case studies can be designed as an in depth, descriptive account of representative examples or as rigorous tests of theory, respectively (Hakim, 1987; Perera, 1983). This research design assumed predominately a logical function in that it generated implications that are beyond the particular case. As with

other logical case studies, this research profiled the long term interactive process and was used to develop inferences for the future relevant to similar cases and theory. The cases also serve somewhat of a rhetorical function in that they provide easy and pleasant reading, and offer insights to the situation (Burgess, 1988; Hakim, 1987).

### **Limitations to case studies**

#### **Slippage**

Two fundamental limitations to case study research were identified and reconciled in this research design. Case studies allegedly lack focus due to slippage and they allegedly lack rigour. To account for the first limitation (lack of focus) one has to choose a topic and then define its boundaries thereby reducing slippage (Majchrzak, 1984; Yin, 1984). For as the case study proceeds, the original research design may become inappropriate for the research questions due to slippage. This shift occurs due to a change in the orientation because the evidence begins to address different questions (Yin, 1984).

A special effort is required to achieve intellectual rigour (that is, keep the aim of the research clearly defined and do not alter). This task was greatly facilitated by the imposition of a network perspective on the consumer policy process. This perspective allowed the investigator to set the network boundaries and define the sampling frame for stakeholders involved with policy development for the issue of EFTS. Slippage was also reduced by minimizing a mass of detailed evidence by continually relating data to the research questions (Hakim, 1987; Yin, 1984). The investigator kept asking - is the data being collected able to answer the research

question?

Another technique employed to reduce slippage and enhance intellectual rigour was basing the development of the case on specific propositions. Yin recognized that the more a study contains propositions, the more it will stay within feasible limits. Propositions reflect theoretical issues and begin to tell you where to look for relevant evidence thereby reducing slippage. Yin (1984) also suggested several other techniques for keeping on track including establishing a case study protocol, using multiple sources of evidence and maintaining a chain of evidence. Each of these were incorporated into the research design and will be discussed shortly in the data collection section.

#### **Lack of rigour and generalization**

Secondly, case studies have also been criticized for lack of rigour (bias and errors), and for weak generalizations. Each of these concerns were addressed in this research design, notably in the section on data collection principles for case studies (to be discussed shortly). Yin (1984) suggested an unconventional yet appealing approach to the issue of generalizations from case studies and one which compliments the intent of disciplinary research (Johnson, 1986). He recommended that statistical generalizability is inappropriate for case studies and that it should be replaced with **analytical** generalizability. In essence, the researcher should be trying to generalize results to some broader theory rather than to samples or other case studies. The theory then becomes the vehicle for examining other case studies and the theory becomes a significant contribution to the field of knowledge rather than the case study becoming a significant contribution (1984). This perspective was adopted in this research.

The concern for analytical generalizability is understood when an analyst wants to make a contribution to wider theoretical development. The ability of a case to have impact on policy is diminished by the belief of others that the findings are idiosyncratic. Since the results of this research are going to be used to contribute relational insight into the consumer policy process, there was great concern for generalizability. However, as noted before, the results will be predominately generalizable to the theory rather than the population at large. That is, accepting Yin's argument that statistical generalizability is inappropriate for case studies, it is being assumed that it can be replaced with analytical generalizability in conjunction with the use of replication logic. In essence, the researcher will be trying to generalize results to a broader theory rather than to samples or other case studies. The theory will then become the vehicle for examining other case studies and the theory on relational consumer policy becomes a significant contribution to the field of knowledge rather than the case study on one specific consumer policy community becoming a significant contribution. Future replication of the use of the theory adds to the generalizability (Yin, 1984).

Notwithstanding, steps were taken to allay concerns for statistical generalizability. Traditionalists contend that the intention of a case study is to study the unit in question in great depth and to seek to establish generalizations about the wider population from which it is drawn. If this is the intent of the research, then several limitations to the broader generalizability of a case are that the selected unit may not be representative of the case in question. It is not uncommon for a complex consumer issue with many stakeholders to entail an elongated consumer policy development process, often

beyond ten years (Medicoff, 1988). The unique perspective of the researcher could distort the research (addressed by allowing the stakeholders to vet their cases). Confidential findings are difficult to verify (Perera, 1983).

Some measures were taken to insure a comfortable degree of statistical generalizability to other consumer policy communities prior to the implementation of the replication logic. To that end, it was first recognized that generalizability is dependent on representation. Since the respondents were drawn from a variety of social, political, and economical milieux that are typically represented in the resolution of a consumer issue, there is less vulnerability to a charge of limited generalizability (Burgess, 1988). Second, generalizability is increased if one uses more than one case, more than one researcher or (as was the case with this research) seeks a case that is typical of the event being examined, the event being the development of consumer policy to address a change in the macro environment.

Third, it can be assumed that the representativeness of the case study is increased, hence the generalizability, if one understands and appreciates the wide range of materials and the wide range of perspectives present (Bryman, 1988; Proctor & Abell, 1985; McClintock, et al., 1979). To affirm this broader understanding, the investigator strategically selected informants and documents that would provide alternate perspectives on the evolutionary process of the policy community. The variety of perspectives garnered from this process enriched the evidence in the case study thereby increasing generalizability .



### **Validity and reliability of case study data**

The quality of the research design (and subsequently, the case study findings) is judged according to validity and reliability. Yin (1984) made a significant contribution to the intellectual rigour of case study research design via his innovative treatment of these two research standards. He addresses reliability and three types of validity (construct, internal, and external validity) and suggests case study tactics for dealing with them. As well, he notes the phase of research during which they are a major concern. This research design relied heavily on Yin's contribution to these research concerns.

#### **Case study validity**

Construct validity (reduction of subjective measures of the data) is enhanced if steps can be taken to ensure objectivity. As recommended by Yin (1984) this type of validity was addressed by using multiple sources of evidence, establishing a chain of evidence and having key informants review the drafts of the case study report. As well, the content analysis coded only manifest (objective) data reserving the latent inferences (subjective) for the interpretative stage.

Secondly, internal validity is concerned with the ability to make inferences from the data. This type of validity is a concern at the analysis stage and was addressed by predicting a pattern of policy community evolution which will be compared to the actual results. Accounting for discrepancies between reality and theory will enhance the internal validity of the case study thereby giving more validity to inferences made from the data and the macro-relational consumer policy framework.

Thirdly, external validity is concerned with the establishment of the domain to which the findings can be

generalized. Yin (1984) suggested two techniques to address this type of case study validity. First, the analyst adopted a new perspective to generalizability - the results should ensure analytical generalizability rather than statistical generalizability. That is, the theory should be generalizable not the results of one specific case. However, Yin cautioned that analytical generalizability is not automatic. A theory must be tested through replication of the findings in second and third case studies where the theory has specified that the same results will occur. This replication logic (the second technique to address external validity) can increase the validity of the theory.

#### **Case study reliability**

Finally, reliability of case study findings is strengthened if (a) the researcher uses case study protocol and if (b) the investigator develops a solid data base. Both of these concerns are pertinent at the data collection stage and were incorporated in this research design. The case study protocol is in effect this chapter on methodology and specifically, the data collection section. The development of a reliable data base (the assembly, organization and coding of relevant documents and assurance that the data base is kept separate from the final case studies) was discussed in the section on data collection. This segregated data base facilitates a secondary analysis, independent of any reports by the original investigator. Both of these techniques, a protocol and a separate data base, provided increased reliability of the findings (Yin, 1984).

#### **Single case embedded research design**

This section is related to the previous discussion of sequential longitudinal research designs. Yin (1984)

succinctly presented four types of case study designs - single case-holistic; single case-embedded; multiple case-holistic; multiple case-embedded. He then proceeded to elaborate on the rationale, pros and cons of each design. This research design incorporated a single case-embedded design (cf. sequential longitudinal research, Nesselroade & Baltes, 1979) therefore it, rather than the other three combinations, will be described and justified.

### **Single case study**

The single case study aspect of this single case-embedded design combination will be addressed first. Yin (1984) and Eckstein (1975) both describe and compare single and multiple case studies (the latter referring to multiple case studies as political comparative case studies). For clarification, multiple case studies contain more than a single case (obviously). Different sites may be the subject of individual case studies with the study as a whole being a multiple case design. On the other hand, the single case constitutes a complete miniature of the population. In this research design the complete population was the consumer policy community for the issue of EFTS. The fact that a single case study is expedient when one wants to develop theory via the use of case studies justified its inclusion in this research design. For other researchers, reasons for using a single rather than a multiple case approach may include opportunity, unusual events, and cost limitations (McClintock et al, 1979; Yin, 1984).

The prime reason for criticizing the single case study is the lack of "control" group against which to evaluate the threats to validity. The main argument to allay this concern is that this research is striving for analytical generalizability, meaning that the researcher was trying

to generalize results to some broader theory rather than to samples or other case studies. The theory then becomes the vehicle for examining other case studies and the theory becomes a significant contribution to the field of knowledge rather than the case study becoming a significant contribution (1984). In anticipation of this concern, the research design employed to develop this single case study of the evolutionary nature of a policy community incorporated many steps to increase validity and reliability at several stages of the data collection and data preparation process. These have been discussed.

### **Embedded case studies**

One is reminded that this research effort employed a single case-embedded design. An embedded case study design entails analyzing subunits of the larger case (either quantitatively or qualitatively). To illustrate, when studying the inside political economy of the policy community, the main unit of analysis was the policy community as a whole, while the embedded units included intermediary units (government, business and consumer organizations and associations) and the smaller units (constituent stakeholders comprising each aggregate intermediate unit). This resulted in three levels of analysis (macro, intermediate and micro) (Yin, 1984; Knoke, 1990). This was previously discussed under the auspices of a sequential longitudinal research design meaning an integration of cross sectional and longitudinal studies of a group and of groups over a similar period of time (Nesselroade & Baltes, 1979).

The advantages of the embedded case study design are apparent when logical subunits can be identified, when the researcher wants to examine specific phenomena in detail, when there is a threat of the focus of the study shifting, and when the researcher wants to enhance

insights via extensive analysis of subunits. All of these legitimate reasons were used as justification for adopting an embedded case study design. For clarification, in contrast to an embedded case design, a holistic case study would examine only the global nature (Yin, 1984) of the policy community.

#### **Units of analysis**

Units of analysis have to be identified and analyzed so as to obtain the data for the case study. Units of analysis for a case study could include bureaucracy, individuals (advocates, consultants to organizations and bureaucracy) and business [and consumer] interest groups (Yin & Heald, 1975). Yin further suggested that the units of analysis can be classified as the entire system, intermediate units or individuals (macro to micro) (1984).

He makes a useful suggestion which was heeded in this research design. In light of replication logic and generalizability, the definitions of the units of analysis should not be idiosyncratic but similar to other studies (1984). To that end, this research design employed intermediate units (organizations and associations) as the units of analysis. And, as was recommended by Yin (1984), Knoke and Kuklinski (1982) and Scott (1991), the units of analysis were recognized and identified using the boundary specification procedures suggested for network analysis and were operationally defined (based on the macro-relational consumer policy framework grounded in the network and the political economy paradigms) before the data for the case was collected. Operational definition of the units of analysis resulted in a more valid representation of the activities about which the informants and documents were reporting (Yin & Heald, 1975).

### **Key informants**

A unit of analysis (in this case, an organization or association) may have observations from several informants. Key informants were chosen who were insightful, experienced, perceptive, articulate, had a stake in things and were willing to talk. Their refusal to talk about an issue doesn't negate the issue, it just means that this informant is not a good one to talk to about this issue. They thought in holistic terms of the phenomena and organization with which they are associated as well as with various components associated with it. Subsequently, informants had observations relevant to several units of analysis. Key informants helped the investigator advance the analysis and helped fill in the holes (Bodgan & Bilken, 1982). Each informant was viewed as someone who could comment on the issues at hand. They played a key role in identifying and selecting the other units of analysis (McClintock et al., 1979). Self sampling bias issues have been addressed in the data collection section.

### **Data collection in case studies**

The data collection strategies commonly used in case studies include the use of key informants, document analysis, and observational techniques. Knoke and Kuklinski (1982), Hakim (1987) and Peil (1982) noted that strong research designs incorporating case studies are typically based on two or more methods of data collection and Yin (1984) insisted on this requirement. This research design resorted to the use of both the input from the key informants and the heavy reliance on documents analysis. For, if the data from several places are in broad agreement it is likely that the relationships demonstrated are more than an accident of sampling (Peil, 1982). In the event that the findings of the two methods of research are incongruent Bryman (1988)

suggested using the incongruent findings as a spring board for investigating the reasons for the clash. Although seldom necessary, this method was used in the development of the case study when appropriate.

#### **Data collection principles**

Yin (1984) identified three data collection principles pertinent to case studies that are designed to increase validity and reliability. These include the use of multiple sources of evidence, the maintenance of separate data base, and the maintenance of a chain of evidence. These were all incorporated into the research design. In fact, they were instrumental in the development of the research design.

#### **Multiples sources of evidence**

First, the researcher used multiple sources of evidence. Yin recognized that these could include direct observation, interviews, participant observation, and physical artifacts. This research design used two other sources - documents and archival records and feedback from the key informants (1984). Yin, as well as Adams and Schvaneveldt (1985) and Miln and Vineall (1977), clarified that documents play an explicit role in case studies because they reflect communication among parties attempting to achieve objectives. Information was gleaned from both the actual documents provided by respective stakeholders and from comments made by other stakeholders. As well, not only were documents used to develop the cases, but the stakeholders were afforded opportunities to vet the content of their cases. In turn, their feedback was incorporated into the cases. This process assured multiple sources of evidence (Yin).

Related to the issue of multiple sources of evidence, Yin (1984) and Miln and Vineall (1977) also suggested that

interviews with stakeholders provide insights and are sources of corroboration of documentary evidence. To that end, a small questionnaire was sent to each stakeholder to solicit information on the comprehensiveness and interpretation of the documents used to compile their respective case study (see Appendix Three). They were telephoned subsequent to receiving the case and asked for their responses to each of these two major review categories. This process provided additional information and further corroboration of documentary evidence thereby providing multiple sources of evidence.

#### **Separate data base**

In adherence to the second data collection principle, the investigator organized the data as it was collected and kept the data base separate from the evidence in the report so the reader could have recourse to inspect the data base that lead to the conclusions. This indicates the existence of a formal retrievable data base that is organized, categorized and complete (nothing was lost) (Yin, 1984). See the data collection section for intricate details of this process.

#### **Chain of evidence**

A third and final step was taken to assure reliability and validity of the case study data. This entailed adherence to the third principle of data collection, that of maintaining a chain of evidence. First, the investigator reported only the manifest evidence collected (saving latent inferences for the interpretative stage of the research). Second, the investigator minimized carelessness with data and accounted for bias thereby reducing the likelihood of losing evidence. This assured that the investigator and the reader are now able to follow the initial research question to the ultimate conclusion (Yin, 1984). Strict



adherence to the three principles of data collection provided increased assurances of reliable and valid data, key factors in the credibility of the results and conclusions and recommendations that will stem from the analysis of the findings generated by this research design.

### **Analytical techniques**

The reader is reminded that the data collected from the case study will be converted to relational data and analyzed using network analytical techniques. For indeed, Bryman (1988) and Peil (1982) argue that the case study would serve to profile the gradual evolution of a picture of patterns of interaction and the use of network analysis would serve to check the patterns of relationships. Nonetheless, the perspective provided by Yin (1984) on analytical techniques for case study data are so intriguing that readers will benefit from a brief synopsis of these procedures.

Yin (1984) identified two overall analytical strategies for case studies - follow theoretical propositions as guides for analyzing the case or develop a descriptive framework to organize the case study. The former is the preferred method, especially for exploratory research (how and why questions). The propositions allow the researcher to focus on certain data and ignore others.

Yin (1984) also suggested three dominate modes of case study analysis and three lesser modes of analysis. The latter are to be used in combination with a dominate mode. The three dominate modes include pattern matching, explanation building and time series. They differ on the sequence of predicting the patterns of interaction between the variables and of collecting data. The lesser modes (which have to be used in combination with the

dominate modes) include embedded units, repeated observations and case survey.

In summary, one could opt for using theoretical propositions as guides for analyzing the case coupled with a pattern matching design in a single case study with embedded units (similar to the combination used in this research design). Or a researcher could develop a descriptive framework to organize the case study, employing a multiple case study design from an explanation building perspective using a case survey. There are other computations as well illustrating the diversity and comprehensiveness of Yin's innovative contribution to case study methodology and analysis.

### **Composing the case study report**

On a final note, Yin (1984) creatively suggests six illustrative structures for composing the case study report. They are, in brief, a linear-analytical structure wherein the researcher basically follows the standard sequence of subtopics used when adopting the scientific approach; a comparative structure entailing repeating the same case study two or more times, comparing alternative descriptions or explanations of the same case. Theory building structures organize the case via unravelling a new part of the theoretical argument being made - following some theory building logic. Suspense structures reveal the answer then explain the outcome in ensuing chapters. The unsequenced structure assumes that the sequence is unimportant but that the case must be complete. If topics are left uncovered then the description would be incomplete. Finally, chronological structures present the case results in chronological order as was done in this research design.

## Conclusion of case study

As with the content analysis, there is rarely a natural finish to a case study therefore the researcher must decide between breadth as well as depth (Burgess, 1988). This single-embedded case study of the evolution of the policy community for EFTS encompassed a twenty one year time frame focusing on only interaction patterns and network structures (breadth) replete with 16 embedded case studies within the same time frame (depth). Restriction to one consumer issue - EFTS (breadth) but from the integrated perspective of many constituent stakeholders (depth) further narrowed the scope of the case study. In actuality, events related to the activities within the policy community (closure of third party access to documents generated by stakeholder interaction during policy development) terminated the collection of data but not the evolution of the policy community. This arbitrary conclusion to the development of the case study was beyond the control of the investigator. It does however, provide impetus for future research into the eventual conclusion of the evolution of the policy community once the proprietary documents are available for public consumption.

The reader is again reminded that the data collected from the case study will be converted to relational data and analyzed using network analytical techniques. For indeed, Bryman (1988) and Peil (1982) argued that the case study can serve to profile the gradual evolution of a picture of patterns of interaction and the use of network analysis can serve to check the patterns of relationships. Prior to conducting the network analysis in the next chapter, this chapter will conclude with a discussion of the network conventions regarding matrices and graph theory. These conventions were used to convert

the case study data to relational data.

### **Data preparation - phase three - Generation of relational data using network theory and conventions**

#### **Preamble**

This final section of the chapter on research design will discuss the theory relevant to generating relational data, for relational data is different than attribute data. To that end, this section will discuss the nuances of relational data and the attendant network analysis conventions available to deal with this type of data.

Of importance to this research is the suggestion that network concepts account for phenomena previously described only anecdotally or implicitly (Tichy, 1981). The interaction between consumer, business and government during the policy development process has historically been relegated to anecdotal status with attention focused on the policy attributes of efficiency, equity, and competition. This was unequivocally corroborated in Chapter two. This research, based on the macro-relational consumer policy framework, will attempt to explicitly account for the interaction and relationships that develop during the policy development process. The following discussion on network analysis will illustrate how this was accomplished.

Knoke and Kuklinski (1982) and Scott (1991) distinguish between attributes and relationships. Attributes are intrinsic characteristics of people, events or objects. Researchers analyze attribute data using variable analysis. Relationships are the building blocks of

networks; they are the emergent property of the actions and connections between actors and are the unit of analysis. Researchers analyze relational data using network analysis.

The basic premise of network theory (structural paradigm) was discussed in Chapter three. Briefly, network analysis is a method of research for identifying the communication structure of a network system in which relational data are analyzed by using interpersonal relationships (sociometric dyads) as the units of analysis. The relationships could be between two or more individuals or organizations (Mitchell, 1969; Rogers, 1979; Tichy, 1981), or corporate actors and aggregates of persons (Laumann & Pappi, 1976). Aldrich and Whetten (1981) suggested studying the interactions between networks instead of dyads. Regardless of the type of element (individual, organization, network) the hallmark of network analysis is the examination of the interconnections, the relationships among the elements or actors in a network (Mitchell, 1969).

The network perspective portrays society as a system of participants joined by a variety of relationships. Not all pairs of participants join directly, and some join through multiple relationships. Network analysis examines the structure (configuration) and patterning of these relationships and seeks to identify both their causes and consequences (Tichy, 1981). Whereas the content analysis identified the ideas and perceptions which were communicated, and the case study provided the chronological evolution of this communication process, the network analysis will provide a powerful strategy for understanding the process by which ideas move among units (Knoke & Kuklinski, 1982) - the form and content of the relationships between the network actors.

In order of presentation, the following text will discuss the application of theory relevant to (1) handling relational data, (2) studying and analyzing relational data, and (3) the process entailed in converting the case study data to relational data (generating matrices and sociograms).

## HANDLING RELATIONAL DATA

This section is organized around five sections. In order of discussion, they include levels of measurement in relational data, graph and matrix conventions, storage of relational data, sampling and data collection, and relational form and content.

### Levels of measurement in relational data

As noted previously, data on relationships is called relational data. Prior to discussing graph and matrix conventions, it is necessary to elaborate on the four types of relational data. They are summarized in Table 5-9 taken from Scott (1991, p.48):

		<i>Directionality</i>	
		<i>Undirected</i>	<i>Directed</i>
<i>Numeration</i>	<i>Binary</i>	1	3
	<i>Valued</i>	2	4

Directed data means that the communication was targeted for someone in particular while undirected data is concerned with only the presence or absence of a relationship. The numerical dimension relates to how the relationship is represented in the cells or in the graph. In a matrix, binary data (using a 1 or a 0) indicates the presence of a relationship. Valued data (frequency

counts, sentiments, et cetera) indicates not only the presence but also the strength of the relationship. If the data is represented in a graph, a line indicates the presence of a relationship and an arrow at the end of the line represented the direction of the communication. Some lines can have a value attached to them as well (Scott, 1991).

Succinctly, Level one relational data represents undirected binary data (1s and 0s with no indication of degrees (sender and receiver)). Level two represents undirected but valued relational data. Level three represents directed and valued relational data and level four represents directed and binary relational data. This convention of four levels of relational data parallels the convention used for attribute data (nominal, ordinal, ratio or interval data). This analysis relied predominately on Types 1 and 3 and to a smaller extent, Types 2 and 4.

#### **Organizing relational data - graph and matrix conventions**

The basic methods of representing, organizing, handling, and analyzing relational data are graphs and matrices (Aldrich & Whetten, 1981; Knoke & Kuklinski, 1982; Laumann & Pappi, 1976; Mitchell, 1969; Scott, 1991). These same authors discussed the conventions involved in developing graphs (graph theory) and matrices arguing that adherence to these conventions helps ensure maximum clarity in research discussion between practitioners. As well, because this investigator opted for direct manipulation of the relational data rather than subjecting the data to a computer analysis, it is imperative to convince the reader that the investigator is very familiar with the conventions of representing relational data via graph theory and matrices (Scott,

1991). The following text will elaborate considerably on the fundamental conventions of representing relational data, first from a graph theory perspective and then a matrix.

### **Sociogram/graph conventions**

A graph consists of points (nodes) and connecting lines (relationships). The node indicates an actor and the line indicates a relationship between two actors. Signed graphs place plus or minus signs on the lines to indicate the positive or negative affect between the actors. An arrow at the end of the line indicates the initiating actor (outdegree) and the receiving actor (indegree) in the relationship. A sequence of lines in a graph is a walk. A path (one of the most basic graph theoretical concepts) is a sequence of lines in which all the arrows point in the same direction. A semi-path refers to any two points (actors) connected by a line regardless of the direction of the arrows. A walk can pass through a point twice while a path and a semi-path cannot. The analyst has the option of studying only shortest paths or all paths. Both paths and semi-paths were used in this analysis (Scott, 1991).

Another relevant graph theory concept is the path distance between two nodes and the number of direct lines that must be traversed in order to reach a subsequent point from the prior one. That is, how many people does one have to go through in order to get to another and can the process be reversed (reachability)? The length of a path is the shortest distance which two points. Path distance greatly affects information flow within a network (Knoke & Kuklinski, 1982).

In a graph comprised of undirected data, the analyst must account only for the presence or absence of a line. In



undirected graphs (no arrows), one can regard any two points as connected if there is a sequence of lines between them, regardless of the direction. This entails speaking of semi-paths rather than paths (Scott, 1991). On the other hand, in a graph comprised of directed data (arrows at the end of the lines), the analyst must account for both the presence of a relationship (indicated by a line between two points) and the strength or direction of the communication (indicated by arrows). Related to this is another graph theory convention, the degree of a point (actor). This is the number of other actors with which one actor has direct contact, represented by lines in the graph (Knoke & Kuklinski, 1982). In a directed graph (the lines have arrows), outdegree refers to an actor initiating contact and indegree refers to the actor receiving the communication. The degree of a graph is equal to twice the number of lines between the actors in the network (Scott, 1991).

The degree of the network (as opposed to that of an actor) is the extent of connectedness between actors, that is, whether the points are connected by a line. In lay terms, this refers to whether the stakeholder is directly communicating with or indicating awareness of the activity of others in the policy community. The nature of the connectedness of the graph is of interest to researchers. There are four types of connectedness. If all lines between the points are connected, then the graph is complete. If there is a mutual relationship, the line has arrows at each end. An unreciprocated initiative is shown with one arrow (asymmetric line) and an actor not relating with any one has no lines going to it or from it (a null line). This reflects a mutual relationship, an asymmetrical relationship and a null relationship, respectively. In more detail, a 0 connection (disconnected graph) has no lines joining the

actors; a 1-connection (weakly connected graph) has points joined with a line but no indication of direction (no arrows); a 2-connection (unilaterally connected graph) is joined by a path with an arrow in one direction; and a 3-connection (strongly connected graph) has points joined by a line with arrows at each end (Knoke & Kuklinski, 1982). As a reminder, a semi-path is a series of lines connecting actors regardless of the placement of arrows. This last convention enables the analyst to broaden the concept of connectedness.

### **Matrix conventions**

The most common, and the strongest, way of visually treating network relational data is in the form of a matrix (Knoke & Kuklinski, 1982; Scott, 1991). Expressing network relations in matrix form yields substantial benefits over visual display via graphs (Knoke & Kuklinski, 1982; Scott, 1991). As the number of actors and the number of connections increase in a network, the graphs hamper the parsimony and interpretability of the data. On the other hand, a matrix clearly portrays the links between the actors and can clearly portray the valued data (strength of the relationships) as well. But to benefit from the use of matrices, one must be cognizant of the conventions pertinent to matrix theory. Adherence to these conventions also ensures maximum clarity in research discussion between practitioners.

A matrix is a tabular framework (pattern of rows and columns) in which the raw or coded data on relationships is organized in a more or less efficient way (Galtung, 1967). When referring to a matrix, it is usually denoted by a capital letter, e.g. K. The matrix is a tabular display entailing rows, which reflect the initiator of the relation, and columns which represent the recipient

of the relation. The row always represents the actor sending a communication while the column could represent an event, attribute, location, issue, etc (receiving the action of the actor in the row). The subscripts  $j$  and  $i$  refer to the element in cells of the rows and columns, respectively ( $j$ th row and  $i$ th column). If the data in the cells is of a binary or metric nature, the cells of the matrix are filled in with a "1" indicating the existence of a relationship and or a "0", indicating the absence of a relationship. In a non-metric matrix the entries in the cells could include frequency counts or signed (- or +) values. Regardless, the variable  $Z_{ijk}$  represents the entry in a cell illustrating the value of the relation from the  $i$ th actor directed to the  $j$ th actor in the  $K$  network.

Another convention germane to matrix theory is the meaning of the data in the diagonal line of cells. Now that the four levels of measurement for relational data has been examined, it is possible to look at this suggestion in greater detail. In network analysis, a rectangular matrix is generally termed an "incidence" matrix while a square matrix is called an "adjacency" matrix. In a square matrix, the data above and below the diagonal is identical. For most analytical procedures dealing with undirected data (type 1 and type 2), the analyst only requires the bottom half of the matrix. If the analyst is using directed data (type 3 and type 4) the analyst has to be concerned with data above and below the diagonal in the subsequent analysis.

For this reason, the analyst must always be aware of the status of the diagonals, especially if using computer analysis (Scott, 1991). In this research, adjacency matrices were used to compile the incidence matrices. These placed the actor in the row and the same actors in

the columns resulting in a square matrix for each year of the life of the policy community. Since these adjacency matrices were amalgamated to achieve an evolutionary perspective to the policy process, most of the matrices in the final analysis were incidence matrices (rectangular, with the actor in the rows and the year of activity in the columns). It was therefore imperative to incorporate the data above and below the diagonal line in the analysis. To account for actor to actor activity within each year in the incidence matrix, dyads were used in the rows. To that end, a c-g dyad represented the consumer stakeholder sending a message to government. This is discussed in more detail in Appendix One which operationalized the variables used in this research.

The degree of the matrix is the sum of the row totals or the sum of the column totals (Knoke & Kuklinski, 1982; Scott, 1991). The indegree of a stakeholder (receiving communications or being referred to) is the column sums and outdegree (sending communications or referring to others) is the row sums. These concepts were used to indicate the direction of the activities of stakeholders as the policy community evolved.

One can convert valued data to binary data by 'slicing' the matrix. Once the valued matrix has been compiled, the analyst must set a level against which valued data is considered significant for inclusion in the binary matrix. One does lose some information this way (Scott, 1991) but qualitative analysis of case data can restore this loss of data. This technique was used in this research design to determine the incidence, then the sentiments.

#### **Storage of relational data**

Although it is recommended that large data bases be

stored on computers, it is acceptable to store relational data on paper (Scott, 1991). This approach was used in this study because qualitative comments for cell entries were often appended to each matrix. As well, the skeleton matrix data (minus the qualitative comments) was entered into an Apple Macintosh spread sheet program for future manipulation. Manipulation of the data in these matrices generated the graphs and charts to facilitate the analysis in Chapter Six.

### **Sampling and data collection**

The choice of sampling unit has been dealt with extensively in the data collection stage via sampling the stakeholders for documents using snowball sampling within the established boundaries of the policy network (Knoke & Kuklinski, 1982; Scott, 1991).

### **Relational content**

As well as choosing an appropriate sampling unit, the network analyst must also concern themselves with the specific type of linkages to be investigated (Knoke & Kuklinski, 1982). These include transaction relations (exchange); communications relations (perceive links as channels for transmitting messages); boundary penetration relations (overlapping memberships); instrumental relations (contact for purpose of securing valuable good (eg, goods, services or information); sentiment relations (expression of feelings toward each other); authority/power relations; and, kinship and descent relations (Knoke & Kuklinski, 1982 who cite numerous examples of studies for each type of link). This research design examined communications relations, specifically the identification of relationships evolving for the purpose of developing policy for EFTS.

### **Relational forms**

The analyst must also decide upon which relational form to study. Relational form refers to properties of the connections between the pairs of actors (dyads) that exist independently of specific contents (Knoke & Kuklinski, 1982). The two basic aspects of relational form include (1) intensity or strength of the link between the actors, and (2) the joint involvement in those same activities (Burt, 1982). Strength can be conceptualized simply as presence or absence of connection or more finely, as the number of interactions over time. Involvement is concerned with initiation and return of contacts. Both of these types of relational form were incorporated into the research design.

### **STUDYING AND ANALYZING NETWORKS**

In order of discussion, this section includes a discussion of the two broad approaches to network analysis, the levels of analysis, the indices or indicators for individual and networks, and the justification for manually manipulating the relational data in lieu of computer analysis.

#### **Two broad approaches to network analysis**

There are two broad approaches to conducting network analysis. These include (1) analyzing individual actors and entire systems and (2) partitioning the networks into subgroups. Studying network aspects of individual actors and entire systems entails the study of interaction patterns and patterns of relationships between actors and the resultant network structure (in this instance, as it evolved over time). Studying individual actors as they interact enables the researcher to determine patterns of (a) interaction and relational development as well as (b) structures of the network as a whole. This section on

studying and analyzing networks will be done from this perspective. However, for the sake of completeness, it is necessary to provide a brief primer on the other approach to studying networks, that being partitioning the networks into subgroups.

### **Subgraphs**

The starting point of any discussion of partitioning a network into subgroups is the concept of a sub-graph. Scott explained that a sub-graph is any collection of points selected from or identified in the whole graph of a network, together with the lines connecting those points (1991). These sub-graphs can be taken as indicators of the opportunities and obstacles to communication or the transfer of resources in the associated network (Knoke, 1990). To that end, there are two key methods of breaking the network into sub-groups - cliques and structural equivalents (Knoke & Kuklinski, 1982; Scott). While cliques are concerned with whether there is a relationship, structural equivalents measure the patterns of relationships.

### **Cliques**

Cliques deal with individual agents and their particular patterns of direct and indirect contacts with other agents. At issue is whether there are cohesive subgroups within the network with numerous or intense relations with each other. Members of these cliques would tend to share information, develop similar preferences and act in concert. In contrast, the structural equivalent measures are concerned with the types of relations which are maintained by particular categories of agents. To illustrate, while two people may have direct connections with different people, the type of relation may be similar for both people - they are structurally equivalent (hold the same position) because they have the

same type of relation with the same type of person. They do similar things in relation to similar others (Scott, 1991; Knoke & Kuklinski, 1982).

The clique detection methods are appropriate for analyzing single networks while the structural equivalence approach is appropriate for analyzing multiple network systems. A clique cannot exist unless an exchange of information occurs between the actors. Most cliques possess a specified relation or communication while other cliques simply have more numerous or intense relations with each other than with non-clique actors. This is reflected in a graph by a set of completely linked set of points (nodes) (referred to as a maximal complete subgraph) not contained within the larger, completely linked set.

In time, the completeness criteria for inclusion in a clique was relaxed so as to allow for the inclusion of more peripheral actors that might not have reciprocal ties to all others in the clique. These modified cliques were called n-cliques, k-plex cliques and social circles. An n-clique allows for indirect connections through intermediary actors, sometimes even those intermediaries who are not clique members. A k-plex clique (K standing for a matrix) allows every actor in the clique to have maximum strong relations with all actors except k clique actors.

A social circle is comprised of a set of actors of shared interests having direct and indirect linkages with each other. It is determined by first determining all subgraph cliques then overlapping them to a specified degree (75% overlap is mandatory) as often as necessary until closure. The result is a social circle composed of actors that, although not having maximum relations with each



other or even mutual reachability, are still required to maintain contacts with a large proportion of the other circle members. These three clique detection techniques are not concerned with interclique relations, only intraclique relations. This is why researchers prefer the structural equivalence approach to partitioning networks into subsets (Knoke, 1990; Knoke & Kuklinski, 1982; Scott, 1991).

### **Structural equivalence**

In network theory, subgroups are called positions. A regular pattern of relations among subgroups is called a structure. Unlike clique detection, structural equivalence is concerned with interrelationships between subgroups rather than intrarelationships within a subgroup. Structural equivalence is concerned with modelling the patterns of the relationships between stakeholders. Structural equivalence is preferable for analyzing multiple networks rather than a single network. It is a method in contrast with graphs in that it de-emphasizes the connectedness of networks and concentrates instead on the premise that actors can have common sets of linkages to other system actors. If actors one and two have identical patterns of relationships with similar types of actor in the system they are substitutable and structurally equivalent within the network structure. In practice, as with cliques, the strict criteria of exactness and substitutability is relaxed to so that the relevant concept is the similarity of patterns of relationships of individuals.

Structural equivalence can be operationalized in one of two ways, continuous distance and discrete distance (block modelling). The continuous distance concept is based on the assumption that if two system actors have identical relations with similar other actors, there

would be no distance between (that is, they would occupy an identical point, position or role in the social space). As the pair of actors have increasingly different patterns of ties or relationships with the others, the distance between them increases. The researcher is measuring the difference in the patterns of relations rather than the similarities.

Block modelling, in contrast to continuous distance, places actors into discrete, mutually exclusive spaces (White, Breiger & Boorman, 1976). It aggregates the individual points into larger aggregate blocks. Apparent relations between sets of people emerge and are more evident than relations between individuals (Scott, 1991). It is a very popular method as an empirical tool. Both continuous distance and block modelling are methods which search for structurally equivalent sets of actors, a process useful when no strong a priori hypothesis exists about the network.

In summary, the two methods of partitioning actors into sub-groups are referred to as positional or clique analysis. Cliques are concerned with whether there is a relationship while structural equivalents measure the patterns of relationships. To reiterate, this analysis was not concerned with either clique nor positional analysis because it focused on the individual interaction patterns of actors rather than on the process of partitioning the actors into positions.

#### **Levels of analysis**

When studying interaction patterns among individual actors, the analyst must also decide the level at which to analyze the data collected for the study. As noted, network analysis can focus on the individual interactions of actors or on the process of partitioning the actors

into positions (subgroups) (Knoke & Kuklinski, 1982). The investigator was concerned primarily with the interactions and relations of individual actors/stakeholders and of the entire system (policy community) rather than with the methods of partitioning the network into subgroup components. Within these parameters, four distinct levels of analysis were identified and examined - egocentric (each individual node, all others with which it has relations and the relations among these nodes); dyad (pairs of nodes and whether there is a direct or indirect relationship; triad (links between three nodes); and, the complete network or system (Knoke & Kuklinski, 1982). This multiple level of analysis parallels the approach taken in the case study (micro-intermediate-macro) and the perspective advocated by the political economy paradigm.

Knoke and Kuklinski (1982) stress that the emergence of structural properties (regularity in patterns of relations) cannot be induced from lower level phenomena - all four levels of analysis must be incorporated into the research design. Because positional analysis was not involved, the network analysis concentrated on the egocentric, dyadic and triadic levels of analysis.

#### **Indices for individual actors and networks**

There are several different indices which can be computed from matrices to summarize characteristics for both individual actors and entire networks. The potential sets of indices seems limited only by the analyst's imagination (Knoke & Kuklinski, 1982). Interaction variables were employed to study traits of relationships between individual actors and network concepts were used to characterize the structure of the network (policy community) as it evolved over time. To avoid redundancy, the reader is directed to Appendix One which outlines in

great detail the concepts relevant to studying interaction and network structures. It defines these variables and then operationalized them for use in this research design. In brief, the interaction variables examined in this research included relationships, origination and initiated interactions, durability, communication/content, directedness, frequency, intensity and role perception. The network concepts comprised size, density, connectedness, stability, knittedness and cohesiveness. Appendix One also identifies other concepts interaction and network concepts identified in the literature but not included in this analysis.

#### **Computer versus direct manipulation of relational data**

This investigator elected to subject the relational data to a manual analysis rather than a computer analysis. An understanding of basic graph theory concepts and matrix conventions (described in the previous section) are adequate to allow the researcher to directly analyze the relational data in matrix form rather than resorting to computer analysis (Scott, 1991). This is an accepted approach because "many fundamental features of social networks can be analyzed through the direct manipulation of matrices" (Scott, 1991, p.66). However, the adoption of directly handling the data in lieu of using computer analysis needs to be fully justified.

It has been argued that network analysis can focus on the individual interactions of actors or on the process of partitioning the actors into positions (subgroups) (Knoke & Kuklinski, 1982). In this research design, the investigator was concerned with the former - primarily with the interactions and relations of individual actors/stakeholders and of the entire system (policy

community) rather than with the methods of partitioning the network into subgroups.

All of the available computer programs were designed to detect structurally equivalent positions and some of them detect cliques (Knoke & Kuklinski, 1982). Since this analysis was not concerned with either positional or clique analysis, the computer programs available for network analysis were of no relevance to this analysis. That is not to say, however, that it was not necessary to recognize available computer programs in the event that another analyst would want to use this mode of analysis. To that end, this research design recognized and then provided a rationale for discounting the various computer programs as modes of analysis, relying instead on the direct manipulation of the relational data in matrices (and a few sociograms).

Thanks to very recent developments in network theory (within the last ten years) both vehicles for representing relational data (matrix and graphs) can be subjected to or generated by computer analysis (Knoke, 1990; Knoke & Kuklinski, 1982; Scott, 1991). The matrix can be subjected to several computer programs depending on the type of relational data in the cells (metric or non-metric). The appropriate computer programs (all used in conjunction with a spread sheet program on an IBM personal computer) include GRADAP, UCINET, ALSCAL (part of SPSSX), GROUP, MCA, STRUCTURE, CONCOR, BURT, and REGE<sup>1</sup> (Knoke, 1990; Knoke & Kuklinski, 1982; Scott,

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<sup>1</sup> GRADAP - Graph definition and analysis package (1988)  
UCINET - University of California network program  
GROUP - a program produced by an associated research group at the University of California  
STRUCTURE - hierarchical clustering analysis with results portrayed in a dendrogram - developed by Ronald Burt (1975), version 4.1 1987

1991).

As noted earlier, all of these programs were designed to detect structurally equivalent positions and some of them detect cliques. Since this research effort was not concerned with the detection of structural equivalent positions in the network, these computer programs were irrelevant to the analysis. Further, these programs deal mainly with the measures of power, influence and persuasion and the impact on policy outcome (Knoke, 1990). One is reminded that in this disciplinary research design, the focus (Johnson, 1986) was on just the relational evolutionary process of the policy community rather than power, decision making or conflict (the other three dimensions of the internal political economy of the policy community). Hence, a measure of power, etc., was inapplicable at this time but available for other consumer policy analysts using the relational consumer policy framework.

Thirdly, as noted, this research was concerned with the evolution of the policy community over time rather than solely with the current membership and structure of the network (dynamic and stochastic process versus a discrete, static event). Knoke and Kuklinski (1982) stress that there are no fully developed computer programs available for analyzing the evolutionary process

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CONCOR - Convergence of iterated Correlations which examines only direct contacts between actors  
BURT - part of STRUCTURE program which examines direct and indirect contacts between actors  
MCA - multiple classification analysis (version of analysis of co-variance)  
MINISSA - Smallest space analysis package in UCINET package dealing with non-metric relational data  
REGE - computer program designed to detect regular (similar) structural equivalent positions as opposed to identical positions

of the network via describing the rates of formation or disappearance of linkages in the networks. Instead, the numerous computer programs noted in this discussion have been developed solely to measure "data collected on networks observed at a single point in time" (p.85). Since there are no fully developed computer programs available for analyzing the evolutionary process of the network, a manual manipulation of the data was necessary to obtain this information.

A fourth argument supporting the reliance on manual manipulation of the relational data was the fact that the existing computer programs measure variables that were excluded from this analysis due to the perception that the research design would not provide the data necessary for measuring these variables. The variables in question include centrality, distance, prominence, range, brokerage, and structural equivalence as measured in GRADAP, UCINET and STRUCTURE (Scott, 1991; Knoke & Kuklinski, 1982; Knoke, 1990).

Fifth, a fundamental reason for incorporating a direct, manual manipulation of the data as opposed to a quantitative computer analysis was the strong desire to measure the phenomena from a qualitative perspective. That is, the investigator wanted to describe and analyze the stakeholder behaviour from the point of view of those being studied. Total immersion in the data (both relational and case study data) via direct, manual manipulation of the analysis promised to be an effective means of garnering deep insights and rich, intricate understandings of the interaction and relationships that developed between the stakeholders as the policy community evolved.

The investigator was not concerned with the detection of

cliques. However, computer programs do exist which provide this type of analysis. GRADAP contains a procedure called 'SUBGRAPHS' which detects cliques and shows size and density plus lists the members. As well, the STRUCTURE program contains a procedure for detecting cliques via cohesion analysis. Finally, UCINET contains a 'SUBGRAPH' procedure for detecting cliques but there is a bug in the Release 3.0 version and the n-clique option does not work but is being corrected (Scott, 1991). The matrices are available on an Apple MacIntosh data base for future computer manipulation should a secondary analysis involve partitioning the network into cliques.

Matrices comprised of non-metric relational data can also be subjected to several computer programs. These include MINISSA (part of the UCINET program) (Scott, 1991) and SSA (Smallest Space Clustering Analysis) (Knoke, 1990). These computer programs produce scatter plots, a multi-dimensional scaling technique. Again, even though this analysis did incorporate non-metric relational data (matrices with frequency counts and other valued data) they were manipulated manually, directly by the researcher. The previously noted reasons for opting out of computer manipulation of binary matrix data prevail for non-metric data, too.

Finally, sociograms can also be generated by computer analysis. The available computer programs provide diagrammatic representations of links between actors in the network. They range from one through three dimensional images. Special computer assisted design (CAD) plotting packages include VIEWNET, MDS (multidimensional scaling scatter plots), GROUP (constructs circle diagrams), and PCA (principle component analysis, a form of factor analysis). While these programs are designed for graphs composed of binary



(metric) data, MINISSA (part of the UCINET program) does deal with non-metric data (frequency counts) (Scott, 1991). In this research design, certain propositions were examined using manual development of the graphs but otherwise matrices were used to represent the relational data. This is an accepted approach because "many fundamental features of social networks can be analyzed through the direct manipulation of matrices" (Scott, 1991, p.66). Further, a matrix is a much more powerful representation of relational data than is a graph (Knoke & Kuklinski, 1982), thus the predominate reliance on the matrix.

#### **CONVERTING CASE STUDY DATA TO RELATIONAL DATA**

One is reminded that the content analysis identified the ideas and perceptions which were communicated, and the case study provided the chronological evolution of this communication process. The analyst now has to convert the case study data into relational data so as to conduct a network analysis, thereby providing a powerful strategy for understanding the evolutionary process by which ideas moved among the stakeholders in the policy community (Knoke & Kuklinski, 1982). Several network analysts have used the method of converting an intermediate data base to relational data. Wellman (1985) used survey data to generate relational data. Smith (1979) used historical data derived from documents to generate relational data.

Appendix Five sets out in considerable detail the process entailed in converting the qualitative case study data into relational data. The Appendix is organized by the stages of the evolutionary process and accompanying propositions, the interaction propositions and the network propositions. The result was fifty one (51)

matrices and four sets of sociograms. The following is a prototype of the typical instructions followed to convert the case study data to relational data.

Matrix E1, - Incidence of aggregate internal activity compared to direct communications or referrals (valued matrix, includes b-b, g-g)

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). Place a 1 in the cell if the stakeholder generated any internal documents in that year. It could be a "working document only", minutes for meetings, a newsletter, a memorandum or internal memo or a consulting contract. In this case, count journals because the information contained in them is targeted to their membership. Place a 2 in the cell if the stakeholder communicated directly with or referred to another stakeholder during that year or made references to others. Place a 3 in the cell if they generated both internal and first and second order dyadic communications in the same year. Place a 0 in the cell if the stakeholder made no comments in that year. Manipulation of the cell entries will provide the evidence for the incidence of internal activity compared to external activity. Total the column 1s, 2s, and 3s for evidence of the most common type of communication activity for the policy community as a whole. Total the row 1s, 2s, and 3s for evidence of the most common communication activity for each aggregate stakeholder. Examination of the column totals should reveal patterns of the community as a whole as the years evolved.

## Matrix labelling conventions

The following conventions were adopted when labelling the matrices. Take Matrix I5A<sub>2</sub>, one of the more complex ones, as an example. The I stands for the Interaction propositions. The number 5 indicates the fifth proposition for Interaction, that being about role perception. The A indicates the first of several dimensions which were developed for the I5 proposition. The subscript <sub>2</sub> refers to one of several matrices developed to measure the A dimension of role perception. There could be a measure of dyadic versus aggregate, a binary versus a valued matrix, or inclusion or exclusion of the b-b, g-g links. The previous matrix with the subscript of <sub>1</sub>, is likely a frequency or a valued matrix which was split to generate a binary matrix reflecting incidence. This convention should provide guidance in interpreting the labelling of the matrices.

A comprehensive list of the matrices generated using the equivalent sets of instructions set out in Appendix Five is provided at the beginning of Appendix Six, which profiles the results of this conversion process - the relational data (in the form of matrices and graphs) relevant to stakeholder interaction in the policy community. The relational data in these matrices and graphs was subjected to a network analysis, the results of which will be presented in the next chapter on Results and Analysis.

### SUMMARY

The design utilized to conduct this research employed a combination of qualitative and quantitative research methods - a content analysis generated a case study which was converted to relational data and then subjected to a

network analysis. After a brief discussion of qualitative and quantitative research, followed by the rationale for combining the two approaches in a research design, the relevancy of this research design to policy research is followed by justification of EFTS as an appropriate consumer issue. Then a detailed account of the data collection and data preparation procedures was presented. This included theory relevant to content analysis, longitudinal research, case studies, and network analysis.

The objective of this research design was to collect relational data which would profile the evolutionary process (interaction patterns, relationships and network structures) of the policy community for the consumer issue of EFTS. The data collection process entailed the compilation of a separate data base of documents solicited from the sampling frame of key stakeholders (both employing the snowball sampling strategy).

The data preparation stage was comprised of three phases. While phase one of the data preparation stage dealt with the coding the raw documents via a content analysis, Phase two of the data preparation stage used the data accumulated in phase one to present a narrative account of the development of the policy in the form of a longitudinal, chronological case study. This case study consisted of a chronological amalgamation of the individual case studies on each constituent in the policy community. Once the case study was compiled, the third phase of the data preparation process entailed the conversion of this narrative case study data to relational data (in the form of matrices and sociograms). It is this relational data which will now be subjected to a network analysis in Chapter Six.

**Preamble**

Chapter five set out in considerable detail the multi-staged process entailed in generating relational data as regards the evolution of the EFTS policy community and the interaction dynamics and network structures, along several dimensions. Due to the diligence of the investigator in taking steps to reduce the incidence of missing data or incomplete data, it is believed that the investigator captured the principle features of the network. There were over 1,000 direct contacts and referrals to others which were coded and incorporated into the case study. It was possible to contact an extensive range of informants and secure a detailed description of how their involvement and the collective policy process evolved. Each constituent vetted and approved their respective case and confirmed that the case accurately reflected their involvement in the policy process. It is therefore assumed that, in spite of a degree of inevitable incomplete data (which may be different from the data that is available (Walsh, 1990)), vetting the case study provided an accurate representation of the phenomena (consumer policy process for EFTS in Canada).

Following the instructions set out in Appendix Five, relational data was generated by transforming the case study data. Relational data describes the properties of the relationships between actors. When conducting a network analysis, it is the link between the actors which is the unit of analysis rather than attributes of the individual actors. The relational data (presented in matrices and graphs, see Appendix Six) will now be exposed to a network analysis. Several dimensions of

interaction (frequency, directedness, durability, role perception, intensity) and network properties (size, density, connectedness, cohesiveness, knittedness, stability) were explored.

A concerted effort will be made to restrict the analysis to the manifest level. The researcher will subsequently interpret the findings generated from the analysis within the confines of the macro-relational consumer policy framework and past research. The results of this latent interpretation will be presented in the final chapter on conclusions and recommendations for future stakeholders and macro-relational consumer policy researchers.

### **Multi-layered network analysis**

The following text will set out the details and findings from a multi-layered analysis of the relational data. Analyzing relational data at several levels is highly recommended (Knoke, 1990; Knoke & Kuklinski, 1982; Scott, 1991). The relational data will be analyzed using a two tiered analysis with three dimensions at each of the levels.

#### **1. FIRST LAYER OF ANALYSIS:**

##### **A. Relational analytical approach - micro level of analysis (dimensions of interaction)**

- \* focus on roles and linkages of stakeholder (actor) relationships
- \* focus on the content and intensity of relationships
- \* use relational form and relational content concepts to analyze data at this micro level of analysis

Relational form - identify the actors and the

links between them, that is the dimensions of interaction

Relational content - identify the ideas moving among the network (policy community) stakeholders, for both internal policy analysis and external policy analysis

**B. Positional analytical approach - intermediate level of analysis (map the relationships between the stakeholders - network structure)**

- \* detect patterns of relations (position of one stakeholder relative to another in the network)
- \* use network structure constructs to interpret data at this level of analysis
- \* map the relationships between stakeholders and describe the configuration of the map using network constructs

**C. Evolution of the policy community - Macro level of analysis**

- \* Profile the general patterns of evolution of the policy community

## **2. SECOND LAYER OF ANALYSIS:**

**A. aggregate MACRO level of analysis - examine and report the interaction patterns and structural properties of relations between consumer, business and government - that is paint a composite picture for each stakeholder**

**B. Dyadic INTERMEDIATE level of analysis** - examine and report the interaction patterns and structural properties of dyadic relations between consumer, business and government - that is paint dyadic pictures

**C. constituent MICRO level of analysis** - examine and report the interaction patterns and structural properties of distinct departments, associations and organizations of consumer, business and government

This multi-layered approach is also represented in Table 6-1.

**Table 6-1: Levels of analysis - Macro through micro**

	<i>Level of analysis: Evolution of policy community</i>	<i>Level of analysis: Network concepts</i>	<i>Level of analysis: Interaction concepts</i>	<i>Relation-ships</i>
<i>Aggregate stakeholder</i>	<i>Report evolution by aggregate</i>	<i>Report network structure by aggregate</i>	<i>Report interaction by aggregate</i>	<i>Macro</i>
<i>Dyadic stakeholder</i>	<i>Report evolution by dyads</i>	<i>Report network structure by dyads</i>	<i>Report interaction by dyads</i>	<i>Inter-mediate</i>
<i>Constituent stakeholder</i>	<i>Report evolution by constituents</i>	<i>Report network structure by constituents</i>	<i>Report interaction by constituent</i>	<i>micro</i>
<i>Actors</i>	<i>macro</i>	<i>Intermediate</i>	<i>micro</i>	

This multi-layered analysis will use constituent stakeholder data as qualitative annotations to cell entries so as to provide richer, deeper understandings in the final analysis. The propositions will be used to organize each level of the network analysis, which is presented in the following text in five sections.



In order of presentation (macro-intermediate-micro), (1) a synopsis of the case study will be followed with (2) a discussion of the aggregate and dyadic perspectives of the evolution of the policy community replete with annotated constituent data. Then (3) the interaction dynamics will be reported at the aggregate and dyadic levels, again with annotated constituent data. (4) The network structure also will be reported at both the aggregate and dyadic levels with annotated constituent data.

#### **Section one - Synopsis of case study**

Constituent profiles are available from the investigator on request. However, since they were amalgamated into a longitudinal case study of the policy community as it evolved, provided the intermediate data base for the generation of relational data, and since they provide the context for the ensuing network analysis, it was incumbent on the investigator to provide a synopsis of this case study. This overview, without the explicit details necessary to measure the interaction patterns between the stakeholders, is set out in Appendix Seven. It provides a succinct recap of the evolutionary process of the Canadian policy community for EFTS (1971-1991), a review of the principal milestones leading to and shaping the Canadian policy process for EFTS. This entails an overview of the key initiatives by each constituent stakeholder (whether they be the developers of or the users of the system) as they attempted to advance their respective interests in the rapidly changing financial marketplace.

The reader can retrieve the entire 100+ page case, complete with references and extensive citations, from the investigator upon request. It is anticipated that the synopsis in Appendix Seven provides the context for the following network analysis of the evolutionary nature

of this process, the interaction dynamics and the patterns and structures of the relationships between stakeholders.

## **SECTION TWO      ANALYSIS OF EVOLUTIONARY DYNAMICS OF THE POLICY COMMUNITY**

### **Preamble**

By way of interpretation, the following conventions were adopted when labelling the matrices. Take Matrix I5A<sub>2</sub>, one of the more complex ones, as an example. The I stands for the Interaction propositions. The number 5 indicates the fifth proposition for Interaction, that being about role perception. The A indicates the first of several dimensions which were developed for the I5 proposition. The subscript <sub>2</sub> refers to one of several matrices developed to measure the A dimension of role perception. There could be a measure of dyadic versus aggregate, a binary versus a valued matrix, or inclusion or exclusion of the b-b, g-g links. The previous matrix with the subscript of <sub>1</sub>, is likely a frequency or a valued matrix which was split to generate a binary matrix reflecting incidence. This convention should provide guidance in interpreting the labelling of the matrices.

### **Analysis of evolutionary dynamics of the policy community**

The overarching assumption guiding this section of the analysis of the evolution of the policy community is that the properties of and patterns of relationships (the structure of the consumer policy community) will develop sequentially over time in the following sequence -

a. Stakeholders will engage in egocentric internal

activity first (develop their initial position on the issue), then

b. develop relationships with other stakeholders via initial dyadic links with

c. subsequent reconfiguration of dyadic and multi-dyadic relations and,

c. finally emergence into a cohesive triadic network of stakeholders.

This section will entail propositions explaining the activity of the stakeholders as they progress through each of these four stages.

#### **E - PROPOSITIONS REGARDING PRELIMINARY INTERNAL (EGOCENTRIC) ACTIVITY**

It is proposed that **egocentric activity** (internal analysis of issue) will occur as a result of a perception that there has been a change in the macro policy environment which will effect the stakeholders' interest in the marketplace. Propositions related to this stage of the evolutionary process will be indicated with an "E", indicating "egocentric activity". There are four such propositions and matrices were developed to deal with each of these proposals (see Appendix Six):

E1. Internal egocentric activity (developing initial position of the issue) will occur prior to dyadic activity.

E2. The length of time devoted to internal egocentric activity will vary for each stakeholder.

E3. Stakeholders would not return to internal activity subsequent to engaging in dyadic activity.

E4. Prior to entering into dyadic relationships, stakeholders will form internal bodies to deal with the issue of EFTS.

**Proposition E1 - partially supported**

**E1. Internal egocentric activity (developing initial position of the issue) will occur prior to dyadic activity.**

It was hypothesized that solely internal egocentric activity would occur prior to movement into dyadic activity. This activity would be manifested in such documents as working papers, minutes of meetings, newsletters, journals, memorandums and the like. In all instances, for each major stakeholder, this proposition was partially upheld. Stakeholders did engage in egocentric activity but not prior to dyadic activity.

By way of explanation, it was proposed that stakeholders would want to take time to develop their position on the issue prior to communicating with other stakeholders in the policy community. Matrix E1<sub>1</sub> reveals that in reality, they concurrently developed their position while interacting with the other stakeholders. Never did it occur that internal egocentric activity occurred prior to dyadic activity, as proposed. Business and government both entered the policy community in 1972 with consumers entering in 1975 (at the invitation of the Department of Justice).

When each major stakeholder initially entered the policy

community, they all began doing internal analysis, direct communications and referrals to others work, concurrently rather than incrementally. Thereafter, business engaged in all three activities 76% of the time, government did all three activities 67% of the time, and consumers, 50% of the time. Business was the only stakeholder to solely engage in only internal activity in any one year and only three times (1971, 1973, 1979). Consumer and government were either engaged in either direct communication or referral to other's work (2s) or in both direct and referrals as well as internal analysis (3s), never just internal analysis (1s) (see Matrix E1<sub>1</sub>).

Table 6-2 (extrapolated from the column totals and row entries of Matrix E1<sub>1</sub>) parallels the incidence of internal activity compared to the dyadic activity of the three major stakeholders:

		Table 6-2 - Incidence of internal activity compared to dyadic activity <sup>1</sup>																				
<b>Consumer</b>																						
<b>Internal</b>		0	0	0	0	1	0	0	0	0	0	0	1	1	1	1	0	1	0	1	0	1
<b>Dyadic</b>		0	0	0	0	3	2	2	2	2	0	2	3	3	3	3	2	3	2	3	2	3
<b>Business</b>																						
<b>Internal</b>		1	1	1	1	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Dyadic</b>		1	3	1	3	0	3	2	3	1	3	3	3	3	3	3	3	3	3	3	3	3
<b>Government</b>																						
<b>Internal</b>		0	1	0	0	0	0	0	0	1	1	1	0	1	1	1	1	1	1	1	1	1
<b>Dyadic</b>		0	3	2	2	2	2	2	2	3	3	3	2	3	3	3	3	3	3	3	3	3

<sup>1</sup> Internal key: 1=yes, 0=no

Dyadic key:

- 1= internal activity only
- 2= first and second order communications only
- 3= internal, first and second order communications
- 0= no activity

Using Table 6-2 (which represents 21 years of the life of the policy community), it can be observed that in all but one instance<sup>2</sup>, when each stakeholder was engaged in internal activity (1s) they were also engaged in dyadic activity (3s). Consumer and government were more likely to not be engaged in internal policy development (0s) while they were engaged in dyadic relations (2s) than were business. In fact, the consumer stakeholder admitted that they needed information from others to develop their position on the issue of EFTS. Further, they acknowledged their sources and accused government of withholding information. Government was more inclined to solicit opinions and feedback from the public in the form of reactions to public documents.

Examination of the column totals in Matrix E1<sub>2</sub> reveals that the incidence of internal activity with this consumer issue increased as the policy community evolved. This was not expected. It was proposed that internal activity would decline and give way to increased dyadic or multi-dyadic activity. In fact, after 1983, all three stakeholders still remained engaged in internal policy activity even while they were taking part in dyadic and multidyadic relations with the other stakeholders.

As regards the actual number of internal documents generated by the stakeholders (See Matrix E1<sub>3</sub>), business generated 114 internal documents over the life span of the policy community followed by government with 59 and consumers with only 12 internal documents, for a total of 185. It is important to remember that there were many different business and government associations and departments over the life span of the policy community

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<sup>2</sup> During 1971, the CCCS reported on the installation of the first banking machine. This was an internal report on a technical issue rather than an policy issue.

yet only one consumer organization. While government and consumer generated their internal documents basically during the latter half of the life of the policy community (1979 and 1982 respectively), business began internal analysis as early as 1971 and, save for 1975, continued to generate internal documents ever year, increasing to a peak in 1987 and then declining thereafter, as did government and consumer. The peak in volume of internal business documents in 1987 corresponds to the increased dialogue between the Retail Council of Canada and the Canadian Payments Association regarding implementation of a retailer debit card in conjunction with a proposed proprietary financial institution debit card.

Using Matrix E1<sub>3</sub>, it is obvious that the network as a whole generated internal documents 20 out of 21 years (95% of the life span of the policy community). Comparatively, the business profile paralleled the network pattern most closely (they generated internal documents 86% of the time, n=18) followed by government (62% of the time, n=13) and then consumer (38% of the time, n=8). Examining the column totals of Matrix E1<sub>3</sub>, which shows the incidence of generating internal documents, reveals that, in most instances, only two of the three stakeholders (38%) in the policy community were generating internal documents. Otherwise, either one stakeholder (29%) or three stakeholders (29%) were generating internal documents. In 1977 no internal documents were generated by anyone (4% of the time).

Basically, one stakeholder was generating internal documents from 1971-1978, two stakeholders were generating internal documents from 1979 to 1982 and thereafter three were involved (except for 1986, 1988 and 1990 when it returned to just two). The matrix also

reveals that the one stakeholder generating internal documents between 1971-1978 is business, the two stakeholders generating internal documents between 1979-1982 are business and government and the three stakeholders (1983 onward) include business, government and consumer. In the three instances when it returns to two stakeholders (1986, 1988 and 1990), it is the consumer who is not generating internal documents while they are engaging in dyadic links.

**Proposition E2 - upheld**

**E2. The length of time devoted to internal egocentric activity will vary for each stakeholder.**

It was also proposed that the length of time devoted to internal activity for each stakeholder in the policy community would vary. This proposition was upheld. As regards length of time devoted to internal analysis during the life of the policy community, business spent the most time conducting internal policy analysis (76% of the time) (regardless of whether it was alone or in conjunction with first and second order communications - count 3s in rows of Matrix E1<sub>2</sub>) followed by government (62% of the time) and then consumer (38% of the time). This part of the proposition was upheld - the time involved with internal activity did vary from one stakeholder to another.

**Proposition E3 - supported**

**E3 - Stakeholders would not return to solely internal activity subsequent to engaging in dyadic activity.**

It was proposed that stakeholders would not return to



internal activity subsequent to engaging in dyadic activity. This analysis will use the information in Matrix E1<sub>1</sub> and Table 6-2. Concerning this proposed one way transition from internal to dyadic relations, it becomes apparent that business was the only stakeholder to return to solely internal analysis and only on two occasions (1973 and 1979). Hence, the proposition was supported. That is to say, stakeholders did not return to internal activity subsequent to engaging in dyadic activity. On the contrary, with this one exception, once dyadic relations began, internal activity occurred concurrently rather than as a separate activity.

**Proposition E4 - partially supported**

**E4. Prior to entering into dyadic relationships, stakeholders will form internal bodies to deal with the issue of EFTS.**

Another proposal related to the preliminary activity of the stakeholders prior to entering the policy community pertained to the formation of intra-organizational bodies to facilitate dealing with the consumer issue. It was proposed that these bodies would be formed early on in the policy process and by each stakeholder. Matrix E4<sub>1</sub> summarizes the data relevant to this proposition. As it is stated, this proposition was not totally supported. Each stakeholder did create an intra-organizational body, but not as early as expected and not before they entered into dyadic or multidyadic relations. CAC joined the policy community five years later in 1975 but the first mention of the CAC EFTS Committee was in 1979. Business joined the policy community in 1972 and the first mention of any intra-organizational body was in 1974. Government entered the policy community in 1972 as well and formed internal bodies in the same year.

Using row totals from Matrix E4<sub>2</sub>, it is evident that, in total, the network as a whole formed 16 intra-organizational bodies, government making nine of them, business developing six, and consumers forming just one internal vehicle for policy analysis. Interestingly, when one stakeholder formed an internal policy vehicle, so did another (see 1979, 1986, 1987 and 1988). In most of these cases, it was government and business paralleling each others initiatives rather than consumers.

At the constituent level, early government activity (during the 1970s) occurred in the Departments of Justice and Finance and the LRC while later activity (1980s) shifted to the Canadian Payments Association and the Department of Consumer and Corporate Affairs. Early business activities regarding internal policy vehicles occurred in the TCAC, followed by PACE, RCC, CCCS, and the CBA in the mid to late eighties (see the chronological listing of intra and interorganizational bodies in the discussion of Proposition M4). There is no indication that the CFIB established any special policy vehicle to deal with EFTS. The CFIB had only one staff person available for this issue.

#### **D - FORMATION OF INITIAL DYADS**

It was proposed that, subsequent to internal egocentric activity, the need to seek information and interact with other stakeholders to develop a position and advance interests would prompt each stakeholder to enter into a dyadic relationship with another stakeholder.

Propositions reflecting this stage of the evolutionary process will be indicated with a "D" to signify "dyadic activity". There are three such propositions and graphs

were developed to deal with each of these proposals:

D1. Stakeholders will gradually and incrementally form dyads with each other rather than form multi-dyadic relationships simultaneously.

D2. Some stakeholders will remain isolates during the evolutionary development of the policy community.

D3. Once stakeholders move from egocentric activity to dyadic activity, they will then move from dyad to dyad rather than move into multi-dyadic relationships.

**Proposition D1 - conditionally supported**

**D1. Stakeholders will gradually and incrementally form dyads with each other rather than form multi-dyadic relationships simultaneously.**

The macro-relational consumer policy framework proposed that any internal egocentric activity germane to a policy issue would evolve into the formation of dyadic relations. Further it was suggested that this evolutionary process would be incremental rather than simultaneous. That is to say, each stakeholder would gradually link with the other stakeholders rather than do so all at once (multi-dyadic links). For clarification, a dyadic link means that the stakeholder is linked with only one other stakeholder, eg. b-g. Multi-dyadic links mean that the stakeholder is engaged in more than one dyadic link at one time (eg. b with g, b-b, b-c). The support for this proposition varies depending on the indicator used for presence of links.

First, let us consider first and second order

communications as indicators of dyadic links (direct communication as well as referrals to others works) at the aggregate level. On this premise, this proposition was not supported. That is to say, for most aggregate stakeholders, the dyadic links formed simultaneously rather than incrementally. Only business moved incrementally into forming dyadic links with other stakeholders. Conversely, both government and consumer leaped immediately into multi-dyadic links.

These initial findings change somewhat if the indicator for dyadic links is changed. If dyadic links are taken to mean only first order communications, then consumer and business moved incrementally into dyadic links while government moved immediately into multi-dyadic links. Again, the picture changes if the indicator for dyadic links is taken to mean only second order communications (referral to others works). On this premise, only consumers linked simultaneously with business and government. Business and government initially moved into dyadic links before moving onto multi-dyadic links, that is they did so incrementally.

In summary, at the aggregate level, with dyadic links taken to mean both first and second order communications, the transition into dyadic links occurred predominately simultaneously (stakeholders formed multi-dyadic links rather than dyadic links) (that is, the proposition was not supported). But, if dyadic links are taken to mean either first or second order communications but not both, the transition into dyadic links occurred predominately incrementally (that is, the proposition was supported).

In fact, regardless of how dyadic links are defined, business always moved into dyadic links incrementally while consumers and government tended to make the

transition simultaneously.

**Proposition D2 - not supported**

**D2. Some stakeholders will remain isolates during the evolutionary development of the policy community.**

It was proposed that some stakeholders would remain isolates during the evolution of the policy community. In fact, this proposition was not upheld. At both the aggregate and the constituent level, using both first and second order communications as indicators of links between stakeholders, no stakeholder remained an isolate for the duration of the evolution of the policy community. Using the graphs for D3, it becomes very evident that there was only one year when there was an isolate (1977) and it was the consumer.

**Proposition D3 - not supported**

**D3. Once stakeholders move from egocentric activity to dyadic activity, they will then move from dyad to dyad rather than move into multi-dyadic relationships.**

This proposal is subtly different from that of D1. While D1 suggested that stakeholders would incrementally move from internal to dyadic rather than do so simultaneously, this proposition suggested that once stakeholders have moved from internal analysis to dyadic relationships they will then move from one dyad to another. This proposition was not supported. Analysis of the evidence portrayed in the graphs for Proposition D3 (in Appendix Six) reveals that all stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad. For clarification, parallel lines between stakeholders indicates first and second order

communications, that is a dyadic link. Further, if a stakeholder is linked with more than one stakeholder with a line, this is indicative of a multi-dyadic link.

Over a twenty one year time frame, government maintained multidyadic relationships 81% of the time, business for 57% of the time and consumers for 52% of the time. The findings become even more convincing if the calculation for length of time in multidyadic relationships is based on the stakeholders' actual length of time in the network. In all instances, the percentage of time in multi-dyadic relationships increased. Over a seventeen year period (1975-1991) consumers maintained multi-dyadic relationships 65% of the time. Over a twenty year time span, business maintained multi-dyadic relationships for 60% of the time and government for 85% of the time. Further, in the twenty one year life span of the policy community, business was in solely dyadic relationships for only four years, consumer for only two years and government for only one year. Otherwise all stakeholders moved from one year to the next in multidyadic relationships.

#### **Nature of dyadic link**

Again using the graphs for D3, it is possible to deduce the nature of the dyadic and the multi-dyadic links, which is revealing. When the consumer was in only a dyadic link, the CAC was linked with government, not business. Correspondingly, never did business have a dyadic link with the consumer, only with government. Further, when government was in only a dyadic link it was always with business and not with the consumer.

It is obvious that the consumer is only linked with business and government in multi-dyadic links, never in solely dyadic links. The import of this exclusion of the

consumer is felt even stronger if one considers that business is more likely to move between dyad and multi-dyadic relationships, exclusively with government, not consumer. Meanwhile, consumer and government move from one multi-dyadic relationship situation to another.

#### **M - RECONFIGURATION OF MULTI-DYADS**

It was proposed that most stakeholders would move from egocentric to single dyadic relationships and then to multi-dyadic relationships with other stakeholders. It was theorized that once the multi-dyads were formed, the policy community would evolve via expansion and contraction as the years evolved. This dynamic change would reflect the reconfiguration of the multi-dyadic relationships. Propositions reflecting this stage of the evolutionary process will be indicated with an "M", signifying "multi-dyadic activity". There are four such propositions and matrices and graphs were developed to deal with these proposals:

M1. Once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships.

M2. Subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships.

M3. The dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in nature.

M4. The stakeholders would form inter-organizational bodies to facilitate dialogue and collective policy development.

M5. The contact person for each stakeholder would change during the incremental development of the policy community.

**Proposition M1 - supported**

**M1. Once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships.**

It was proposed that most stakeholders would move from egocentric to single dyadic relationships and then to multi-dyadic relationships with other stakeholders. In fact proposition D3 may seem to be the same as M1, but they are different. D3 suggested that once stakeholders move into dyadic relationships they will then move into another dyadic relationship. An analysis of the Graphs for D3 reveals that this was not upheld. M1 proposed, on the other hand, that once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships.

Indeed, this proposition was supported. All stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad. Consumer and business entered the policy community in dyadic relationships while government started in the policy community in multi-dyadic relationships. There was a three year gap separating business dyadic relationships and their initial multi-dyadic relationship. Consumers experienced a two year gap. Government did not move through a dyadic stage but went straight into multi-dyadic relationships. Subsequent to entering the policy community, all stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad.



In summary, if consumer, business or government were interacting, it was predominately in multi-dyadic relationships with little movement between dyadic and dyadic or between dyadic and multi-dyadic after they initially became multi-dyadic (provided you use both first and second order communications as indicators of dyadic links). But if you consider only direct communications, the consumer and business were almost exclusively in dyadic relationships. If you consider only second order communications, consumers and business again fit the profile of managing multi-dyadic relationships (they were aware of each other but not communicating directly to each other). No matter what indicator is chosen for dyadic links, government was always in multi-dyadic relationships (except for 1982).

To reiterate, subsequent to entering the policy community, all stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad.

#### **Proposition M2 - supported**

**M2. Subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships.**

The theory explaining the evolution of the policy community next predicted that subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships. This proposition was also upheld.

#### **Aggregate level**

Using Graphs generated for Proposition D3, it is apparent that the network as a whole exhibited a multi-dyadic

profile 64% of the time. After 1979, the first instance when all stakeholders were maintaining multi-dyadic relations, the network exhibited a multi-dyadic profile 82% of the time. Consumers were exclusively multi-dyadic from 1981 onward (with the exception of two years). Business was exclusively multi-dyadic from 1982 onward. Government was most impressive because it was multi-dyadic from 1972 onward with the exception of three years. These findings are based on the premise that first and second order communications are taken as indicators of dyadic links.

Over a twenty one year time frame, government maintained multi-dyadic relationships 81% of the time, business for 57% of the time and consumer for 52% of the time. These findings are also based on the assumption that the indicator of dyadic relationships is both first and second order communications. The findings become even more convincing if the calculation for length of time in multi-dyadic relationships is based on the stakeholders actual length of time in the policy community. In all instances the percentage of time in multi-dyadic relationships increased. Over a seventeen year period (1975-1991), consumers maintained multi-dyadic relationships 65% of the time (compared to 52%). Over a 20 year time frame business maintained multi-dyadic relationships 60% of the time (compared to 57%) and government, 85% of the time (compared to 81%).

#### **Constituent level**

At the constituent level, the consumer stakeholder (CAC) linked with all business constituents but predominately with the CBA and with all government constituents (except PIAC), predominately with the CPA. The business stakeholders linked with all consumer and government constituents at one time or another as well as with other

businesses. But it wasn't until 1982 that business began linking with other businesses. Prior to that, business associations linked with government departments as did consumers and other government departments. Prior to 1982 government departments linked predominately with other government departments or with the public via the release of public documents. After 1982, government's predominate link was with business associations and, to a lesser extent, the consumer. In fact, after 1982, the predominate link in the policy community was with business associations. Government departments and business associations also linked with consumers much more frequently after 1982.

One more comment on the nature of the multi-dyadic links formed as the policy community evolved. This concerns whether the stakeholder had direct communication with the stakeholders they referred to in the same year. Analysis showed that if someone referred to someone else in a given year they probably did not communicate directly with that same stakeholder in that year (even at the constituent level). The consumer was most likely to exhibit this behaviour (but only 17% of the time) followed by government (14%) and, finally, business (5%). Government departments did not exchange documents with the other government departments they referred to in a given year. The same holds for business to business association exchanges. The data indicated that stakeholders were more likely to directly communicate with the stakeholders they referred to but not until further on in the life span of the policy community.

**Proposition M3 - supported**

**M3. The dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in**

**nature.**

In theme with the dynamics of the reconfiguration of the policy community, this proposition proposed that the dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in nature. The proposition is upheld. Each major dyadic link (c-b, b-g, g-c) appeared, lapsed and reappeared but not to the extent expected and not in similar profiles. The relational data presented in Matrices M3<sub>1</sub> and M3<sub>2</sub> was analyzed to address this proposition. They include respectively, the incidence and frequency of dyadic contact between aggregate stakeholders.

#### **Government-consumer link**

Except for two years (1971 and 1977), the government-consumer link, which started in 1972, was in existence for every year of the life of the policy community. However, frequency of contact varied considerably with a total number of 112 contacts and an average of six contacts each year. As well, there was frequent turnover in specific government departments. The LRC, DOF and DOJ dominated the scene in the first half while the CCAC bridged both halves and was joined by the CPA in 1980 and the DOF again in 1989. The peak number of contacts occurred between 1987-89 (very late in the life of the policy community).

#### **Consumer-business link**

The consumer-business link did not start until 1975 (four years later than the government consumer link). They have entirely different profiles. The c-b link formed, lapsed, and reappeared three times during the life of the policy community with an average of 1.3 years between lapses. There were 54 instances of the c-b links with an average of four contacts per year compared to six for the

c-g link. The frequency of c-b links declined from 1986 onward rather than increase as did the c-g link.

#### **Government-business link**

The government-business link was initiated in 1972 and totalled 240 for the life time of the policy community. Once the link was formed, it did not disappear during the evolution of the policy community even though there was considerable juggling of constituent membership of the policy community. Following a burst of interaction in 1975 and 1979, there was a steady increase in the frequency of contact between business and government between 1982-1989 (increased from 3 to 50). As with the c-b and c-g links, there was a decline in frequency of contact after 1987 but, unlike them, the g-b link continued to decrease in frequency of contact.

At the aggregate level, all dyadic links which formed and lapsed always reappeared but it is evident that the constituent membership was continually changing. The composition of multi-dyadic links at the constituent level were quite cyclical in nature and behaved in a cyclical nature as predicted. This is not unexpected given the multitude of constituent stakeholders entering and leaving network over the life span of the policy community.

Even at the aggregate level, most links were not dyadic but were multi-dyadic in nature after 1982. Midway through the life span of the policy community, the number of consumer multi-dyadic links decreased cyclically after three sporadic increases. The number of business multi-dyadic links steadily increased. The number of government multi-dyadic links steadily increased with a high plateau followed by a decrease.

## Proposition M4 - supported

**M4. The stakeholders would form inter-organizational bodies to facilitate dialogue and collective policy development.**

Not only was it proposed that stakeholders would form intra-organizational bodies to deal with the issue (Proposition E4), it was also proposed that they would form inter-organizational bodies to facilitate dialogue and collective policy development. This did indeed occur. Using the relational data portrayed in Matrix M4<sub>1</sub> and M4<sub>2</sub>, it is evident that over the life time of the policy community there were nine (9) instances when inter-organizational bodies were created (43% of the time, n=9 years). As a result of those nine initiatives, seventeen (17) inter-organizational bodies were formed, mostly initiated by government (55% of the time). Business did create inter-organizational bodies, specifically PACE and INTERAC. However, these vehicles were established to deal with the technical policies germane to EFTS rather than for consumer policy.

Consumers did not create or initiate any inter-organizational bodies but they joined some and they did recommend that two be established. In 1981 they called for an inter industry-government committee to deal with issues of confidentiality and security of consumer data. As well they, and the RCC, called for a task force on EFT systems in 1987. The following list chronologically charts the inter and intra organizational bodies either created or recommended by the various stakeholders. An astrict (\*) beside the date indicates that it was an intra-organizational body.

## Chronological listing of Intra and Inter-organizational bodies

- \*1972 - LRC commissioned an internal preliminary study on Computers and the payment system
- \*1972 - A special Privacy and Computer Task Force involving Departments of Justice and Communications
- 1973 - Department of Finance established and chaired a Working Group, an Interdepartmental Committee on Computer and Communications
- \*1974 - TCAC set up an EFTS file to monitor developments
- 1975 - Subsequent to releasing the Blue Book (in 1975), the Department of Finance established and chaired the Implementation Committee
- 1975 - Department of Finance established an Inter-departmental Steering Committee on EFTS (disbanded in 1979)
- \*1975 - Department of Finance established and chaired a Committee to deal with the legal and contractual relationships regarding EFTS
- \*1975 - Department of Finance designated Department of Justice to chair a committee that would examine the legal aspects of EFTS (Chaired by Stanley Goldstein)
- 1976 - The 1975 Implementation Committee became the Canadian Payments Systems Standards Group (CPSSG)
- \*1979 - In the Goldstein Report, Mr. Goldstein recommended the establishment of an internal agency to monitor the evolution of the payments system
- 1979 - Goldstein recommended an inter-departmental committee to deal with the feedback from the Goldstein Report
- \*1979 - First mention of a CAC EFTS file
- \*1979 - TCAC set up an EFTS Committee
- \*1979 - The existing Federal/Provincial Task Force on Consumer Credit assumed EFTS issues as well (members include federal and provincial first

Ministers of consumer affairs departments)

- 1980 - Canadian Payments Association established by an act of Parliament. The members of the CPSSG became members of the Canadian Payments Association.
- 1981 - CAC called for an inter industry-government committee to deal with issues of confidentiality and security of consumer data.
- 1982 - PACE was established to promote EFTPOS (members include retailers, financial institutions, common carriers, communications, consumers)
- \*1983 - CPA established the Senior Planning Committee (charged with planning the evolution of the Canadian payments system)
- 1985 - PACE established three project teams with cross memberships from consumers, retailers, and financial institutions
- 1985 - INTERAC was established to facilitate integration of banking machines across Canada (technical issues not consumer policy issues).
- \*1986 - CPA established Discussion Draft process to facilitate liaison with members and non-members of CPA
- \*1986 - First mention of RCC EFTS Committee
- 1987 - RCC proposed establishment of "Stakeholders Task Force" for EFTS, to include consumer, business and government
- 1987 - CAC called for a task force on EFT systems.
- 1987 - CPA established three Operational Planning Teams (OPT's) to provide a consultative process regarding EFTS issues
- 1987 - The CPA's SPC opened their Plenary meetings bi-annually to non-members (consumers and retailers, by invitation only)
- 1987 - The CPA's SPC established an EFT/POS Committee
- \*1987 - Many members of the 1987 Federal/Provincial First Ministers Working Group on the Cost of Credit Disclosure were to become members of the



- 1989 CCC headed EFTS Working Group.
- \*1987 - CBA established a Task Force which developed their internal Model Privacy Code for EFTS
  - \*1988 - First mention of CCCS EFT/POS Committee
  - \*1988 - CCAC established an internal EFTS Task Force
  - 1989 - CCAC formed the EFT/POS Working Group to develop a voluntary code for EFT/POS. Many on this group had been recently involved with the Federal/Provincial Task Force on the Cost of Credit Disclosure (have a previous working relationship and history).
  - \*1989 - TCAC established an internal EFT Voluntary Code Task Force to liaise with the CCAC Working Group
  - 1989 - The CPA's SPC established two more OPT's (this time also referred to as Inter-industry Working Committees)
  - 1991 - INTERAC mandate extended to facilitate integration of cash registers across Canada (debit cards).

A comparison of findings in Proposition E4 and M4 reveals some interesting results. There were almost identical instances of intra organizational bodies (17) being formed compared to inter organizational bodies (16). Further, these coinciding initiatives occurred in the same years (1975, 1979, 1987 and 1989). It is not known whether these coinciding initiatives were planned or by chance.

Stakeholders were more likely to recommend inter-organizational bodies than intra-organizational bodies. Further, government was more likely than consumer or business to both recommend and establish either type of vehicle. Consumers were more likely to recommend inter-organizational bodies than were business or government. Business had more internal bodies than they did inter-

organizational bodies but these internal bodies (notably PACE and INTERAC) were established specifically to deal with implementing technological advances rather than developing consumer policy. Consumers and retailers lobbied heavily to obtain representation on some of the government initiated inter-organizational bodies (notably, the CPA's Senior Planning Committee). They eventually gained access by invitation bi-annually, as did the RCC.

**Proposition M5 - supported**

**M5. The contact person for each stakeholder would change during the incremental development of the policy community.**

It was suggested that the contact person for each stakeholder would change during the incremental development of the policy community. This was measured at the constituent level and this did in fact happen in some instances, but some very interesting patterns did emerge. Table 6-3 illustrates these patterns with constituent stakeholders and aggregate stakeholders. The information in Table 6-3 was gleaned from an analytical reading of the case study to determine the contact person for each year. The complete profile is presented in Appendix Eight.

*Table 6-3 Patterns of contact persons*

<i>Same contact person</i>	<i>RCC</i>	<i>Business</i>
	<i>CFIB</i>	
	<i>TCAC</i>	
	<i>Prov</i>	<i>Government</i>
	<i>OSFI</i>	
<i>LRC</i>		
<i>Same position, different person</i>	<i>INTERAC</i>	<i>Business</i>
	<i>PACE</i>	
	<i>PIAC</i>	
	<i>SPC of CPA</i>	<i>Government</i>
<i>Contact person and position changed then consistent</i>	<i>CBA</i>	<i>Business</i>
	<i>CCCS</i>	
	<i>DOJ</i>	<i>Government</i>
	<i>DOF</i>	
	<i>CCAC</i>	
<i>Same people rotating contact</i>	<i>CAC</i>	

Table 6-3 shows that no one aggregate stakeholder was more inclined to follow one pattern more so than another, except the CAC. There was almost equal representation of business and government in all of the first three patterns.

In some instances, at the constituent level, the contact person stayed the same 38% of the time (n=6 constituent stakeholders). In other instances, the contact person changed but the position of the contact person did not (25%, n=4)). For instance, the contact person was always the president or a senior committee, but obviously the same person would not always hold this office for a twenty one year time frame. Thirty one percent (31%) of the constituent stakeholders (n=5) had contact persons who changed during the early years of being in the policy community and then became consistent towards the end. In the CAC (n=1), several key people rotated in and out of the network over the seventeen years CAC was in the policy community. During other times, different volunteers or internal policy analyst were dealing with

the issue.

From reading the case study it was concluded that the pattern seemed to be established early for the constituent stakeholders and was then constant for them during their participation in the policy community. It also appears that the longer the constituent was in the policy community, the more likely they were to have changing contact persons and positions (CCAC, CBA, CAC). Conversely, those constituents who entered the policy community half way through its life span seemed more likely to have a consistent contact position but a changing contact person (PACE, INTERAC, CPA). There doesn't seem to be any relationship between whether the stakeholder is consumer, business or government and the pattern they adopt, except for the consumer. When they enter seemed to be more relevant than who specifically was entering.

#### **T - CULMINATION INTO A TRIAD**

The evolutionary model of the consumer policy community predicted that once the stakeholders had managed dynamic multi-dyadic relationships, the policy community would evolve into a triadic network of three aggregate stakeholders, and appropriate constituent stakeholders. Propositions reflecting this reconfiguration of the policy community will be indicated with a "T", signifying "triadic activity". There are four such propositions and matrices were developed to address this series of proposals:

T1. The express desire for a triadic network will exist and will vary with stakeholders.

T2. One stakeholder will take the initiative to pull the stakeholders into a triadic network.

T3. Once this initiative is undertaken, the other stakeholders in the policy community will willingly form a triadic network.

T4. As the triadic network solidifies, the dyadic activity will decline.

**Proposition T1 - supported using proxy indicators**

**T1. The express desire for a triadic network will exist and will vary with stakeholders.**

It seemed logical to assume that prior to the implementation of a triadic network, there would be some indication from the stakeholders of an express desire for this transition to occur. Hence, it was proposed that the express desire for an eventual triadic network would occur and vary across stakeholders. Surprisingly, the results shown in Matrix T1<sub>1</sub> reveal that there was only two incidence of stakeholders (aggregate or constituent) making any statement indicating an explicit desire for the stakeholders to make the transition into a network of three interdependent stakeholders. In 1987, the CAC and the RCC both called for a Stakeholder Task Force to deal with EFTPOS. No other stakeholders made any reference to this call for an triadic network. As the proposition was stated, it was very weakly supported.

However, if one tabulates proxy variables as indicators of comments referring to calls for cooperation, partnerships, or joint efforts (comments that could be construed as implications that the stakeholders see merit

in working together), then another picture emerges. To that end, this proposition was addressed using two proxy variables - a desire to work together and preferred policy direction.

#### **Desire to work together**

Matrices T<sub>12</sub> and T<sub>13</sub> profile, respectively, the incidence and frequency of the stakeholders' expression of a desire to work together. Indicators of these comments included mentions of working collectively, working together, interaction, a cooperative effort, joint efforts, consultations, consensus, liaisons, and public discussions.

Over the life span of the policy community 52 incidence of such references were made (Matrix T<sub>12</sub>). Government was the stakeholder most apt to make some statement concerning a need to work together (48%, n=25). Business was more inclined (29%, n=15) than consumers (23%, n=12) to express a desire to work together. All stakeholders were more apt to make such a statement during the latter half of the life of the policy community. There is a conspicuous absence of such comments until 1981. The few exceptions in the earlier years of the policy community were made by government and consumer. Business did not begin to express a need for working together until 1981 and subsequently they made such comments each year (except for 1983 and 1990). The incidence (see Matrix T<sub>12</sub>) of business expressing such sentiments was the same for consumers (n=9) but business made such comments slightly more frequently (n=15 compared to n=12 for consumers) (see Matrix T<sub>13</sub>). In most years, either no one or only one stakeholder made any comments (52%, n=11) or two or more stakeholders (48%, n=10) were making statements concerning a desire to work together. All three stakeholders made comments in the same year 29% of

the time (n=6 years - indicated by the presence of a 3 in the column totals of Matrix T1<sub>2</sub>).

A pattern for making comments on a desire to work together was evident. Once the stakeholders began making such comments (early in the life of the policy community - 1974), they continued to do so every year except for 1977 and 1978. They increased in frequency gradually with periodic declines, peaked in 1986 and declined steadily after that with a sharp increase in 1991. This decline in comments may be due to the fact that they were working together in the CCAC instigated EFTPOS Working Group. In the same vein of thought, it is interesting to note that the unexpected increase in such comments in 1991 was accompanied with a change in the tone of the comments. Whereas before 1991 they were making comments alluding to the need for cooperation, the 1991 comments made by the stakeholders expressly stated that the trend was towards cooperation and an open approach.

#### **Policy Direction**

Another way to gauge the stakeholders' desire to work together is to measure their references to preferred policy directions. It is suggested that agreement on policy direction may be an indicator of predisposition to work collectively to achieve this goal. Matrix T1<sub>4</sub> profiles relational data relevant to this proposition. Basically three main policy directions were coded - a market based approach, a legislative approach, or a voluntary approach. There was also a category to capture combinations of opinions in any given year by a stakeholder.

During the life span of the policy community, twenty five (25) references were made to a preferred policy

direction. Collectively, members of the policy community preferred a legislative approach (48%, n=12), followed by a market based approach (28%, n=7) and lastly, they expressed combinations of opinions 20% of the time (n=5). Only once did a stakeholder make an express desire for a voluntary approach and it was government in 1989. Specifically, the CCAC made such a statement in a speech and attendees of the CPA conference took this stance in their roundtable discussions.

At the aggregate level, government made 40% of the comments regarding preferred policy direction (n=12), consumers made 32% of the comments (n=8) and business made the least amount of comments (28%, n=7). The character of the comments was quite divergent. Consumers consistently called for a legislative approach. Business called for a market based approach and recommended that competitive market forces dictate the situation. Government, when it called for a market based approach, did so on the condition that it continue to monitor the competitive forces that business was relying upon.

In 1989, the preferred policy direction began to change. Whereas business had consistently called for a market based approach, they began calling for a voluntary approach so as to avoid legislation. The CBA made most of these comments. Meanwhile, consumers (the CAC), who had been consistently calling for a legislative approach, began to opt for a voluntary approach as a second best alternative to a market based approach.

Government was not consistent in its preferred policy direction, probably because of the continual changing of specific departments involved with the issue. From 1974-1989 it incrementally moved through legislative/market, market, legislative/voluntary and voluntary approaches.



This transition and contradiction in opinion was punctuated with periods of internal policy analysis in several government departments (Law Reform Commission, and the Departments of Finance, Justice, and Consumer and Corporate, and Affairs, and the DOF again) in that order.

Finally, in 1989, government (CCAC) stated that relying on a market based approach had not provided the consumer protection desired and that either a legislative or voluntary approach was now needed. This statement reflects the conflicting opinions within the CCAC early in 1989. One government spokesperson called for a joint effort between CCAC and DOF to develop a legislative approach. Meanwhile, another spokesperson from CCAC, also in 1989, called instead for a voluntary code approach modelling New Zealand's approach. The department settled for the voluntary approach in November, 1989.

The evolution of preferred policy direction of the aggregate stakeholders is summarized in Table 6-4. This information was gleaned from Matrix T1<sub>4</sub>.

**Table 6-4 Overview of stakeholder's preferred policy directions**

<b>Year</b>	<b>Government</b>	<b>Business</b>	<b>Consumer</b>
1974	legislative review		
1975	legislative review	market based	legislate
1976	legislate		
1978	legislate		
1979	. amend legislation . legislate . market based . monitor/market based	market based	legislate
1980		market based	
1981	monitor/market based	market based	
1982	market based	market based	legislate
1983	. monitor/market based . selective law reform		legislate
1984			change law
1987			legislate
1988	. legislate . voluntary solution . ombudsman . market based		legislate
1989	. voluntary solution . market based but support code . too busy for legislation	voluntary code	prefer law accept code

### **Constituent level**

As mentioned previously, at the aggregate level, government expressed preferred policy directions more so than business or consumers. At the constituent level 63% of the stakeholders made absolutely no statements concerning policy directions (n=9). Regarding government, the CCAC, LRC, DOF, DOJ, and CPA were the departments that were most vocal on the subject. At the business constituent level, the financial institutions, CBA and TCAC, were the most vocal. The retail associations made no statements concerning consumer policy directions. They

were more concerned with the technological issues affecting them rather than with consumer issues. The CPA, the government association charged with planning the evolution of the payments system and also concerned with technical issues, made no comments on consumer policy direction until 1989. At that time, they took a poll at their annual meeting wherein participants (business, government and consumer) supported a voluntary code approach. The incidence of making comments on preferred policy direction ceased after the establishment of the Government/Consumer/Industry Working Group on an EFT/POS Voluntary Code in 1989.

**Proposition T2 - supported**

**T2. One stakeholder will take the initiative to pull the stakeholders into a triadic network.**

It was proposed that one stakeholder would eventually initiate the formation of a triadic network to deal with the consumer issues relevant to EFTS. This did happen and the stakeholder was government (See Matrix T1<sub>3</sub>). Specifically, in 1989, the Federal Department of Consumer and Corporate Affairs approached those whom they perceived to be relevant stakeholders and pulled together consumers, retailers, financial institutions, other government departments, and provincial governments to form a Working Group to develop a voluntary code for EFT/POS. Since Government was most inclined to make statements saying the stakeholders needed to work together (48%), it stands to reason that government would take the initiative to formalize the process (as it is expected to). Further, since the other stakeholders both made similar statements (business (29%) and consumer (23%) of the time) it follows that they would be inclined

to go along with governments' initiative.

**Proposition T3 - supported**

**T3. Once this initiative is undertaken, the other stakeholders in the policy community will willingly form a triadic network.**

It was hypothesized that once a triadic network was initiated that the participants would willingly join this triad. Indeed, every constituent stakeholder that was approached by CCAC to join the working group agreed to take part (except for INTERAC which claimed they did not have the staff for such a liaison). PACE was not invited to partake. It is worth noting that the membership in PACE and INTERAC overlaps in the retail and financial institutions as well as in the CPA, therefore their members were on the working group in other capacities.

Since some stakeholders had been calling for the need to work together, some of the stakeholders mentioned this initiative and their participation in their publications. All aggregate stakeholders did this. However, it was only true for certain constituent stakeholders. Only four constituent stakeholders (2 government departments (CCAC and CPA), 1 business association (TCAC), and 1 consumer) publically acknowledged the CCAC Working Group and their participation in the year that it was established, 1989.

An additional business association (CBA) recognized it a year later, in 1990. Two years later, an additional three business associations (RCC, INTERAC, and CFIB) and one government department (OSFI) acknowledged being on the Working Group in 1991, but in letters to the investigator rather than publically. As well, in 1991, each attendant

province confirmed participation on the Working Group in correspondence directed to the investigator subsequent to inquiries as to their role in the policy process. Interestingly, even though INTERAC was not on the Working Group, they stated in a 1991 speech that they were contributing fully to the Working Group. Otherwise, inclusion on the Working Group was confirmed by correspondence from the chair of the Working Group, Helen Carson or from Peter Ferguson, Chief of Private Sector, Consumer Services Bureau, CCAC.

In summary, a total of 68% of the constituent stakeholders who had been in the policy community during its life span announced that they were on the Working Group, either publically or in correspondence to the investigator. But this statistics (68%) is deceiving. The constituent profile of the policy community changed over the years. The LRC, PIAC and the Department of Justice were no longer in the policy community in 1989 when CCAC initiated the triad. OSFI and the Provinces did not join the policy community until 1989 when they were invited by CCAC. PACE and INTERAC were never part of the Working Group but are still part of the larger secondary policy community (consumer policy network).

This numbers the constituent stakeholders forming the policy community in 1989 at thirteen. Of those thirteen, eleven were on the Working Group. Of those eleven, only five acknowledged their participation in a publication (45%). And, even though INTERAC was not on the Working Group, they stated in a 1991 speech that they were contributing fully to the Working Group. This neglect of announcing participation on the Working Group for an EFT/POS Voluntary Code could be a result of the imposed proprietary nature of the process. INTERAC's claim to full participation is probably due to them subsequently

offering themselves for full consultation with the Working Group coupled with their influential debit card pilot instigated in the fall of 1990.

**Proposition T4 - supported**

**T4. As the triadic network solidifies, the dyadic activity will decline.**

It was proposed that subsequent to the formation of triadic network there would be a decline in the dyadic and multi-dyadic activity between the stakeholders. It was reasoned that they would not need to maintain these relationships outside of the triadic network. This decline could be further explained by the fact that dyadic activity is not measurable due to the freeze on access to the documentation of the activity within the Working Group (confidential and proprietary).

The data in Matrices I1G<sub>1</sub> and I1G<sub>2</sub> was used to measure this proposition (includes information on 9 dyadic relationships, with c-c referring to CAC referring to its own activity rather than that of another consumer organization). In actuality, there was a marked decrease in dyadic activity in 1990 (n=68) which continued into 1991 (n=61) compared to n=124 in 1989, the year immediately following the inception of the Working Group. The dyadic activity declined by over fifty percent. The proposition was supported.

Another phenomena occurred as the dyadic activity declined. Further examination of the relational data in Matrix I1G<sub>2</sub> reveals that even though the frequency of dyadic activity was the almost the same in 1990 (n=61) and 1991 (n=61), the pattern of activity was quite different. By way of explanation, the frequency of

contact beyond the triadic network between all three links was affected by the formation of the triadic network. Examination of the 1989-91 cell entries in Matrix I1G<sub>2</sub> reveals that the g-c, g-b, and b-b links tapered off most dramatically while the c-g and c-b links increased most noticeably. The remaining links stabilized when the triadic network was established. At the aggregate dyadic level, the frequency of contact beyond the triadic network between all three links was affected by the formation of the triadic network. But the nature of the effect was not symmetrical except for the c-g link. In other cases, consumers sent more to business but not vice versa and government sent less to business but b-g stayed the same. At the aggregate level, this translates to a decrease in government initiated dyadic links and business to business links in conjunction with an increase in consumer initiated dyadic links, both with government and business.

### **SECTION THREE ANALYSIS OF INTERACTION DYNAMICS**

Interaction is an integral component of the reconfiguration of the dyads over time therefore it has separate propositions. It was proposed that as the stakeholders engaged in interaction and the development of relationships they would vary along the following five interaction dimensions (communication patterns and content) - frequency, directedness, durability, intensity (level of commitment), and role perception of self and others in the policy process. Propositions reflecting these variables will be prefaced with an "I" signifying "interaction patterns". There are five such propositions. Matrices and graphs were developed to address these proposals:

- I1 - The frequency (regularity) of contact and communication between stakeholders will vary during the evolution of the policy community.
- I2 - The directedness of interaction between the stakeholders will vary during the evolution of the policy community.
- I3 - The durability of the relationships between the stakeholders will vary during the evolution of the policy community.
- I4 - The intensity of the relationships (level of commitment) between the stakeholders will vary during the evolution of the policy community.
- I5 - The stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy making process relative to others will change during the evolution of the policy community.

**Proposition I1 - supported**

- I1 - The frequency (regularity) of contact and communication between stakeholders will vary during the evolution of the policy community.**

Analysis of this proposition will occur on several levels - (a) both first and second communications as indicators of contact, (b) just direct or first order communications as indicators of contact, and finally (c) just second order communications (referrals) as indicators of contact.

- a. Both first and second order communications as**



## indicators of frequency of contact

### Aggregate perspective on frequency of contact

It was hypothesized that the incidence and frequency between stakeholders (regularity of contact) would fluctuate during the evolution of the network. There is no doubt that this proposition was upheld. Matrix I1B<sub>2</sub><sup>3</sup> is an aggregate profile of the incidence of first and second order communications. Of the twenty one years, there was dyadic activity 95% (n=20) of the time. Using column totals, it can be determined that all three stakeholders are in the policy community 62% of the time (n=13 years). Two stakeholders are in the network 29% of the time (n=6 years) and five percent of the time there was just one stakeholder (n=1 year). Using row totals, it is evident that, overall, there is a higher incidence of government (38%, n=20 instances) and business (33%, n=17) being in the policy community, engaging in both direct contact and referrals to the work of others, than of consumers (29%, n=15).

For clarification, a lapse in membership in the policy community means that during that year, no one sent documents or referred to that stakeholder. Government membership in the policy community did not lapse once it joined the network. Business lapsed membership in the policy community three times after joining and consumers lapsed twice. After 1981, all aggregate stakeholders remained consistently in the policy community.

However, the profile of frequency of contact between stakeholders varies dramatically depending on other indicators or perspectives that can be imposed on the

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<sup>3</sup> Yearly adjacent matrices (I1A, available on request) were compiled and then converted to incident matrices I1B<sub>1</sub> and I1B<sub>2</sub>.

process.

**Nine dyadic perspective on frequency**

To extend the above finding, again using Matrix I1B<sub>1</sub>, Table 6-5 depicts the incidence of different dyads interacting over the years of life span of the policy community. Over a twenty one year time frame (using column totals from Matrix I1B<sub>1</sub>, which profiles the incidence of first and second order communications), the incidence of stakeholders being in contact with each other in dyadic relationships increased gradually with a decline every three to four years. It peaked in 1984 and then reached a plateau high of eight dyads present in the policy community. In other words, frequency of contact increased gradually during the first two thirds of the policy community life span and plateaued during the last third.

**Table 6-5 Incidence of dyads interacting in the policy community.**

<i>Number of dyads in contact with each other</i>	<i>N=year</i>	<i>Percentage</i>
9	1	5.0%
8	6	29.0%
7	3	14.3%
6	2	9.5%
5	0	0
4	5	24.0%
3	3	14.3%
2	0	0
1	0	0
0	0	0
	<u>21</u>	<u>100.0%</u>

In most instances, there were either eight dyads or (29%) or four dyads (24%) in the network in contact at any one time. There were never instances when there were five, two or just one dyadic links.

Referring again to Matrix I1B<sub>1</sub>, it becomes obvious that, of those dyads most likely to be in the policy community, the most prominent ones were, in descending order, g-b (16%, n=19), g-g (14%, n=17) and b-g as well as g-c, both with n=16, collectively 27%. The obvious aggregate stakeholder which is most likely to be in dyadic relationships is government and, in most instances, it is initiating the contact. The consumer stakeholder is most likely to be absent.

To illustrate this point further, Table 6-6 (compiled from row totals in Matrix I1B<sub>1</sub>) provides a synopsis of the incidence of a particular dyad being in contact in the policy community.

<i>Table 6-6 Incidence of dyads engaged in first and second order communications listed in descending order</i>		
<i>Type of dyad</i>	<i>Incidence n=</i>	<i>Percentage</i>
<i>g-b</i>	<i>19</i>	<i>16%</i>
<i>g-g</i>	<i>17</i>	<i>14.3%</i>
<i>b-g</i>	<i>16</i>	<i>13.4%</i>
<i>g-c</i>	<i>16</i>	<i>13.4%</i>
<i>c-g</i>	<i>15</i>	<i>12.6%</i>
<i>c-b</i>	<i>11</i>	<i>9.2%</i>
<i>b-c</i>	<i>11</i>	<i>9.2%</i>
<i>b-b</i>	<i>10</i>	<i>8.4%</i>
<i>c-c</i>	<i>4</i>	<i>3.4%</i>
	<i>119</i>	<i>100.0%</i>

**b. Direct (first order) communications as indicators of frequency of contact**

**Three dyad perspective of frequency of contact**

Another profile of frequency of contact emerges if one examines the interaction patterns of the three major dyads (c-b, b-g, g-c). Interpreting row entries of incidence from Matrix I1C one gets a sense of which major dyads were most likely to be communicating directly to each other (this does not include referrals to each

other). Business and government had the highest incidence of communicating directly to each other most frequently (45%, n=17), followed by government and consumer (37%, n=14) and lastly, consumer and business (18%, n=7). As regards frequency of contact, the same profile emerges. The row totals from Matrix I1C reveal that business and government communicated directly to each other most often (55%, n=62), followed by government and consumer (33%, n=38) and lastly, consumer and business (12%, n=14). All three major dyads were in direct communication with each other 60% of the time (n=38/63, incidence) of the life of the policy community.

As regards the proposition, the incidence and frequency of direct contact via communications between the three major dyads did vary over the years. From the column totals of Matrix I1C, there were predominately two dyads directly communicating to each other in most years (53%, n=11), followed by three dyads in the policy community for 28% of the time (n=6), then no dyads directly communicating to each other (n=4, 19% of the time). Never was there just one dyad directly communicating to each other (n=0). Before 1981 (early years of development of the policy community), there were likely to be two dyads directly communicating to each other and always in multi-dyadic relations. After 1981 (latter half of life of policy community), this number increased to an average of three.

#### **Constituent perspective of frequency of contact**

At the aggregate level, government membership in the policy community did not lapse once it joined the network. This finding is revoked at the constituent level. At the constituent level, the LRC, DOF and DOJ were the government departments directing or receiving communications in dyadic relationships until 1979, at

which point they all left the network. Subsequent to that date it was predominately the CCAC from 1975 onward. They were joined by the CPA from 1980 onward. There was frequent reconfiguration of the constituent membership for government. The predominate business organizations which engaged in dyadic direct communications were the CBA and the RCC. The CAC is the only consumer organization in the network. Refer to Figure 6-1 in Proposition N1 for a map of these activities.

**Indegree and outdegree as proxy indicators of frequency of contact**

Indegree and outdegree can be used proxy variables to add a level of sophistication to the concept of frequency of contact. It is helpful to know how many documents were sent to who and by whom. Outdegree (sending communications) and indegree (receiving communications) allow one to garner this information. Table 6-7 summarizes the number of documents sent and received by each major constituent. The data in this table does not reflect the communications between g-g or b-b. The government departments are listed first, then business and finally consumers. The data is extrapolated from annotated comments of cell entries for Matrix I1C.

**Table 6-7 Number of documents sent and received by each major constituent**

<i>Constituent</i>	<i># of Doc sent (Outdegree)</i>	<i># of Doc received (Indegree)</i>
<i>LRC</i>	<i>3</i>	<i>0</i>
<i>CCAC</i>	<i>2</i>	<i>4</i>
<i>CPA</i>	<i>19</i>	<i>12</i>
<i>DOF</i>	<i>3</i>	<i>5</i>
<i>DOJ</i>	<i>2</i>	<i>3</i>
<i>Government in general</i>	<i>2</i>	<i>20</i>
<i>CBA</i>	<i>6</i>	<i>5</i>
<i>RCC</i>	<i>9</i>	<i>25</i>
<i>CFIB</i>	<i>1</i>	<i>8</i>
<i>PACE</i>	<i>1</i>	<i>2</i>
<i>INTERAC</i>	<i>6</i>	<i>0</i>
<i>CCCS</i>	<i>1</i>	<i>0</i>
<i>Business in general</i>	<i>1</i>	<i>25</i>
<i>CAC</i>	<i>12</i>	<i>10</i>
<i>Consumer in general</i>	<i>0</i>	<i>24</i>
	<i>68</i>	<i>143</i>

The number of documents received does not equal the number sent out because the 'general' category was sent by one but received by three stakeholders. In summary, the RCC received the most documents (n=25), followed by business in general (n=25) and then government in general (n=20). The "in general" category encompasses any press releases, fact sheets, pamphlets and government public documents. Even though no specific constituent was targeted with these communications they did reach the public arena, were used by other constituents as they developed their positions and therefore were included in the analysis. Examples of such documents include White Papers, Green Papers, Position papers and the like.

The CPA sent out the most documents (n=19). This was followed closely by the CAC (n=12) and then the RCC (n=9). At the aggregate level, this translates to government sending out the most documents, then the consumer and finally, business. Conversely, at the aggregate level, business received the most documents followed by government and then consumers, who received

the least.

#### **Frequency of direct contact for six dyads**

Analyzing the data displayed in Matrix I1D<sub>1</sub> provides another look at the incidence of contact between stakeholders in the policy community. This Matrix reveals the incidence of direct exchanges between the six major dyads (c-b, c-g, b-g, b-c, g-b, g-c). This does not include b-b, g-g or c-c. Using the column totals, it becomes evident that the incidence of direct contact between any of the 6 major dyads increased from two dyads in any given year through three and four to culminate in six dyads communicating directly in 1991. The average incidence of any of the six dyads communicating directly in any given year was 2.7 (or realistically, three).

The data in the row totals of Matrix I1D<sub>2</sub> (frequency of direct major dyadic contact) also indicates that the dyad most frequently communicating directly is the b-g dyad and, by far, government sends more communications to business than the other way around. In the b-c dyad, the consumer sends out more documents than it receives from business. In the g-c link, government sent more documents to consumers than consumers to government. The government sent more documents to business than to the consumer. Business sends more documents to government than to the consumer and consumers send more documents to government than they do to business. Again, one is reminded that this matrix does not include the b-b or g-g dyadic links.

Using the column totals in Matrix I1D<sub>2</sub> it is evident that the total number of direct contacts between the six major dyads over the life of the policy community was 115. The column totals reveal that the average frequency of contact wherein the stakeholders directly communicated

with each other (regardless of the specific dyad in question) was 6 per year with a range of 0-21. The frequency of direct contact among the six dyads increased steadily over the years with three instances of years where there was no contact (1977, 1981 and 1985). More to the point, the frequency of direct communications among the six dyads remained relatively low during the first sixteen years of the life of the policy community, and then 56% (n=65) of direct communications occurred in the last five years of the life of the policy community (1987-1991).

Also using Matrix I1D<sub>2</sub>, it becomes evident that business was more likely to receive (n=42) and send (n=22) direct communications to government rather than to the consumer (n=10). Government was more likely to receive (n=22) and send (n=42) to business as opposed to the consumer (n=10, 4, respectively). Finally, consumers were more likely to receive from (n=26) and send direct communications to (n=11) government rather than business. Business was more likely to receive direct communications from government and consumers than to send to them. Government was more likely to send direct communications to business and consumers than receive from them. Consumers were more likely to receive direct communications from business and government than to send to them. In summary, business and government were more likely to send direct communications than to receive them while consumers were more likely to receive them than to send them.

**c. Second order communications (referrals) as indicators of frequency of contact**

Up to this point, the discussion of frequency of contact has focused on aggregate first and second order communications (Matrix I1B<sub>1</sub> and I1B<sub>2</sub>, the three major



dyads in direct communication (Matrix I1C) and the six major dyads in direct communications (Matrix I1D<sub>1</sub> and ID1<sub>2</sub>). The discussion now moves on to incorporate second order communications between stakeholders. Whereas first order communications refer to direct contact, second order communications pertains to the use of referrals to the work or activity of other stakeholders.

The data displayed in Matrix I1F<sub>1</sub> reveals that during the life of the policy community, there were 93 incidences when a stakeholder referred to or was referred to by someone else in the network. Matrix I1F<sub>2</sub> shows us that during those 93 incidence, 363 referrals were made (frequency). Lets take a closer look at this activity. Table 6-8 summarizes the incidence of being referred to or of referring to another for each aggregate stakeholder.

Table 6-8 Incidence of being referred to or of referring to another for each aggregate stakeholder					
	Incidence of referring to someone (Outdegree)		Incidence of being referred to by someone (indegree)		
C	n=27	29%	n=22	24%	
G	n=32	34%	n=41	44%	
B	<u>n=34</u>	<u>37%</u>	<u>n=30</u>	<u>32%</u>	
	93	100%	93	100%	

It is apparent from Table 6-8 that government (relative to business and consumer) is most likely to be referred to by others. The opposite is true for consumers and business. They were both more likely to refer to someone than by referred to by someone else. This finding may be skewed by the inclusion of CAC references to its own work as an indicator for a c-c link.

At a finer level of analysis, one is able to determine which dyads were engaged in both of these types of second

order communications. Table 6-9 portrays "which stakeholder is referring to who", and by deduction, which is being referred to by someone else, in descending order.

<i>Table 6-9 Which stakeholder is referring to who</i>	
<i>Dyads Making referrals to others</i>	
	<i>n=</i>
<i>g-b</i>	<i>75</i>
<i>g-g</i>	<i>73</i>
<i>b-b</i>	<i>63</i>
<i>b-g</i>	<i>54</i>
<i>c-g</i>	<i>34</i>
<i>c-b</i>	<i>22</i>
<i>g-c</i>	<i>22</i>
<i>b-c</i>	<i>16</i>
<i>c-c</i>	<i>4</i>
<i>Total</i>	<i>363</i>

Government referred most frequently to the activities of business, then to other government departments and, finally to the consumer. Business referred most frequently to the endeavour of other business organizations, then to government and finally, the consumer. Consumers referred most frequently to government, then to business and finally, to the consumer.

The same data is portrayed differently in Table 6-10 but from a different perspective. This data is extrapolated from the row totals from Matrix I1F<sub>2</sub>.

**Table 6-10 Which aggregate stakeholder is referring to who**

<i>Stakeholder Dyad</i>	<i>Number of referrals</i>								
<i>Consumer</i>	<table border="0"> <tr><td><i>c-c</i></td><td>4</td></tr> <tr><td><i>c-b</i></td><td>22</td></tr> <tr><td><i>c-g</i></td><td><u>34</u></td></tr> <tr><td></td><td>60 (17%)</td></tr> </table>	<i>c-c</i>	4	<i>c-b</i>	22	<i>c-g</i>	<u>34</u>		60 (17%)
<i>c-c</i>	4								
<i>c-b</i>	22								
<i>c-g</i>	<u>34</u>								
	60 (17%)								
<i>Business</i>	<table border="0"> <tr><td><i>b-b</i></td><td>63</td></tr> <tr><td><i>b-c</i></td><td>16</td></tr> <tr><td><i>b-g</i></td><td><u>54</u></td></tr> <tr><td></td><td>133 (37%)</td></tr> </table>	<i>b-b</i>	63	<i>b-c</i>	16	<i>b-g</i>	<u>54</u>		133 (37%)
<i>b-b</i>	63								
<i>b-c</i>	16								
<i>b-g</i>	<u>54</u>								
	133 (37%)								
<i>Government</i>	<table border="0"> <tr><td><i>g-g</i></td><td>73</td></tr> <tr><td><i>g-c</i></td><td>22</td></tr> <tr><td><i>g-b</i></td><td><u>75</u></td></tr> <tr><td></td><td>170 (47%)</td></tr> </table>	<i>g-g</i>	73	<i>g-c</i>	22	<i>g-b</i>	<u>75</u>		170 (47%)
<i>g-g</i>	73								
<i>g-c</i>	22								
<i>g-b</i>	<u>75</u>								
	170 (47%)								
<i>Total</i>	363								

The figures in Table 6-10 allow us to determine that government was most active when it came to second order communications (n=170, 47%). Government's activity was followed by that of business (n=133, 37%). The stakeholder to refer least often to the works of others was consumers (n=60, 17%). Conversely, the data in Table 6-11 allow us to determine which stakeholder was referred to the most, and in which dyadic relationships. This data was extrapolated from the row totals of Matrix I1F<sub>2</sub> as well.

**Table 6-11 which aggregate stakeholder was referred to the most, and in which dyadic relationship**

Stakeholder Dyad		Number of times referred to by others	
Consumer	c-c	4	
	b-c	16	
	g-c	<u>22</u>	
		42	(12%)
Business	b-b	63	
	c-b	22	
	g-b	<u>75</u>	
		160	(44%)
Government	g-g	73	
	c-g	34	
	b-g	<u>54</u>	
		<u>161</u>	(44%)
Total		363	

From this perspective, business and government matched each other in their frequency of being referred to (n=160 and n=161, respectively), while the consumer stakeholder was the one least frequently referred to by others (n=42). This level of analysis substantiates the findings from the aggregate level of analysis, that being that government and business (more so than consumers) are more likely to be referred to and to do the referring about the work of other stakeholders.

Column totals from Matrix IIF<sub>1</sub> impart that the incidence of referring to the work of others gradually increased over the years, reaching and maintaining a high in 1984. There was a decrease in referring to others immediately after 1989 (the year the working Group was established by CCAC). Then it started to increase again. There were 93 instances when someone referred to the work of others. The average incidence of referring to others was 4.5 times per year.

## **Proposition I2 - Supported**

**I2 - The directedness of interaction between the stakeholders will vary during the evolution of the policy community.**

It was suggested that the directedness of the interaction between the stakeholders would vary during the evolution of the policy community. Directedness refers to whether or not the communication was one way or two way (asymmetrical or reciprocal). Directedness also encompasses an understanding of who was sending and who was receiving the communications (whether they be first or second order communications). In network jargon, directedness refers to indegree and outdegree, receiving and sending message, respectively.

### **Direct (first order communications) as indicators of directedness**

The relational data displayed in Matrix I2B<sup>4</sup> establishes that there was 37 instances when one of the three stakeholders sent out a direct communication (outdegree). This analysis does not include c-c, b-b or g-g communications. Of those 37 instances, the stakeholder with the highest incidence of outdegree communication was government (43%, n=16), followed by business (32%, n=12) and then consumers (24%, n=9). In other words, government was most likely to direct communications to other stakeholders.

Matrix I2C and I2D do include b-b or g-g communications and again deal with direct communications. This time the

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<sup>4</sup> Yearly adjacent matrices (I2A) were consolidated to create Matrix I2B. The I2A matrices are available on request.

emphasis is on who specifically was sending and receiving direct communication. These matrices display data that reveal the incidence and frequency of outdegree of the aggregate stakeholders (the act of sending documents to anyone, regardless of who). As regards frequency of outdegree communications, a similar pattern emerges; government sent out the most direct communications (59%, n=68), business sent out 28% of the direct communications (n=32) and consumers sent out the least amount of direct communications during the life of the policy community (n=15, 13%). The government total includes public documents which were taken to be targeted to business and consumers in general.

Matrix I2C also shows the frequency for each stakeholder who received communications from others stakeholders (indegree, regardless of who sent the communication). The indegree pattern is quite different from the outdegree pattern. Whereas consumers sent out the least, they received the most communications (40%, n=46). Business received approximately a third of the direct communications (31%, n=36, almost as many as it sent out). The inclusion of government public documents in the consumer and business totals may skew this figure. Government received the least amount of direct communications (29%, n=33), but sent out the most.

In summary, including the b-b and g-g communications sheds more light on the directedness of the stakeholder direct communications. The consumer stakeholder sent out 15 direct communications but received four times that many (n=46). Business basically received (n=36) as many as it sent out (n=32). Government sent out twice as many (n=68) as it received (n=33). This confirms the findings for Proposition I1, that being that consumer and business are more likely to receive while government is more

likely to send out documents. This finding includes the reception of government public documents in the consumer and business totals. It was noted above that this may skew the findings for this particular concept. But they were included in the count because each of consumer and business utilized all of the government documents heavily in the development of their policy positions over the years (particularly the early documents from the LRC, DOF and DOJ). It was felt that excluding them from the analysis would have been more detrimental than including them.

The reader is directed again to Proposition I1 which provided detail on indegree and outdegree as indicators of frequency of direct contact.

#### **Constituent perspective of indegree and outdegree**

A total of eight government departments and agencies sent out 68 direct communications over the life of the policy community (an average of 8.5 per department). A total of seven business associations sent out less than half that many (n=32, an average of four per association). In contrast, one consumer organization sent out 15 direct communications. From this perspective, the one consumer association was most prolific as regards outdegree of first order communications. In fact, given that the consumer stakeholder contained only one association (compared to eight each for business and government), their record of generating direct communications with the other stakeholders is even more impressive. This conclusion regarding the munificence of the consumer association is even more relevant when one considers that the membership compliment of the business and government constituents was constantly changing, suggesting that the annual average of 8.5 communications for government department and 4 for each business association is

probably elevated.

The overall pattern of indegree and outdegree is revealing. Column totals in Matrix I2C reveal that during the earlier years of the life of the policy community, the frequency of sending out direct communications to others was quite low relative to the more recent years. Up until 1980, there were essentially two periods of low plateaus, the second higher than the first. These plateaus were followed by a steady decrease until 1986 which peaked in 1988 and then declined but started to increase again in 1991. The profile of indegree (receiving direct communications) parallels this exactly, as expected (see column totals for Matrix I2D and I2E, frequency and incidence, respectively). There were four years when there was no incidence of direct communications at all (19%) or when two stakeholders were receiving communications (19%). In those instances it was likely to be consumer and business receiving communications, not government. For two thirds of the life span of the policy community, all three stakeholders were receiving communications (62%, n=13).

Column totals from Matrix I2D reveal that the average number of direct communications received each year during the life of the policy community regardless of who sent them was 5.4 documents. Interestingly, after each of the years when there were zero communications, the frequency of sending out direct communications immediately escalated to five or higher, tantamount to the average number of direct communications.

### **Proposition I3 - Supported**

**I3 - The durability of the relationships between the stakeholders will vary during the evolution of the**



**policy community.**

The graphs for Proposition M1 and Matrix I1B<sub>1</sub> were used to analyze this proposition. Each of the three major dyadic links will be examined as regards durability. Table 6-12 and Table 6-13 were extrapolated from these sources and will contribute to the following discussion of the durability of dyadic links in the policy community.

*Table 6-12 Durability of dyadic links as measured by number of lapses*

<i>No lapse</i>	<i>1 lapse</i>	<i>2 lapses</i>	<i>3 lapses</i>	<i>4 lapses</i>
<i>g-g</i>	<i>g-b</i>	<i>c-g</i>	<i>b-c</i>	<i>c-b</i>
		<i>b-b</i>	<i>c-c</i>	
		<i>b-g</i>		
		<i>g-c</i>		

*Table 6-13 Durability of dyadic links as measured by duration of lapse*

<i>No lapse</i>	<i>1 year</i>	<i>2 years</i>	<i>3 years</i>
<i>g-g</i>	<i>c-b</i>	<i>b-c</i>	<i>c-b</i>
	<i>b-b</i>	<i>c-g</i>	<i>b-g</i>
	<i>b-c</i>		<i>g-c</i>
	<i>b-g</i>		
	<i>g-c</i>		
	<i>g-b</i>		

**Durability of consumer-business links**

This discussion of the consumer-business dyad encompasses consumer dialogue directed at business (c-b) and business dialogue directed at the consumer (b-c). The general c-b link was the last to start (1975) and was the least durable. The specific c-b link was interrupted four times during the life of the policy community, first for three years and one year for each subsequent lapse. The c-b link was interrupted more often than the b-c link and the lapse lasted for longer periods of time, meaning that

it was less durable. The b-c link lapsed three times and the lapse lasted, on the average, 1.5 years. The average lapse between the c-b link was longer, 2.5 years. In other words, business were less likely to let the relationship lapse than was consumer.

The general c-b link experienced the most frequent number of interruptions of all of the dyadic links. The general c-b link became stable after 1984 (but with the least amount of interaction). Its durability increased during the latter third of the life of the policy community. This could be partially explained by the fact that during the early years of the policy community there were only a few business constituents but this increased incrementally as the community evolved. There were more constituent business stakeholders available to interact with the CAC.

#### **Durability of consumer-government links**

This discussion encompasses consumer dialogue directed at government (c-g) and government dialogue directed at the consumer (g-c). This dyadic link was initiated by government (DOJ) in 1972 but only indirectly through the release of a public document. Subsequent to that, the g-c link lapsed twice, first for two years, then for one year. The average time lapse between these intervals was 2 years. The c-g link began in 1975 and incurred two lapses with two years between each lapse and an average time lag of 2 years. In other words, government was less likely to let the relationship lapse than was consumer.

The general c-g link was moderately durable (compare to the c-b link) but this was not the case at the constituent level. Government constituents had a very non-durable tenancy in the policy community. There were a

lot of fluctuations in the identification of the actual government departments in the network. The configuration of the consumer-government link changed continually due to this fluctuation at any one point in time.

### **Durability of business-government links**

This discussion encompasses business dialogue directed at government (b-g) and government dialogue directed at business (g-b). The b-g dyadic link was established in 1972 and was the most durable. It experienced two lapses, the first lasting three years and the second for only one year. The g-b link also began in 1972 but it had only one lapse during the life span of the policy community. In other words, government less likely to let the relationship lapse than was business.

The general b-g link was very durable during the last two thirds of the life span of the policy community, with no lapses from 1979 onward. One is reminded that during the early years of the policy community there were only a few business constituents but this increased incrementally as the community evolved to that point that there were seven. Conversely, there was a lot of fluctuations in the identification of the actual government departments in the network. Despite this, this dyadic link was the most durable.

In conclusion, it is evident that links with the consumer are the least durable. They are most likely to lapse, have the most lapses, and the longest time between lapses. The links with business are moderately durable and, finally, links with government are most durable. Links initiated by government were the most durable, followed by business and then consumer. Consumers had more durable links with government than with business.

This occurred despite the reality that the constituent membership for business was more stable than that for government. It stands to reason then, that the general c-b link was the least durable, that is, it had the most lapses and for the longest periods of time. The general c-b link became more durable during the last third (1984 onward).

If a lapse occurred in any link in the policy community, it was for an average of only one year. It is important to remember that, roughly during the last half of the life of the policy community, all relationships were durable compared to the first few years of the life span of the policy community. The proposition is upheld.

#### **Proposition I4 - Supported**

**I4 - The intensity of the relationships (level of commitment) between the stakeholders will vary during the evolution of the policy community.**

For the purpose of this research, intensity was interpreted as the level of commitment to a relationship and to the policy making process in the policy community. It was measured by finding references to or making inferences to their predisposition to stay involved with the issue and the other stakeholders involved with the issue (proxy variable). Evidence of this intensity was taken to be the degree to which they entered into direct communication with or referred to the work or activities of other stakeholders.

#### **Aggregate perspective of intensity**

At the aggregate level (see Matrix I4A) there was a very high incidence of expression of a desire to stay involved

in the policy community. Of the 21 year life cycle of the community, consumers were either communicating directly with or referring to other stakeholders 90% of the time (n=19), government 95% of the time (n=20) and business 100% of the time (n=21). This communication was extrapolated to mean that the stakeholder was still committed to the issue and to maintaining a relationship with other stakeholders (intensity equals commitment).

#### **Dyadic perspective of intensity**

Matrix I4B shows intensity of the relationships in the policy community at the dyadic level. When one examines the row totals, it is obvious that the relationship between government and business entailed more communication than that involving the consumer (more intense relationship). Of the twenty one year life cycle of the policy community, consumers engaged in a dyadic link with business during 13 years (62% of the time) and with government during 19 years (90% of the time). Conversely, the business-government link (regardless of who initiated the link) averaged 20 years as did the g-g and b-b links.

Based on this data, one is tempted to conclude that the consumer was less committed and engaged in less intensive relationships with business than the other stakeholders. This would be an erroneous conclusion, however. Consider that the consumer stakeholder did not enter a dyadic link with business until 1975 (compared to 1972 for government and other businesses). Using this as the time frame (17 years rather than 21), it becomes evident that the intensity of the link between consumer and business is much higher. They engaged in a c-b link 76% of the time (as opposed to 62% using the 21 year benchmark).

Again using Matrix I4B, examination of the column totals

reveals how many dyads were in the network. This again provides an indication of the degree of relational intensity or commitment to the policy community. The majority of the time (57%, n=12 years), all five aggregate dyadic links were in the policy community. This is followed closely by four dyadic links during 33% of the time (n=7). That translates to an almost completely represented dyadic network for 90% of the time. The missing link is the c-b link. The remainder of the life of the policy community there were either three dyads or one dyad (10%, n=2). If this measure of intensity is accepted, then it can be concluded that the stakeholders were committed to the issue and to the policy community with the c-b dyadic relationship being the weak link, relative to the other dyads.

It is revealing to examine the degree of intensity among dyads. Table 6-14 summarizes the degree of intensity (Extrapolated from cell entries in Matrix I4B). To compile this table, a 3 was indicative of the presence of both direct communications and referrals to other. A 2 indicated just referrals and a 1 indicated just direct communication. A zero indicated that no communication occurred between that dyad.

<i>Table 6-14 Summary of the degree of intensity by five major dyads</i>						
	<i>c-b</i> <i>n=</i>	<i>b-g</i>	<i>g-c</i>	<i>b-b</i>	<i>g-g</i>	<i>Total</i> <i>n=</i>
<i>Strong intensity</i>	6	14	12	9	11	52
<i>Inferred</i>	6	3	2	0	2	13
<i>Implied intensity</i>	1	3	5	11	7	27
<i>No link</i>	<u>8</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>13</u>
	21	21	21	21	21	105

It is apparent that most stakeholders were predominately strongly committed to the policy community in strong,

intense relationships (direct communications and referrals to others or their work) for almost half of the time (49.5%, n=52). For a quarter of the time the dyads which were in existence manifested direct communications (26%, n=27). This means that for three quarters of the life of the policy community, stakeholders were engaged in direct communications or direct communications and referrals to others (75.5%, n=79, strongly intense relationships). The stakeholders most likely to engage in strong, intense relationships were business and government. On the other hand, the consumer was more inclined to not be in a relationship with the other stakeholders, and if they were it was with government and in a strongly intense relationship (23%, n=12/21). As has been evident in other propositions, it is the c-b link that is weak or absent relative to the other aggregate dyadic links.

In conclusion, the degree of commitment to the policy community, as indicated by the intensity of the relationships, did vary during the life of the community. The proposition was supported. During the first half of the life of the community, the incidence of multiple dyads being engaged in strong relationships gradually grew to the point that during the last half of the life of the policy community, (1984-1991) all five dyads were communicating and at a strongly intense level (indicated by 3s).

**Proposition I5 - Conditionally supported as it is worded**

**I5 - The stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy making process relative to others will change during the evolution of the policy community.**

It was proposed that the stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy process relative to others would change during the evolution of the policy community. There is an abundance of evidence to suggest that technically this proposition, as it is worded, is not supported. The proposition states that "the stakeholders perception of their role in the policy process relative to others will change during the evolution of the network". The evidence seems to suggest that once a self perception was established it held constant during the life of the policy community. The pattern that evolved is as follows:

- A. government was most likely to make comments on their own role and in a positive light.
- B. Business was also more inclined to make comments on its own role and in a positive light.
- C. Consumer was most likely to make comments on their own role and conclusively from a negative stance.

What did change was the incidence and frequency of comments reflecting the perceptions their role as well as their comments on the role of others in the policy process. The following discussion will substantiate this premise. Several strategies were adopted to measure this proposition. First, the analyst measured the incidence of any statements made regarding roles in the policy process, regardless of who made them. Second, the incidence and frequency of comments made about ones own role followed by a determination of the sentiments expressed was measured. Finally, about another stakeholder's role and the sentiments attached to those statements was assessed. What emerges is a sense of who



made comments regarding roles and contributions to policy, how often, about whom and the sentiments attached to those comments. An interesting picture of role perception emerged.

### **1. Comments and sentiments of role perception in general**

Matrix I5A<sub>1</sub> portrays the profile of the incidence of stakeholder comments on anyone's role or contribution to the policy process. During the life of the policy community there were forty incidence of comments on roles and contributions to policy development. Government had the highest propensity to make comments (38%, n=15), followed by business (32%, n=13) and then the consumer (30%, n=12).

Examination of the column totals in Matrix I5A<sub>1</sub> shows that the likelihood of stakeholders commenting on their perceived role or that of others increased as the policy community evolved. There were few comments in the early years of the network relative to the last 10 years. During the last 10 years, all three stakeholders were making comments on roles and contributions to policy 70% of the time (n=7). This is compared to the first eleven years when all three stakeholders were collectively making comments on roles and contributions only 18% of the time. During the first half of the life of the policy community it was more probable that no one made any comments (36% of the time, n=4) or that just one or two stakeholders were mentioning roles or contributions to the policy community (45% of the time, n=5).

The entries in the cells in Matrix I5A<sub>2</sub> reflect the scope of the comments, ranging from comments restricted to

their role (1s), comments on other's role (2s) or concurrent comments on both of these dimensions (3s). A "0" indicates that no comments on roles were made that year by that stakeholder. The row totals reflect the overall role perception of the individual stakeholders. Table 6-15 (extrapolated from Matrix I5A<sub>2</sub>) profiles a summary of each stakeholders type of comments relative to the overall network.

**Table 6-15 Summary of each stakeholders type of comments relative to the overall network**

	Con		Bus		Gov		Overall	
	n	%	n	%	n	%	n	%
Both sentiments	6	29	10	48	10	48	9	43
Comments on others	5	24	4	19	2	9	6	29
Comments on self	1	5	0	0	3	14	2	9
No comments	<u>9</u>	<u>43</u>	<u>7</u>	<u>33</u>	<u>6</u>	<u>29</u>	<u>4</u>	<u>19</u>
	21	100	21	100	21	100	21	100%

As a whole, during any point in time in the life of the policy community, stakeholders either made concurrent comments on both their own roles and those of others (43%, n=9) or sole comments on the role or contribution of others (29%, n=9). However, individual stakeholder profiles do not parallel the network aggregate picture. Close examination of Table 6-15 shows that consumer, business and government either made concurrent comments on both their own roles and those of others or said nothing about roles and contribution to policy development. Business and government patterns were quite similar. Both were more inclined to make concurrent comments about their role and the role of others almost half of the time (48%, n=10).

For 6 and 7 years out of 21, government and business made no comments at all on roles (29%, n=6, 33%, n=7, respectively). On the other hand, business was more

likely to comment about someone else's contribution to policy (19%, n=4 years) than was government which tended to make comments about others only 14% of the time (n=3). Consumer predominately made concurrent comments on all roles (29%, n=6) or about the role of others (24%, n=5). Of the three stakeholders, the consumer was the most likely to make no comments on anyone's role or contribution to policy (43%, n=9) compared to business (33%) and government (29%).

A pattern of general comments on roles and contribution to policy process emerges. Column totals from Matrix I5A<sub>2</sub> reveal that initially no statements regarding roles were made. Then stakeholders started to make comments on their own contribution to the policy process. This is followed by comments about the role and contribution of others and finally, stakeholders make concurrent comments about their own role in the policy process as well as the contributions of others in the policy community. Table 6-16 (extrapolated from the column totals in Matrix I5A<sub>2</sub>) visually substantiates this conclusion.

	Concurrent	Others	Self	None	Total
<i>First third of life of community</i>	14%		29%	57%	100%
	n=1		n=2	n=4	n=7
<hr/>					
<i>Last two thirds of life of community</i>	57%	43%			100%
	n=8	n=6			n=14

Further insight is gained if we examine the patterns of the aggregate stakeholders during the life of the policy community (also divided into thirds). Table 6-17 (extrapolated from the row and column totals in Matrix

I5A<sub>2</sub>) profiles the scope of stakeholder general comments regarding roles and contributions to the policy process during the life of the policy community relative to the network totals.

*Table 6-17 Scope of stakeholder general comments regarding roles and contributions to the policy process organized by thirds of life span of policy community*

	1971-1977				1978-1991				Overall			
	<u>T</u> %	<u>C</u> %	<u>B</u> %	<u>G</u> %	<u>T</u> %	<u>C</u> %	<u>B</u> %	<u>G</u> %	<u>T</u> %	<u>C</u> %	<u>B</u> %	<u>G</u> %
Both	14%	14	0	14	57	36	71	64	43	29	48	48%
Others	0%	14	14	14	43	29	21	7	29	24	19	9%
Self	29%	0	0	0	0	29	0	21	9	5	0	14%
None	<u>57%</u>	<u>71</u>	<u>86</u>	<u>71</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>19</u>	<u>43</u>	<u>33</u>	<u>29%</u>
	100	100	100	100	100	100	100	100	100	100	100	100

During the first third of the life of the policy community, all three aggregate stakeholders were inclined to make no comments on no ones roles or contributions to policy making (57%). At an individual level, business was most likely to say nothing (86%) followed by government and consumers (71%, respectively) during the first seven years. However, the picture changes dramatically during the last two thirds of the life cycle of the policy. Business now is inclined to make concurrent comments (71%) as are government (64%) and consumers (36%), but not as routinely.

It is obvious that the closeness in patterns of scope of comments between the three stakeholders changes as the policy community evolves. During the first third of the cycle, the three stakeholders were closer in their scope of comments than in the last two thirds of the cycle. Further to this discussion, during the last two thirds of the life of the policy community consumer exhibited more likelihood of commenting on their own role (29% of the

time) than were government (21%) or business which never made sole comment regarding its own role (0%). Instead, business predominately made concurrent comments about the roles of themselves and of others (71%) of the time).

What is also interesting is that virtually none of the three aggregate stakeholder's patterns of comments matched that of the network as a whole (see Table 6-17 extrapolated from Matrix I5A<sub>2</sub>). Whereas the policy community as a whole, like business and government, were inclined to predominately make concurrent comments about role perceptions (43%, 48% and 48% respectively), consumers were more inclined to make no comments (43%). Conversely, the policy community and consumers made comments about the roles of others 29% and 24% of the time respectively. This was much lower for business (19%) and government (9%). It could be concluded that knowledge of the network patterns of comments regarding roles and contributions to the policy process could not be used as a reliable predictor of the overall patterns of the individual stakeholders. It is necessary to calculate this variable for each individual stakeholder.

## **2. Comments and sentiments regarding ones own role as indicators of role perception**

The previous discussion addressed the incidence of stakeholder's making comments about their or anyone else's role and contribution to the policy process. The following text will examine the frequency of and sentiments expressed by stakeholders making comments about their own role or contribution and access to the policy process.

Matrix I5B portrays the incidence of making comments about ones own role in the policy process and the

sentiments attached with that comment. A 1 in the cell indicates that the stakeholder was pleased with their role, access to or contribution to the policy process. The 2 sign means the opposite of this. A 3 is used to indicate the presence of both sentiments. A zero indicates the absence of any statements regarding their role in that year for that stakeholder. The fact that an entry is made in the cell indicates the incidence of comments.

During the life of the policy community, there were 38 instances when such comments were made by the three aggregate stakeholders (See Matrix I5B). Using the column totals, it is evident that for the majority of the time, all three stakeholders were making comments on their roles in the policy process (38%, n=8). For 29% of the time, two stakeholders were making comments on their own roles (n=6). This means that over two thirds of the time (67%, n=14) two or all of the stakeholders were making comments regarding their role perception. The remaining quarter of the time, no one was saying anything about their own access to, contribution to or role in the policy process (24%, n=5).

Again using Matrix I5B, it is evident that during the first third of the policy community life cycle (n=8 years), either just one (25% n=2) or none of the stakeholders (63%, n=5) made comments on their roles. This translates to the bulk of the time (88%) when few if any comments were being made during the early life of the policy community. As previously noted, overall, 67% of the time (n=14) two or all of the stakeholders were making comments regarding their role perception. This was most likely to occur during the last two thirds of the life of the policy community (1979-1991). During that time frame (n=13 years), there was an equal chance that

it would be either two or three stakeholders making comments. If it was just two, it was usually business and government (67%).

The pattern that emerges is that there is little comment on ones own access to, contribution to or role in the policy process during the early years of the policy community life cycle. This trend changes and picks up considerably during the latter years of the life cycle to a point where either all or two thirds of the stakeholders were making some sort of comment on their role in the policy process.

Still using Matrix I5B, it is evident that during the life of the policy community government was most likely to make comments on their own role in the policy process (37%, n=14) followed by business and consumer, each with 32%, n=12. This was determined by analyzing the row totals. What is of interest is the sentiment of those comments. To illustrate this measurement, qualitative comments were pulled from the cases at the constituent level. Table 6-18 (extrapolated from Matrix I5B<sub>2</sub>) summarizes the frequencies for comments on specific sentiments by each of the major stakeholders.

**Table 6-18 Frequency for comments on specific sentiments by each of the major stakeholders**

Sentiment:	C n	B n	G n	Total n=	
Glad for invitation/access	5	15	7	27	24%
Provided access to process	1	4	22	27	24%
Want access to process <sup>5</sup>	12	9	0	21	19%
Specified role they were taking	1	4	13	18	16%
See merit in contribution	1	3	2	6	5%
See merit in consultation	0	1	4	5	4.5%
Vehicle for interfacing	0	2	3	5	4.5%
Another was too slow to react	0	1	2	3	2.5%
Taking the lead in the process	0	0	1	1	.5%
	n= 20	39	54	113	100%
	18%	35%	48%		

Table 6-18 lists the frequencies of specific comments regarding ones own role perception in descending order. Government made the most comments (48%) followed by business (35%) and then the consumer (18%). In most instances the stakeholders as a whole were pleased with their role in the process. Overall, the policy community's comments concentrated on access to the policy process whether it be lack of access (19%), provision of access (24%), or gratitude for access to the process (24%). Cumulatively this translates to over thirds (67%) of the comments relating to access to the policy process.

In this respect, an overall pattern emerged which was very interesting. Consumers, more than any other stakeholder, repeatedly expressed a strong desire for more access to and voice in the policy process (n=12). Business, relative to the other stakeholders, expressed gratitude for an invitation to or access to the policy process (n=15). Government was most likely to boast that

<sup>5</sup> This category includes wanting fuller representation, more voice, feel left out, displeased with access, displeased because denied access, lack of consultation.



they themselves had provided other stakeholders access to the process. As well, government was most likely to specify their perception of their past, current and projected role in the policy process (n=13).

Government never complained of not having a voice in the process or inadequate access to the policy process. In fact, government was the only stakeholder to directly say that they were taking the lead in the consumer policy process but this comment was made only once in the life cycle of the policy community and explicitly by CCAC. In the same vein of thought, government (notably CPA) was most likely to say that they were acting as a vehicle for interfacing among all stakeholders. PACE was the business organization making a similar claim. As well, CPA often noted that they were mandated by government to plan the development of the Canadian payments system and lead the policy process (but it was predominately from a technical not a consumer point of view).

Also of interest is the fact that consumers never complained of lack of access to business, only to government. Yet, ironically, this analysis has consistently revealed that it is the c-b link that is far weaker than the c-g link. This is obviously a situation of incongruence - consumer perception of the situation does not reflect reality. At the constituent level, consumers praised their access to the CBA, RCC and PACE yet made no mention of the other business organizations involved in the policy community. The CAC specifically called for and critiqued access to the CPA policy planning process, as did the RCC. There was no mention by the CAC of the CCAC until very late in the life of the policy community (1989). At that time the CAC critiqued the federal government's reluctance to take a legislative route but made no comments on their access to the CCAC.

One is reminded that CCAC funds the CAC so it can play an advocacy role for the consumer, implying access at some level.

Whereas Matrix I5B dealt with the incidence of comments on their perceived roles and associated sentiments, Matrix I5C portrays the frequency count of such statements made by stakeholders on their own role regardless of the sentiment concerning their access to, contribution to or role in the policy process. Examining the column totals shows that the frequency of comments peaked and fell (fluctuated) seven times during the life of the policy community but each time it peaked it was higher than before. Over the life of the community, the stakeholders commented on the perception of their role 116 times. Of those times, government commented most frequently (44%, n=51), followed by business (34%, n=40) and then consumers (22%, n=25). The policy community collectively averaged 5.5 comments per year as regards the perception of their own role.

Table 6-19 compares the frequency of network sentiments towards their perceived role in the policy process with those of the individual aggregate stakeholders. This table was extrapolated from the column totals of Matrices I5B and I5C.

**Table 6-19 Compares the frequency of network sentiments towards perceived role in the policy process with those of the individual aggregate stakeholders**

	Network		C		B		G	
	n	%	n	%	n	%	n	%
<i>Pleased</i>	3	21	1	5	4	19	13	62
<i>Displeased</i>	1	5	7	33	3	14	0	0
<i>Both sentiments</i>	12	57	4	19	5	24	1	5
<i>No comments</i>	5	24	9	43	9	43	7	33
	21	100	21	100	21	100	21	100%

Compared to the network (which predominately expressed both sentiments (57% of the time)), consumers predominately made no comments on the perception of their role (43%) and when they did it was to express displeasure with their role, especially not having an adequate voice in the policy process (33%). Of the seventeen years that the consumer was actually in the policy community (1975-1991), they made comments in 12 of those years (70% of the time). On the average they made 1.5 comments per year (much less than the policy community average of 5.5). They made the most comments in 1982 and 1984. During the 12 years that consumers actually made comments, they made in total 25 remarks. 58% of the time they were displeased (n=7), or making concurrent remarks (pleased and displeased) (33%, n=4). The remainder of the time they were pleased with their access to and contribution to the policy process (8% of the time, n=1). It can be safely concluded that consumers were aggravated with their role in the policy process.

Compared to the network (which predominately expressed both sentiments (57% of the time)), business (as did the consumer) predominately made no comments (43%) but unlike the consumer, when business did comment it was in a positive light (19%) or they expressed both pleasure and displeasure in a given year (24% of the time). When they were expressing both sentiments, these were predominately positive rather than negative. Business made comments in 12 of the 21 years of the life of the policy community (57% of the time). Business made a total of 40 comments and, on the average, made 1.9 comments per year (slightly more than the consumer (1.5) but still markedly less than the network average of 5.5). They made the bulk of their comments during 1986 and 1991, later in the life of the policy community than the consumer. At the constituent level, the CBA and RCC made the bulk of the comments.

That is, over 50% of the comments on perceived roles of business were made by only two constituent stakeholders. Compared to the network (which predominately expressed both sentiments (57% of the time)), government was overwhelmingly pleased with their contribution to and provision of access to the policy process (62% of the time). This was especially prevalent during 1988, 1989 and 1991, late in the life of the policy community. The rest of the time government made no comments (33%, n=7). This pattern is entirely different from that of business and consumers. While government was very satisfied with their contribution to the policy process, business expressed both sentiments and consumers were definitely displeased with their access to and adequacy of voice in the process. Government made comments during 14 of the 21 years (67% of the time). They made a total of 51 comments and made an average of 2.5 comments per year. This number is a quarter more than that of business (1.9) almost double that of the consumer (1.5) rate.

A pattern regarding frequency and sentiments of comments on their perception of their roles in the policy process emerged. During the life of the policy community, frequency of comments progressively increased as they moved through waves of peaks and troughs, on the average every three years. There were markedly more comments during the latter third of the policy community life cycle than in the earlier years, with an average of 5.5 per year (see column totals in Matrix I5C). While government was predominately very satisfied with their contribution to the policy process, business expressed both sentiments (mostly positive), and consumers were definitely displeased with their access to and adequacy of voice in the process. Another overall pattern is that consumers were the first stakeholder to make a concentrated series of comments followed later by

business and finally by government. During these intense periods, consumers are expressing displeasure, while business and government are expressing satisfaction with their access to and contribution to the policy process.

### **3. Comments and sentiments regarding the role of others as indicators of role perception**

Also of interest to the discussion of role perception in the policy community, aside from self perception, is one's perception of another's role in the network.

Consequently, Matrix I5D profiles the incidence of a stakeholder making a comment on the role, accessibility to or contribution of another stakeholder to the policy process. The dimensions of the comments range from praise, criticism, concurrent comments (praise and criticism) or no comments.

Over the life of the policy community, stakeholders made comments about the role of others on 59 occasions. They made such comments during 17 of the 21 years (81% of the time). During those 17 years they made 88 different comments. Matrix I5D portrays the incidence of comments made by one stakeholder about another in dyadic links. Table 6-20 summarizes the row totals of this matrix.

Table 6-20 Comments made by one stakeholder about another in dyadic links

	Incidence of Comments	
	n	%
<b>Business</b>		
b-g	12	20%
b-c	4	7
b-b	<u>5</u>	<u>8</u>
	21	35%
<b>Government</b>		
g-c	9	15%
g-g	7	12
g-b	<u>11</u>	<u>19</u>
	27	46%
<b>Consumer</b>		
c-b	4	7%
c-g	<u>7</u>	<u>12</u>
	11	19%
<b>Total</b>	59	100%

Predominately, government has the highest incidence of making comments about others (46%, n=27), followed by business (35%, n=21) and finally consumer (19%, n=11). As regards specific dyads, the most munificent was business talking about governments role (20%) followed by government remarking on business's role (19%) or government commenting on the contribution of consumers (15%). The rest of the time the comments were shared by the other six dyadic relationships in this order (g-g, c-g, b-b, b-c, c-b and c-c). On the average, three dyads were represented in the dialogue about others roles each year.

Stakeholders were not likely to comment on each others roles during the first third of the policy community life cycle. During the first seven years, comments were made only 43% of the time. However, during the last two thirds of the life of the policy community, some stakeholder made a comment on another stakeholder's role during

virtually every year, with an average of four comments per year. The number of dyads making comments about each other increased from three per year in the first third of the life cycle to four per year as the policy community coalesced. As noted, government as an aggregate was most likely to make comments about others followed by business and then consumers.

Of the seventeen years that stakeholders made comments about others, business made comments 82% of the time (n=14). When they did comment it was about government, other businesses and then consumer. Government made comments 76% of the time (n=13) and when it did it was about business, consumer and then other government departments. Finally, consumer made comments only 52% of the time (n=9) and they remarked on the role of government before business. CAC made no comments on other consumer organizations.

All three stakeholders were just as inclined to make comments on themselves as they were to make comments about others (see table 6-21, which is taken from the row totals of Matrix I5B and I5D). There is a slight tendency for the consumer to make comments on their own role relative to that of the other two stakeholders.

**Table 6-21 Inclination of stakeholders to make comments on themselves relative to others**

	<i>Comments on self</i>		<i>Comments on others</i>	
	<i>n=</i>	<i>%</i>	<i>n=</i>	<i>%</i>
<i>Consumer</i>	25	21%	11	19%
<i>Business</i>	40	34%	21	35%
<i>Government</i>	<u>51</u>	<u>45%</u>	<u>27</u>	<u>46%</u>
	116	100%	59	100%

Referral again to Table 6-20 reveals who each stakeholder

was commenting about. Business and consumers were commenting on governments role (20% and 12% respectively), while government was commenting on the role of business (19%). At the constituent level, the business organizations most likely to make comments were the CBA and RCC (financial and retail sectors). They were commenting on the CPA. Government departments most likely to make comments were, in descending order, CCAC and CPA and they were commenting on the CBA and the RCC. Consumers comments were made by the CAC and concerned the CPA and CCAC. At the aggregate level, business was more likely to comment on government, other businesses and then the consumer. Government was more likely to comment on business, other government departments and then the consumer. Consumers were most likely to comment on government, business and then themselves.

Whereas business was more inclined to name specific constituents in their comments, consumers and government were more likely to critique "government" in general or "business" in general. If consumers (CAC) named a government department it was predominately the CPA or CCAC and if they named a business it was the RCC or the CBA. Conversely, business made direct reference to the CAC and to CPA, a government department highly involved with the issue of EFTS.

Matrix I5E portrays the frequency of comments made by one stakeholder regarding another's role. Column totals reveal the overall pattern for the policy community. Of the 59 instances of comments being made, 94 opinions were actually expressed. The general pattern is for marked fluctuations in frequency of comments regarding others roles. However, whenever there was a burst of comments this was followed by a sharp decline in comments. This pattern culminated in an average of 4.5 comments per year



over the 21 year life cycle. It seems that during the first half there was a peak approximately every three years followed by a marked decrease in frequency of comments on other's roles in the policy process. Basically during the first half of the policy community life cycle, the peaks occurred less frequently and instead, the status quo was little comment on the role of others. Conversely, the frequency of such comments increased during the latter half of the policy peaking more frequently and at a higher number. Of interest is the sharp decline in the number comments on the role of others after 1989. This corresponds with the establishment of the CCAC Working Group on EFTS.

Table 6-22 provides a break down of the sentiments of actual comments made during the years when there were concurrent comments regarding the roles of others (formed using the column totals of Matrix I5E and I5F).

*Table 6-22 Sentiments of actual comments made during the years when there were concurrent comments regarding the roles of others*

	Consumer		Business		Government		Total
	n=	%	n=	%	n=	%	
Positive	2	12%	12	39%	41	87%	100%, n=55
Negative	<u>15</u>	<u>88%</u>	<u>19</u>	<u>61%</u>	<u>6</u>	<u>13%</u>	100%, n=40
Overall	17	18%	31	33%	47	49%	100%, n=95

Matrix I5F portrays the sentiments of the comments on the roles of others. Of the comments made by the consumer, the large majority were negative (88%) compared to business (61%) and government (only 13%). Conversely, government made predominately positive statements (87%), compared to business (39%) and consumers (only 12%). The patterns for consumer and government are exactly reversed whereas business exhibits a more balanced position as regards its sentiments regarding the roles of others in

the policy process. Consumer and business were more inclined to make negative comments about the role of others while government made positive comments about the role of other stakeholders in the policy process. 92% of the time that consumer mentioned government (n=12/13) it was in a negative stance.

#### **SECTION FOUR ANALYSIS OF NETWORK STRUCTURE**

It was proposed that the configuration of the policy community would change as it evolved along the following network dimensions - the size, density, cohesiveness, connectedness, knittedness and stability. Propositions reflecting these variables will all be prefaced with an "N" signifying "network properties". There are six such propositions. Matrices and some graphs were developed to address these series of proposals regarding the snap shot pictures of the evolutionary nature of the policy community:

N1. The number of stakeholders in the network (size) will vary during the evolution of the policy community.

N2. The density of the network (proportion of actual to potential members) will vary during the evolution of the policy community.

N3. The cohesiveness of the network (desire to stay together) will vary during the evolution of the policy community.

N4. The connectedness of the network (strength of links) will vary during the evolution of the policy community.

N5. The knittedness of the network (awareness of each other) will vary during the evolution of the policy

community.

N6. The stability of the network will vary during the evolution of the policy community.

**Proposition N1 - supported**

**N1. The number of stakeholders in the network (size) will vary during the evolution of the policy community.**

It was proposed that the number of stakeholders in the policy community would vary during the evolution of the network, that is the size of the network would vary.

There are several ways to approach measuring the variable of size. During the life of the policy community there were three aggregate stakeholders (consumer, business and government), anywhere from three to nine possible dyadic relationships as well as sixteen identified constituent stakeholders. Further, the dyadic relationships were often in combinations of multi-dyadic relationships which varied depending upon which aggregate stakeholder one is examining.

**Aggregate level - first and second order and internal**

There is no doubt that the size of the network varied over the years. For instance, Matrix N1A profiles the incidence of aggregate stakeholders being in the network (includes first and second order communications and internal activity). The incidence of all three aggregate stakeholders being in the network over the life of the policy community was eighty nine percent (n=56). Government had the highest incidence of being in the policy community (38%) followed by business (36%) and then consumers (27%). Most of the time, as the policy

community evolved, there were three aggregate stakeholders in the network (71%). At other times, there were either two stakeholders (24%) or just one (5%). When there were just two stakeholders, it was always business and government. Business was in the network every year of the life of the policy community and government as well except for one year (1971). Consumers were the last stakeholder to enter the network, in 1975. As well, they were the stakeholder most likely to have a lapsed membership (have periods when they were not referred to or sent documentation - in 1977 and 1980). Once business and government entered the policy community, they continued to be recognized every year by the other stakeholders (did not leave the network).

Matrix NIC profiles the frequency with which each major stakeholder was active in the policy community. As a whole, the analysis examined 1049 interactions (internal activity, direct communications and/or referrals to others' work and activities). That is to say, during the evolution of the policy community, there were at least 1049 instances that were construed as evidence of stakeholder activity germane to the policy issue of EFTS. Government and business exhibited a similar amount of interactions (45% (n=470) and 44% (n=460), respectively) while consumers only engaged in 11% (n=118) of the activity in the evolution of the policy community.

**Aggregate - First and second order communications**  
Matrix N1B profiles the incidence of aggregate stakeholders being in the network but it does not include internal activity. From this perspective, the size of the network changes (specifically, the incidence decreases from 56 to 52). As above, government had the highest incidence of being in the policy community (38%) followed by business (33%) and then consumers (29%). It can be

seen that the incidence changed for business (decreased) and consumer (increased) when internal activity is excluded. The incidence of three stakeholders being in the policy community decreased from 71% to 62%. On the other hand, the incidence of two stakeholders being in the policy community increased from 24% to 29%. The incidence of one stakeholder being in the policy community in any one year remained at 5%. From this perspective, there is one year when there is no stakeholder in the policy community (1971). This happened because, in 1971, business (the CCCS) was reporting internally on another stakeholder's activities but this finding was lost when the internal activity was discounted.

If one describes the size of the network using only data relevant to first and second order communications (exclude internal activity), the size of the network changes (see Matrix N1D which portrays the frequency of first and second order communications from the aggregate perspective). The total number of interactions is reduced from 1049 to 863 and the government involvement increases from 45% to 48% while business decreases from 44% to 40%. Frequency of consumer interaction increased marginally from 11 to 12%. This suggests that significant data is lost if internal documents are not counted in the tallying of the size of the policy community.

#### **Constituent level**

It was previously noted that at the aggregate level, once business and government entered the policy community, their membership did not lapse, whereas consumer membership did lapse and reemerge. As a reminder, a lapse in membership means that during that year, no other stakeholder sent a communication or made a referral to that specific stakeholder. This profile changes

dramatically if one examines the data at the constituent level. What happens instead is that consumer and business association membership never lapses in the policy community once they enter and government departments change quite often.

Table 6-23 profiles the actual years when the different constituent stakeholders entered, lapsed and reentered the policy community. The data in this table is gleaned from an analytical reading of the case study, guided by the relational data portrayed in the Graphs for D3. The business stakeholders are listed first followed by government and then consumers (the CAC). Once the stakeholder left the issue, their name is not entered in the table any more.

**Table 6-23 Actual years when the different constituent stakeholders entered, lapsed membership and reentered the policy community.**

<b>1971</b> CBA CCCS	<b>1972</b> CBA CCCS  LRC DOJ	<b>1973</b> CBA CCCS  LRC DOJ DOF	<b>1974</b> CBA CCCS TCAC LRC DOJ DOF	<b>1975</b> CBA CCCS TCAC LRC DOJ DOF CCAC CAC	<b>1976</b> CBA CCCS TCAC LRC DOJ DOF CCAC CAC
<b>1977</b> CBA CCCS TCAC RCC	<b>1978</b> CBA CCCS TCAC RCC	<b>1979</b> CBA CCCS TCAC RCC	<b>1980</b> CBA CCCS TCAC RCC	<b>1981</b> CBA CCCS TCAC RCC	<b>1982</b> CBA CCCS TCAC RCC PACE
LRC DOJ DOF CCAC	LRC DOJ DOF CCAC PROV (ONT)	LRC DOJ DOF CCAC	DOF CCAC	CCAC	CCAC
CAC	CAC	CAC	CPA CAC	CPA CAC	CPA CAC
<b>1983</b> CBA CCCS TCAC RCC PACE	<b>1984</b> CBA CCCS TCAC RCC PACE	<b>1985</b> CBA CCCS TCAC RCC PACE INTERAC	<b>1986</b> CBA CCCS TCAC RCC PACE INTERAC	<b>1987</b> CBA CCCS TCAC RCC PACE INTERAC	<b>1988</b> CBA CCCS TCAC RCC PACE
INTERAC				CFIB CCAC CPA PIAC CAC	CFIB CCAC CPA CAC
CCAC CPA	CCAC CPA PROV (QUE)	CCAC CPA	CCAC CPA		
CAC	CAC	CAC	CAC		CAC
<b>1989</b> CBA CCCS TCAC RCC PACE INTERAC CFIB CCAC CPA OSFI DOF PROVINCES CAC	<b>1990</b> CBA CCCS TCAC RCC PACE INTERAC CFIB CCAC CPA OSFI DOF PROVINCES CAC	<b>1991</b> CBA CCCS TCAC RCC PACE INTERAC CFIB CCAC CPA OSFI DOF PROVINCES CAC			

An interpretation of Table 6-23 reveals interesting patterns. Once a government department entered and then

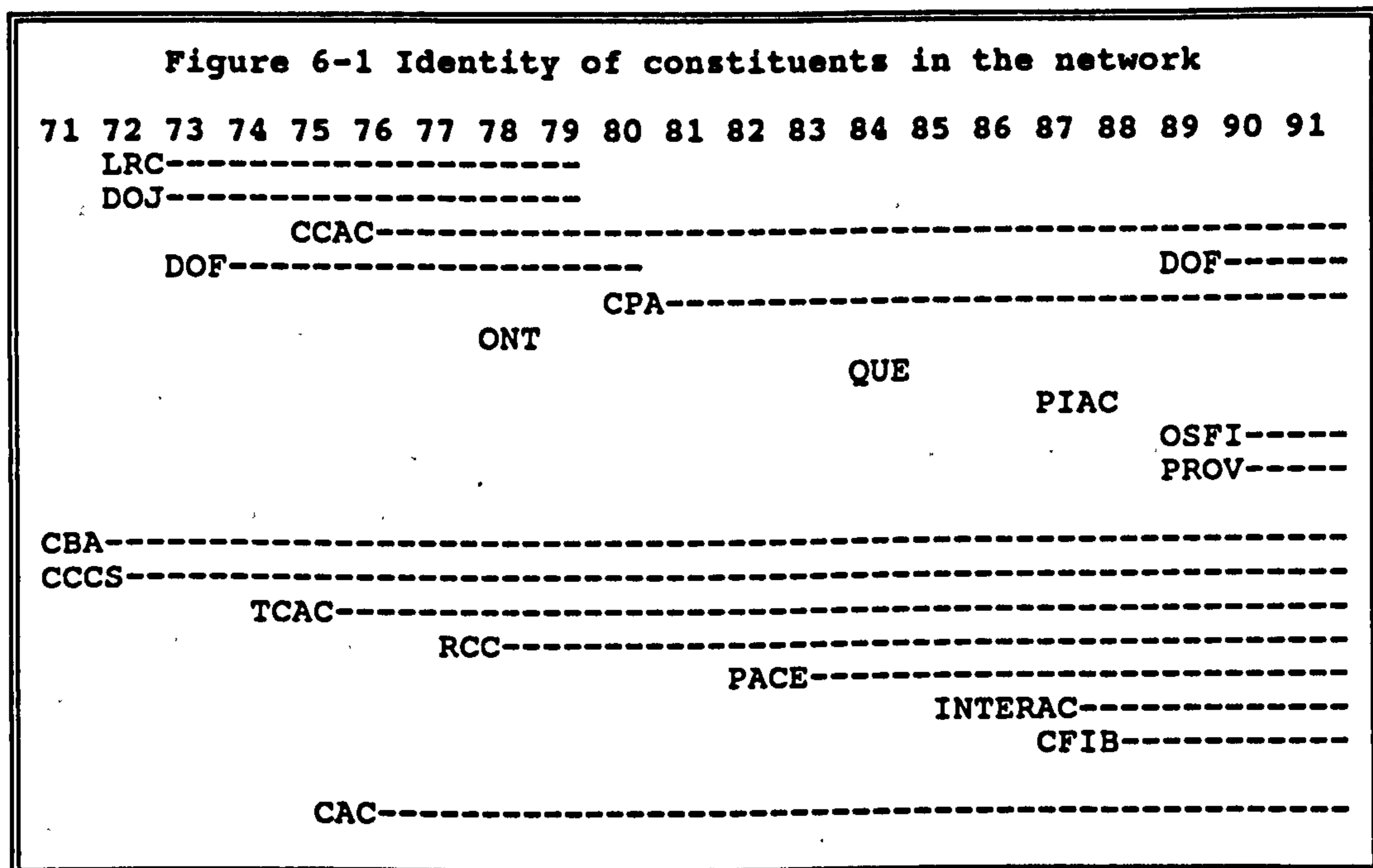
left the policy community, it did not reenter (except for the Department of Finance). This department has to be involved if there is drafting of possible legislation and there is always a possibility that the voluntary code will have to become legislation if it does not work. Hence CCAC invited DOF to be part of the Working Group. Further, Howard Eddy speculated that the LRC may have to reenter the policy community if it is deemed that EFTPOS is being implemented so quickly that the adequacy of the existing legislative framework is in question. The initial challenge to the legislative framework was computers in general and more specifically banking machines. EFTPOS deals with automated cash registers, another issue entirely (personal communication).

Once a business constituent entered the network they did not leave. In fact, they entered the network one at a time (save for the CBA and the CCCS which both began dialogue and experimentation with the ATM technology in 1971). This pattern was not expected but it seems to be that sequentially, financial institutions, retailers and then special interest groups comprised of members of both facets of the business associations represented in this policy community, join the network.

On several occasions the same government departments were in the policy community in consecutive years but they were never "all" in the policy community at the same time, as were business constituents. In the early half of the policy community, there were basically four government departments, followed by eight years when there were just two and then five during the last three years. The pattern appears to be numerous government departments, followed by few and then back again to numerous departments.



Specifically, the same government departments existed in 1972-74 (with DOF entering in 1973), in 1976-79 (except for 1978 when Ontario entered for one year), and in 1980-1988 (except for 1980, 1984 and 1987 when the CPA entered the network and Quebec and then PIAC entered and left the network, respectively). From 1989 onward the identity of the government constituents has remained the same and the largest in number (five). The CAC entered in 1975 and never left. Figure 6-1 portrays this data most effectively. Again, government departments are noted first followed by the business association and finally, the consumer association.



In conclusion, the size of the network fluctuated as the policy community evolved but the general pattern was to increase as time went by. This fluctuation occurred due to the changing government compliment and the incremental nature of the business constituent. The network started out small, plateaued at a relatively high number of constituents and then plateaued again at an higher number but with a different compliment of constituent

stakeholders. In short, the size of the network was more stable during the last third of the life of the policy community than it was during the first two thirds, especially as regards the identity of the constituents.

**Proposition N2 - supported**

**N2. The density of the network (proportion of actual to potential members) will vary during the evolution of the policy community.**

The actual size of the network at the aggregate and constituent level varied considerably from year to year if one considers solely when they entered and left the policy community. These perspectives do not, however, describe the dyadic relationships between the stakeholders, which is another way to examine the size of the policy community - that is, how many dyads are interacting, collectively and on a yearly basis? This will now be addressed under the guise of the network concept of density.

Density is the proportion of actual to potential dyadic relations in the network. It is expressed as an indices ranging from 0-1. The closer to one the higher the density. If there are three aggregate stakeholders (c-b, c-g, b-g), there are six potential dyadic pairs (c-b, c-g, b-c, b-g, g-c, g-b). If one also considers the dyadic relations between business constituents, between government departments and between consumer organizations, then you have nine potential dyadic relations, those just noted plus b-b, g-g, and c-c. It will be shown that incorporating the latter two dimensions (b-b and g-g) changes the measure of density in many instances. There was only one consumer

organization so the c-c was often taken to represent consumer talking about itself when it was used.

#### **Density based on six dyads**

Based on six potential dyadic relations, Matrix N2A shows us that the overall density of the network was .70. When b-b and g-g dyadic relations are also considered (Matrix N2B), the density for the network as a whole increases to .76. This means that of the possible dyadic relationships that could exist, 70% or 76% of them actually did exist, depending on the measure employed to determine number of dyadic links. Obviously including the b-b and g-g dyadic relations affects the measure of network density. An even more convincing argument for including the b-b and g-g dyadic relations is that collectively they account for almost a third of the dyadic relations in the policy community (31%, n=40). The b-g link (including b-g and g-b) makes up 27% (n=35) of the dyadic links. The c-g link (including c-g and g-c) accounts for 25% (n=31) of the dyadic links in the policy community. Finally, the c-b (including c-b or b-c) accounts for 17% (n=22) of the dyadic links in the policy community over a twenty one year time frame. The analyst loses one third of the data relevant to density if the g-g and b-b relations are not accounted for.

There are different indicators for measuring density, ranging from counting only first order communications, counting incidence of first or second order communications or counting combinations of any instances of first and second order communications. A broad approach, and probably the most realistic method of measuring density, incorporates the latter approach. Table 6-24 illustrates this point.

**Table 6-24 The various densities depending on the type of communication being measured**

<i>Num of dyads</i>	<i>Direct</i>	<i>Dir or Second</i>	<i>Combined</i>
8	.17	.41	.76
6	.16	.37	.70
3	.14	.52	.83

The more dyadic relations used to measure density, the lower the density index. Scott (1991) predicted this pattern.

#### **Density based on eight or six dyads**

Using eight dyads (Matrix N2C and counting all of the incidence of first order, second order or both first and second order communications) it can be determined that the overall density of the network is .76. But the density is reduced to .41 if only instances of first or second order communications are counted. The density is reduced even further to .17 if only direct communications are counted.

This scenario changes again if only six dyads are considered (See Matrix N2D). The network density is lowered from .76 to .70 if the g-g and b-b dyadic links are eliminated. The density for just first and second order communications is lowered to .37 and again decreases to .16 if only direct communications are counted. Reducing the dyads to only three (c-b, b-g, g-c) again changes the density of the network, this time increasing it to .83. The direct or second order communications measure is increased to .52 and the direct communication measure is further reduced to .14 (see Matrices N2E and N2F). Obviously, the trend is towards a higher network density if there are fewer dyads that are incorporated into the analysis. This makes sense because the analysis will be based on condensed comprehensive information. As well, the inclusion of all incidence of

communication (be they direct, referrals or both) yields richer data and therefore a higher density index relative to one compiled using less data. Hence the combined index, which is in fact the network index, is higher than the other two density indices.

Table 6-25 summarizes the different density indices for the different types of dyadic relations. Scott (1991) noted that the average density for a network is .50. Measured against this standard, this network was moderately to highly dense (density ranged from .70 to .83, depending on the measure).

<i>Num of dyads</i>	<i>Network</i>	<i>c-b</i>	<i>b-g</i>	<i>c-g</i>	
8	.76	.13	.45	.18	
6	.70	.17	.25	.28	
3	.83	.21	.32	.30	(no b-b, g-g)
3	.83	.21	.32	.30	(inc.b-b,g-g)

The density for c-b and c-g links increases as the number of dyads used for analysis decreases while the density for the b-g link decreases. Of all possible major dyads to be in the network, the c-b dyad is the less dense in all instances, followed by the c-g and then the b-g link, which is the most dense. Any dyadic link including a consumer is likely to be sparse compared to business or government. Interestingly, there is no difference in density if the b-b and g-g links are included or excluded at the three dyadic level.

The researcher must be very explicit when stating the indicators and levels of analysis employed when measuring density of the network. Density is not a simple concept. Many variables affect the actual density index that is calculated. This analysis has revealed that

conclusively, the number of dyadic relations as well as the indicators of dyadic relations both effect the density index.

### Evolution of density

In general, for this specific policy community (taking first and second order communications as indicators or relationships), the density network index averaged .76. This means that of all possible dyadic relations that could have existed over the life time of the policy community, 76% percent of them actually materialized at some point in time. This conclusion is an appropriate juncture for describing how the density varied over the years as the policy community evolved.

The density of the policy community started out sparse relative to the overall density and increased in density as the evolutionary process unfolded. In fact, from 1984 onwards, the density index of the policy community was 1.00. This means that, at the aggregate level, all possible dyadic links (be they 3, 6 or 8) were in existence every year. Suffice it to say that for most of the latter final half of the life of the policy community, all potential dyadic links were realized. This indicates comprehensive communication patterns and enhanced flow of information between the aggregate stakeholders.

Further to this point, the fewer the number of dyads used as a benchmark, the longer the density of the policy community network index remains high relative to the total network index. Matrix N2E illustrates that, using three dyads, the density of the network was 1.00 for eleven years (from 1981 onward). This is compared to a total network density of .83. On the other hand, based on six (N2B) and eight (N2A) dyads, the density of the

network was 1.00 for a only eight years, a shorter period of time (from 1984 onwards). This compared to a network density of .70 and .76, respectively for six and eight dyads.

**Proposition N3 - supported**

**N3. The cohesiveness of the network (desire to stay together) will vary during the evolution of the policy community.**

For the purposes of this research, cohesiveness has been defined as the desire to stay in the network. It has been conceptualized that the stakeholder will express desire to stay in the network if the association continues to direct communications to other stakeholders or continues to refer to the work of other stakeholders. Both of these activities have been construed as indicators that the stakeholder wants to remain in the network and continue to maintain relationships with other stakeholders. The following analysis is based on this premise. The network cohesiveness can range through strong, inferred, implied and diffuse.

**Aggregate perspective**

Matrix N3A profiles the cohesiveness of the network from an aggregate perspective. Table 6-26 summarizes the information in the matrix in another format. From an aggregate perspective (consumer, business and government) the overall cohesiveness of the network was strong. The overall network cohesiveness of the policy community was 79% ( $50/63 = 79$ ). 49% ( $n=31$ ) of the activities of the three stakeholders entailed both first and second order communications. Twenty one percent of the time the network was diffuse (no communications at all). The

network exhibited implied cohesiveness 19% of the time and inferred cohesiveness the rest of the time (11%, n=7). Taken together, inferred and implied cohesiveness (either direct communications or referrals) occurred 30% of the time (n=19).

	<i>Consumer</i>	<i>Business</i>	<i>Government</i>	<i>Overall</i>
<i>Strong</i>	10	12	9	31 49%
<i>Inferred</i>	2	4	1	7 11%
<i>Implied</i>	3	0	2	12 19%
<i>Diffuse</i>	<u>6</u>	<u>5</u>	<u>2</u>	<u>13</u> <u>21%</u>
<i>N=</i>	21	21	21	63 100%

Matrix N3B is an even more condensed version of this perspective showing only incidence of interaction rather than type of interaction. The network was strongly cohesive from 1982 onward (10 years). The network exhibited predominately implied cohesiveness in the early years during which the policy community was evolving (54% implied cohesiveness during the first eleven years of the network). This means that the stakeholders were more inclined to refer to the works of others than to direct communication to them during the first half of the life of the policy community. It is proposed that the fact that stakeholders were indicating awareness of other's activities or directing communicating to them implies that they are making an effort to maintain some degree of contact with that stakeholder, hence contributing to the cohesiveness of the policy community.

Examining the incidence of interacting with any stakeholder, regardless of the degree of interaction, provides another measure of network cohesiveness, somewhat different from that derived from examining the



degree of interaction (first and/or second order communications). These two approaches are portrayed in Table 6-27 (extrapolated from Matrices N3A and N3B):

*Table 6-27 Cohesiveness as measured by incidence of interacting with any stakeholder compared to the degree of interaction*

<i>Cohesiveness</i>	<i>Incidence</i>	<i>Degree of Interaction</i>
<i>Strong</i>	57%	49%
<i>Inferred</i>	29%	11%
<i>Implied</i>	9%	19%
<i>Diffuse</i>	5%	21%

It is obvious from Table 6-27 that not considering the degree of interaction changes the perception of the cohesiveness of the policy community. Based on whether or not the stakeholders were communicating (incidence), the network still remains predominately strongly cohesive but much more so (57%). Instead of having a higher likelihood of being described as strong or diffuse it now becomes either strong or inferred (more cohesive). Again the researcher has to be specific when describing network cohesiveness because the indicators used to measure this concept greatly effect the results. Using incidence rather than degree of interaction provides a description of a more strongly cohesiveness network than does the latter measure.

It has been shown that from the aggregate perspective, the network was strongly cohesiveness. As regards each major stakeholder, consumer and business were strongly cohesive (inclined to maintain relationships using both direct communications and referrals to others work) while government cohesiveness was split between strong and implied (just direct communications). This could be caused by the frequent changing of actual government departments in the policy community. Table 6-28

illustrates this point further. The information was gleaned from Matrix N3A.

**Table 6-28 - Cohesiveness of individual stakeholder relative to network as a whole**

<i>Cohesive</i>	<i>Network</i>	<i>Consumer</i>	<i>Business</i>	<i>Government</i>
<i>Strong</i>	71%	48%	57%	43%
<i>Inferred</i>	14	9	19	5
<i>Implied</i>	10	14	0	43
<i>Diffuse</i>	5	29	24	9
	<u>100%</u>	<u>100</u>	<u>100</u>	<u>100%</u>

Compared to the network cohesiveness (71%), business was the one most likely to be in strongly cohesive relationships (57%). Consumers had the highest probability of being described as being in diffuse relationships during the evolution of the policy community (29% compared to a network total of only 5%). Government was most inclined to be in an implied cohesive relationship (referrals only) (43%) compared to a network total of 10%.

**Cohesiveness from a dyadic perspective**

Even more insight is provided regarding the concept of cohesiveness if one examines the cohesiveness of the major dyads (c-b, b-g, g-c). This is portrayed in Matrix N3C and in Table 6-29. Using this perspective as the benchmark, the cohesiveness of the network as a whole still remains strong but even more so (82% cohesiveness, see Matrix N2C). The b-g link was the most cohesive followed by the g-c link and finally the c-b link. In fact, the c-b link was the one most inclined to be diffuse and the g-c link most inclined to be implied cohesive during the evolution of the policy community (referring to each other rather than being direct contact). Each dyad had a different profile of cohesiveness, with business-government being the most

cohesive.

<b>Cohesive</b>	<b>Total</b>	<b>c-b</b>	<b>b-g</b>	<b>g-c</b>
<b>Strong</b>	<b>51%</b>	<b>29%</b>	<b>67%</b>	<b>57%</b>
<b>Inferred</b>	<b>18</b>	<b>29</b>	<b>14</b>	<b>10</b>
<b>Implied</b>	<b>14</b>	<b>5</b>	<b>14</b>	<b>23</b>
<b>Diffuse</b>	<b>18</b>	<b>38</b>	<b>5</b>	<b>10</b>
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Proposition N4 - supported**

**N4. The connectedness of the network (strength of links) will vary during the evolution of the policy community.**

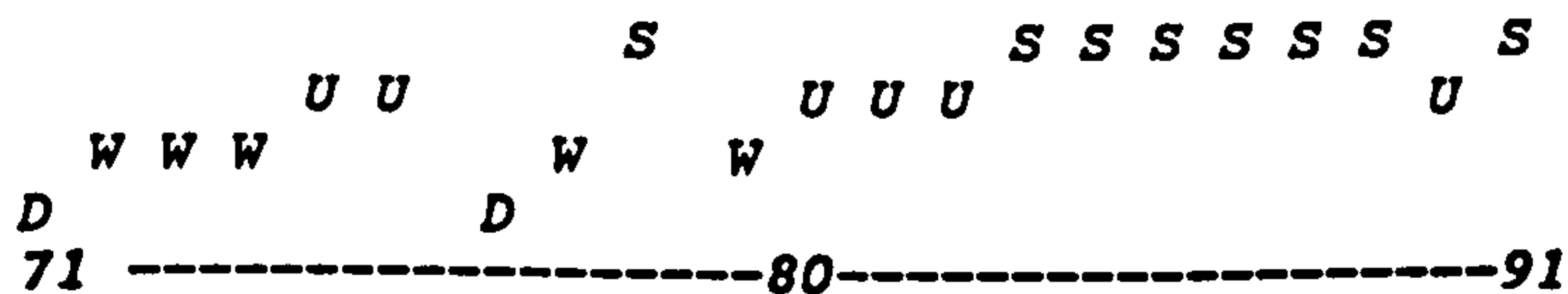
This concept refers to "of those who are in the network, to what degree are they linked (strongly, unilaterally, weakly or disconnected, not linked)"? Knowing this would give some indication of how readily information can flow between the stakeholders. Digraphs for N4 were used to manipulate the data so as to address this proposition (See Appendix Six) . . Table 6-30 summarizes the information about the six dyads that was used to address this proposition. One is reminded that, using the network conventions set out in the operationalization of the variables, a b-c means that business did not refer to or send communications to consumer in that year, et cetera. Only weakly or unilateral connections can have missing links. Otherwise the links are all there (strongly connected) or none are there (disconnected).

**Table 6-30 Annual degree of connectedness and the dyadic links which are missing**

<b>Degree of connectedness</b>	<b>missing dyadic links</b>
1971 disconnected	
1972 weakly	b-c
1973 weakly	b-c
1974 weakly	b-c
1975 unilaterally	b-c, b-g
1976 unilaterally	b-c
1977 isolate/disconnected	
1978 weakly	b-c
1979 strongly	
1980 weakly	b-c
1981 unilaterally	b-c, g-c, g-b
1982 unilaterally	g-c
1983 unilaterally	b-c, c-g
1984 strongly	
1985 strongly	
1986 strongly	
1987 strongly	
1988 strongly	
1989 strongly	
1990 unilaterally	c-b, g-c
1991 strongly	

The information portrayed in Table 6-30 is presented as a map in Figure 6-2.

**Figure 6-2 Map of progression of connectedness of the policy community**



An examination of Table 6-30 and Figure 6-2 reveals that the network gained connectedness as the policy community evolved, more so towards the end of the time frame. The network was basically weakly or unilaterally connected in the early part of the process and then predominately strongly connected. More specifically, the network was predominately strongly connected (38% of the time). It was unilaterally connected 29% of the time (meaning that each major dyad was in contact but that not all

communication was reciprocal). The remainder of the time it was either weakly connected (24% of the time) or diffuse (9% of the time). Always when there is a weak connection (meaning there is a missing link), it is the business-consumer link. This means that the business stakeholder did not interact with consumers in any fashion during that specific year when the policy community was weakly connected.

These instances seemed to have occurred during the first 10 years of the life of the policy community. One is reminded that the consumer did not enter the policy community until 1975. After, and including, 1981 the network was either unilaterally connected or strongly connected. Being unilaterally connected means that each major dyad was in contact but not all communication was reciprocal. Again it is the b-c link and, this time, the c-g links as well that are obviously missing. Again the business stakeholder did not interact with consumers in any fashion during those years when the network was unilaterally connected. The missing link in the unilaterally connected years is the consumer. The missing link when the network is weakly connected is the consumer. The only isolate was the consumer stakeholder.

**Proposition N5 supported**

**N5. The knittedness of the network (awareness of each other) will vary during the evolution of the policy community.**

For the purposes of this analysis, knittedness refers to the awareness of each other's presence in the policy community and their activities. Indicators of the awareness of each others activities included sending direct communications to each other and/or referring to

each others work or activities. Adjectives such as closely or tightly knit or joined are used to describe this network concept. The knittedness of a network can range from closely knitted, moderately knitted, loosely knitted, to unjoined. The more relationships that exist, the more closely or tightly knit the network and vice versa.

Table 6-31 was compiled by analyzing the data profiled in Matrices I1G<sub>1</sub> and I1G<sub>2</sub>. It shows the changing degree of knittedness as the policy community evolved. The data for the three dyads is extrapolated from data for nine dyads. It is obvious again that excluding the b-b and g-g links (present in the nine dyads and the three dyads) results in lost data. This loss is reflected in the unjoined state of the network in 1971. It is apparent that the link that is not represented is either a b-b or g-g link (not part of the six dyadic links).

**Table 6-31 Changing degree of knittedness as the policy community evolved depending on number of dyads**

Year	Degree of Knittedness by number of dyads		
	6 dyads	9 dyads	3 dyads
1971	unjoined	loose	loose
1972	moderate	moderate	moderate
1973	loose	moderate	moderate
1974	loose	moderate	moderate
1975	moderate	moderate	tight
1976	tight	tight	tight
1977	loose	loose	loose
1978	moderate	moderate	moderate
1979	tight	tight	tight
1980	moderate	moderate	moderate
1981	moderate	moderate	tight
1982	tight	tight	tight
1983	moderate	moderate	moderate
1984	tight	tight	tight
1985	tight	tight	tight
1986	tight	tight	tight
1987	tight	tight	tight
1988	tight	tight	tight
1989	tight	tight	tight
1990	tight	tight	tight
1991	tight	tight	tight

Key - tight 2-3, 5-6 or 7-9 dyads communicating in that year

moderate 1-2, 3-4 or 4-6 dyads

loose 1, 1-2 or 1-3 dyads

unjoined (no dyads were communicating that year)

Table 6-31 is condensed in Table 6-32, which represents a summary by the three types of knittedness according to the numbers of dyads used as a benchmark for analysis.

**Table 6-32 Proportion of degree of knittedness by number of dyads**

Degree of knittedness	6 dyads	9 dyads	3 dyads
tight	53%	53%	62%
moderate	29%	38%	29%
loose	14%	9%	9%
unjoined	5%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Regardless of the number of dyads used in the analysis

the policy community was predominately tightly knitted. It was more tightly knitted if the three dyad perspective was used and sooner in the life of the network. Roughly speaking, it was tightly knitted two thirds of the time and moderately knitted one third of the time.

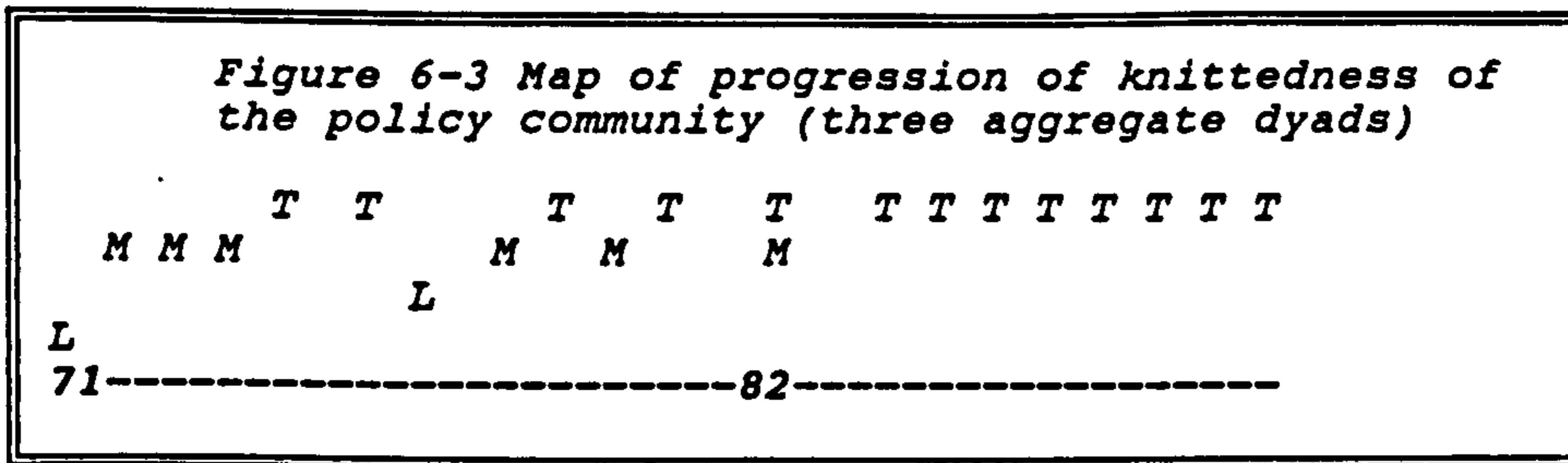
Considering all nine dyads results in a much higher incidence of the policy community being described as moderately knitted than if only six or three dyads are used as the benchmark. If nine or three dyads are used as the benchmark, the network does not reveal itself as being unjoined as it did with six dyads.

Using data from Table 6-31, it is evident that the policy community was more likely to be sparsely or loosely joined in the early years of the life of the community. The network fluctuated for about ten years between moderately and tightly joined (from 1973 - 1983) and finally, the policy community was consistently tightly joined from 1984 onward. In general, the network fluctuated between moderately and tightly joined during the first two thirds and finally, the policy community was consistently tightly joined during the last third of the life span of the policy community. Examination of Table 6-30 in Proposition N4 shows that the missing dyadic link in the years when the network was moderately knitted was the b-c link (that is, business was not communicating with consumers). This gap is then one that seems to be causing the fluctuation in knittedness over time.

This pattern (fluctuate between moderate and tight, culminating in tight) suggests that most stakeholders were very aware of each others activities in the network and increasingly so as the policy community evolved. Again this process and supposition is portrayed in a map



in Figure 6-3 for three aggregate dyads.



### Indegree and outdegree

The concepts of outdegree and indegree are relevant in this discussion of the awareness of one stakeholder of another (knittedness). Outdegree refers to who is sending communications or referring to others and indegree measures who is receiving the communications or being referred to. Knowing this adds another layer of sophistication to the measure of the concept of knittedness. The measure of stakeholder awareness of each other is enhanced if we know which stakeholders are aware of who (sending communications or referring to their work or activities). Again using the data profiled in Matrix I1G<sub>2</sub>, Table 6-33 can be compiled. It gives the frequency counts for the first and second order communications between dyads. This table also indicates the direction of the flow of information. For example c-b means that consumers sent information to or referred to (were aware of) business whereas b-c means that business sent information to or referred to (were aware of) consumers.

**Table 6-33 Frequency counts for the first and second order communications between dyads: another indicator of knittedness**

Dyad	Frequency of contact
c-c	23
c-b	27
c-g	<u>56</u>
	106
b-b	207
b-c	27
b-g	<u>112</u>
	362
g-g	227
g-c	56
g-b	<u>128</u>
	395
Total	863

It is blatantly obvious that consumers received the least amount of communication or referrals (12%, n=106). Business received information or was referred to 42% of the time (n=362) and government received the most communications or referrals (46%, n=395). Similarly, consumers sent out the least amount of communications or made the fewest referrals to others works (12%, n=106), business sent out or made the most referrals (40%, n=346) and government sent out the most communications or made the most referrals (48%, n=411). Consumers were most "aware of" government, business was most "aware of" other business associations and government was most "aware of" other government departments. Conversely, consumers were least "aware of" business relative to government. Business was least "aware of" consumers as was government.

Consumers sent out as many communications or made as many referrals as they received. Business received more than they sent out. Government, on the other hand, sent out

more than it received. None of the stakeholders followed the same pattern. This finding suggests that government was more likely to send out communications or refer to the work of others while business tended to be referred to or be sent documents. Consumers engaged equally in both activities.

Still using Table 6-33, the following observations can be made. In network terms, the aggregate b-c link is the one that is more inclined to be loosely knitted (6%, n=54), followed by the g-c link (13%, n=112), with the b-g link most definitely the more closely knitted link (28%, n=240) of the three. Surprisingly, the g-g and b-b links (26% and 24%, respectively) were more closely knitted than any of the major aggregate dyadic links (c-b, b-g, g-c) except for the b-g link. Collectively, the b-b and g-g links comprised 50% of the dyadic relationships in the network while the other three dyadic links comprised the other 50%. This finding suggests that it is imperative that analysis occur at the constituent level so that this information can be revealed. For it is this level of analysis that portrayed the exchange of information between business associations and between different government departments (and when applicable, between different consumer organizations).

**Proposition N6 - supported**

**N6. The stability of the network will vary during the evolution of the policy community.**

Stability refers to the length of time that stakeholders consistently remain in the policy community. For clarification, stability has been conceptualized along four dimensions. A stable network will be manifested by the presence of the same aggregate and constituent

stakeholders consistently remaining in the policy community and engaging in multi-dyadic links. A moderately stable network will mean that there was some fluctuation in the constituent composition of the dyadic membership of the policy community but that the aggregate network still continued to exist and function (predominately with multi-dyadic links) but with a changing constituent character. Low stability means that there was a high incidence of instigating then lapsing of links between constituent stakeholders over the years to the extent that the network between the many constituents collapsed on several occasions but was reestablished at the aggregate level. An unstable network would occur if there was continual lapsing of aggregate and constituent links over the years with little continuity in relationships or in the constituent composition of the network leading to an eventual total collapse of the network.

#### **Aggregate perspective of stability**

This policy community was moderately stable most of its life span. That is to say, there was some fluctuation in the constituent composition of the dyadic membership of the policy community but that the aggregate network still continued to exist and function (predominately with multi-dyadic links) but with a changing constituent character. Examination of Table 6-23 from proposition N1 shows that during 12 of 21 years of the life of the policy community the composition of the policy community changed (57% of the time, the population of the policy community was not the same). Conversely, over a twenty one year time frame, there were collectively nine years when there was incidence of the same collection of stakeholders in the policy community (43% of the time). These periods occurred during 1975-76, 1977 and 1979, during 85-86, and during 1989-91. Never did these four

time frames have the same populations, however. See Figure 6-1 for details.

#### **Constituent perspective of stability**

During the life of the policy community, the average size of the network was three aggregate stakeholders (consumer, business and government). At the constituent level there was an average of 8.5 stakeholders in the policy community in any given year but never were all sixteen there. The policy community started out with two stakeholders, moved through a fourteen year period where the size of the policy community fluctuated between 8-10 members and culminated with 13 stakeholders during the last three years (See Figure 6-1 for proposition N1). The pattern was to start small, basically plateau with half of the possible constituents present for a lengthy period of time, then increase towards the end of the life of the policy community with a different compliment of constituent stakeholders. Never were all the constituents in the network at any one time.

#### **Dyadic perspective of stability**

As noted previously, stability refers to the length of time that stakeholders consistently remain in the policy community. A dyadic perspective provides more insight to the stability of the network. Answers to the following fundamental questions will paint a clearer picture of the stability of the policy community. Clarification from the constituent level was necessary for some of the questions. This proposition was analyzed using the information in Matrices I1G<sub>1</sub>, I1G<sub>2</sub>, M3<sub>1</sub> and M3<sub>2</sub>. The following question and answer provides the preamble for a fuller discussion of network stability.

1) Do the existence of relations (links) between stakeholders remain the same over time?

No, even though each major dyadic link (c-b, b-g, g-c) appeared in the network they did not have similar profiles.

2) Are there links that collapse and then reemerge?

Yes, the c-b link formed, lapsed and reappeared three times during the life of the policy community with an average of 1.3 years between lapses. The government-consumer link, which started in 1972, lapsed in 1977 but reemerged and remained after 1978.

3) Are there links that do not appear until further into the life of the policy community?

Yes, the consumer-business link did not start until 1975. The other two dyadic links both formed in 1972 and great fluctuation in the contingency of constituents.

4) Are there links that appear and remain for the duration of the policy communities' existence?

Yes, once the b-g and g-c links formed, they did not lapse again during the evolution of the policy community (except for the g-c for one year in 1977).

The following discussion provides additional insights into these four fundamental questions regarding dyadic stability. Except for two years (1971 and 1977), the government-consumer link, which started in 1972, was in existence for every year of the life of the policy community. However, frequency of contact varied considerably with a total number of 112 contacts and an average of six contacts each year. The peak number of

contacts occurred between 1987-89 (very late in the life of the policy community).

The consumer-business link did not start until 1975 (four years later than the government consumer and business-government links). It has an entirely different profile than the g-c link. The c-b link formed, lapsed and reappeared three times during the life of the policy community with an average of 1.3 years between lapses. There were 54 instances of the c-b links with an average of four contacts per year compared to six for the c-g link. The frequency of c-b links declined from 1986 onward rather than increase as did the c-g link.

The government-business link was initiated in 1972 and totalled 240 contacts for the life time of the policy community. Once the link was formed, it did not lapse during the evolution of the policy community. This pattern occurred even though the configuration of membership for both the government and business constituents dynamically evolved. Following a burst of interaction in 1975 and 1979, there was a steady increase in the frequency of contact between business and government between 1982-1989 (increased from 3 to 50). As with the c-b and c-g links, there was a decline in frequency of contact after 1987 but, unlike them, the g-b link continued to decrease in frequency of contact.

In summary, as regards stability, at the aggregate level all dyadic links that formed and lapsed, always reappeared but were not as cyclical as predicted. This can be construed as a moderately stable network. However, most links were not dyadic but were multi-dyadic in nature after 1982. The composition of multi-dyadic links at the constituent level were quite cyclical in nature, as predicted. To illustrate, subsequent to 1982, the

number of consumer multi-dyadic links decreased subsequent to each of three sporadic increases. The number of business multi-dyadic links steadily increased. The number of government multi-dyadic links steadily increased with a high plateau followed by a decrease. This stability of aggregate membership and fluctuation in constituent memberships in conjunction with predominance of multi-dyadic links is again strong evidence of a moderately stable network.

## CONCLUSIONS

This chapter has presented a multi-layered network analysis of the relational data profiling the evolution of the Canadian EFTS consumer policy community. A two tiered approach, each tier with three dimensions, measured data from a relational analytical approach (interaction dimensions), a positional analytical approach (network structure) and an evolutionary approach. The layers of aggregate, dyadic and constituent were superimposed onto each of these three levels of analysis resulting in a very comprehensive and complex body of findings, which have been set out in detail in this chapter.

The body of findings was presented using this multi-layered model. First, there was a synopsis of the case study (See Appendix Seven) so as to provide the context for the ensuing network analysis. This was followed by (2) a discussion of the evolutionary nature of the policy community, (3) the interaction dynamics and (4) the network character, all organized by the propositions derived from the macro-relational consumer policy framework. The result was four sections, an indication of the complexity of the network analysis and the challenge



of effectively managing the profusion of information generated via a network analysis.

It is heartening and exciting to conclude that the network approach to measuring the phenomena of consumer policy development has been remarkably productive. One is reminded that a network is a construct imposed on a phenomena by an investigator so as to examine relationship development and the character of changing network configurations. This analysis has confirmed that, in spite of reservations from the stakeholders, there was a network for the EFTS policy issue and it had a unique and fluctuating character from an evolutionary perspective.

The application of the macro-relational consumer policy framework has generated fertile relational data never before available for analysis as regards interaction patterns and network structures of the relationships between the three marketplace players as they collectively develop policy. The multi-layered network analysis revealed the existence of a policy community which (in varying degrees) evolved in distinct stages and along the proposed interaction and network dimensions. The interaction among stakeholders in a policy community can now be described using the concepts of frequency, directedness, durability, intensity and role perception. The character of the evolving network can be described along the dimensions of size, density, connectedness, cohesiveness, knittedness and stability.

The findings conclusively support the premise that sole reliance on the traditional economic paradigm as a rationale for government intervention in the market, results in too narrow an approach to consumer policy and the lack of an appreciation for the relational aspects of

this dynamic, collective phenomena. Unequivocally, the multi-layered network analysis conducted in this chapter generated a wealth of information pertaining to this policy community, as the attendant discussion has demonstrated. The findings also afford legitimacy for the role of the macro-relational consumer policy framework to provide needed insights into the dynamic field of consumer policy research.

The next chapter will profile an executive summary of the results of the network analysis and discuss limitations of the study from the perspective that the theory is the contribution to the literature rather than the case study (Yin, 1984). Modifications to the conceptual framework and the research design are recommended. The chapter concludes with a multiple layered summary of the findings generated by the network analysis of the relational data. The information in Chapter Seven will provide the background for the conclusions and recommendations presented in Chapter Eight, the final chapter.

## CHAPTER SEVEN SUMMARY OF FINDINGS

### Preamble

The basic premise of this research was that a shift in paradigms - a movement from absolute reliance on the micro-economic paradigm towards concurrent reliance on the network and political economy paradigms - would provide a new perspective for analyzing consumer policy. Following this line of reasoning, this thesis developed and applied a macro-relational consumer policy framework to legitimize the conviction that the consumer policy process sequentially evolves over time in the form of a policy community comprised of stakeholders of a consumer issue. As this policy community evolves, there will be evidence of fluctuating interaction dynamics, relationship development, and changing network configurations and structures.

The multi-layered network analysis of the relational data profiling this dynamic process (Chapter Six) has revealed that the premise of the sequential evolution of a dynamic policy community comprised of interacting actors in fluctuating relationships and structures has been supported. An executive summary of this analysis is presented prior to a discussion of the limitations of study, refinements to the model and changes to the methodology. These sections will be followed with several perspectives of the summary of the findings generated by the network analysis, again from a macro-intermediate-micro perspective.

It is intended that the information in this chapter, in conjunction with that in Chapter Six, will provide the background for the conclusions and recommendations presented in the final chapter. It also provides a

synthesis of the most relevant findings which were based solely on a manifest analysis rather than latent interpretations. This enabled the investigator to avoid personal bias and conviction bias.

#### **EXECUTIVE SUMMARY OF FINDINGS OF THE NETWORK ANALYSIS**

The following is an executive profile of the evolutionary nature of the policy community. This discussion will follow the sequence of the propositions (internal activity, dyadic, multi-dyadic, triadic, interaction dimensions and network dimensions). Only the major findings will be presented in this executive summary (highest percentages, strongest positions, average findings etc.). The reader is directed to Chapter Six for evidence of the nuances of the summary.

At the aggregate level (consumer, business and government) the stakeholders began doing internal and external analysis concurrently, rather than doing internal then dyadic. The number of internal documents generated by stakeholders increased rather than decreased as the policy community evolved. The stakeholders did form intra-organizational bodies to deal with the EFTS issue, but not as early as expected and after rather than before they entered into dyadic relationships.

While business was more likely to move incrementally into dyadic relationships, consumer and government made this move simultaneously (in other words, they moved into multi-dyadic links). In fact, all stakeholders eventually moved into multi-dyadic relationships rather than moving from one dyadic relationship into another. No one stakeholder (not even a constituent) remained an isolate for the duration of the policy community. But if, at any point in time there was an isolate, it was the consumer.

Once the stakeholders formed multi-dyadic links, they moved from multi-dyads to multi-dyadic configurations rather than from multi-dyad to mono-dyad. During the life of the policy community, stakeholders engaged in multi-dyadic links two thirds of the time. Once most of the stakeholders were in the network for the first time (about midway through) multi-dyadic links existed 82% of the time. This obviously implies that the dyadic links were cyclical in nature. The g-c link was in existence every year beyond 1972 but with continually changing government constituents. The c-b link began later, in 1975, and was quite cyclical in nature, despite the fact that there was only one consumer association and seven business associations which joined the policy community incrementally and never left after joining. 43% of the time there was some inter-organizational forum existing (sixteen in all) which was dealing with the EFTS issue. Most of these were initiated by government (55%) or business.

Various patterns emerged as regards the identify of the contact person for the stakeholders. Business and government exhibited one of four patterns, varying on constancy of contact position and contact person. The determining factor seemed to be when they entered the policy community rather than their nature (consumer, business or government). In fact, the longer the stakeholder was in the policy community, the more likely they were to have changing contact position and person. Conversely those who entered later had a consistent contact position but changing contacts. Some stakeholders maintained the same contact and the same position. The consumer stakeholder had the same people rotating in and out of the contact position. The contact position was often the president, director or some other executive position.

Although a negligible number of stakeholders specifically called for a triadic network (CAC and RCC) there were many calls for a desire to work together (more so towards the last half of the policy community) and different inclinations for preferred policy directions. Business wanted a market based approach, consumers wanted legislation and government vacillated between legislate, monitor, market based, legislate. Finally, late in the life of the policy community, they all embraced the notion of a voluntary approach to the consumer issue (a voluntary code), but for different reasons. Consumers opted for it because it was better than nothing. Business wanted to avoid legislation and government came to the conclusion that past and consistent reliance on the market based approach had been an inadequate approach for addressing consumer concerns resulting from EFTS. Government (CCAC) initiated the formation of a triadic network of stakeholders to develop consumer policy for this issue, and they formed, chaired and managed a Working Group. As predicted, the number of dyadic interactions declined once the triadic network was established.

As the policy community evolved, it exhibited varying degrees of interaction dynamics and relationship development. Over 90% of the time there were four or five major dyads in the network (c-b, b-g, g-c, b-b, g-g). There was an average of six contacts per year between the three major dyadic links. 45% were between b-g, 37% between g-c and 18% between b-c. Out of the possible nine dyadic links, eight of them were manifested at some point in time in varying computations. There was no c-c link because there was only one consumer association in the network. During the course of communicating to each other in these links, most stakeholders were more likely to refer to the role, position or activities of others than

to communicate directly with them. Business and government sent out documents more so than they received, and vice versa for consumers. Business and government were more likely to be referred to by someone than to do the referring. The opposite was true for the consumer. Further, the CAC was the stakeholder least likely to be referred to or sent documents.

A sweeping generalization regarding directedness is that government communicated more frequently with other government departments, business with other business associations and consumers with government. Government sent out the most documents, consumers received the most documents and business sent out as many as it received. Links with consumers were the least durable, then business and finally links with government were most durable, especially if government initiated the link. The average time span between lapses in links was one year. All relationships were more durable during the last half of the life of the policy community.

The intensity of the relationships between the stakeholders did vary. For 95% of the time, the three stakeholders were engaged in both direct communications and/or referrals to the works, activities and positions of others. This implies a predisposition to stay involved with the issue and the other stakeholders involved with the issue. For half of the time, the stakeholders were engaged concurrently in direct communications and referrals to others, indicative of strong, intense relationships.

Perceptions and sentiments of role in, access to and contribution to the policy process changed as the policy community evolved. Government made 38% of such comments (pleased with providing access); 32% were made by

business (glad for access to process). The other third were made by consumers and they were not pleased with their access to the policy process. The stakeholders held these positions constant for the duration of the policy community. A pattern of such comments emerged as the policy community evolved. First there were no comments, then comments on self, then on others and then concurrent comments on self and others, with the latter being the most common pattern adopted by the majority of the stakeholders (43%).

Government was the aggregate most likely to make comments on roles perception followed by business and then the consumer. As regards dyads, business talked about government more than government remarked on business. Consumers made the least amount of comments concerning the dyadic relationships they were engaged in to develop policy. For all stakeholders, the number of comments regarding role perception sharply declined once the Working Group (triadic network) was implemented.

The size of the network varied. For almost three quarters of the time, all three of the aggregate stakeholders were in the policy community. Government had the highest incidence of being there, followed by business and then, the consumer. When there were only two stakeholders present, it was always business and government. There was an average of 8.5 constituent stakeholders in the network at any one time, seldom with the same compliment of constituent stakeholders. There was one consumer organization. The number and identity of government departments and agencies fluctuated continually with an average of three and a possible contingency of eight. The number of business associations eventually numbered seven, with each one joining incrementally. The average number of business associations in the policy community



at any one point in time was four and their identity was quite consistent.

The average density of the network was .71. This was construed as a moderately dense network. In lay terms it means that, of all of the possible eight dyadic links which could have been in place, 71% percent of them existed over the life span of the policy community. If one is concerned with the density of three major dyadic links, the density of the network increases to .80. From a dyadic perspective, the b-g link was most dense, followed by the c-g link and then the c-b link (which was the most sparse). The missing link, regardless of the network dimension being examined, is the consumer-business link. This held constant for the duration of the policy community.

The network was primarily strongly cohesive (71%), strongly connected (38%), tightly knitted (65%), and moderately stable (43%). This means, respectively, that stakeholders predominately wanted to remain in the network and continue to maintain relationships, did so in strongly connected and tightly knitted contacts (direct communications and referrals), and the links were characterized by fluctuation in constituent memberships but were multi-dyadic in nature.

Network size, density, knittedness, cohesiveness, connectedness and stability all increased noticeably in the latter half of the life of the policy community. This is indicative of a marked improvement in the reciprocal flow of information, an increased awareness of the positions of competing interests, an increased capacity and degree of activity to advance one's own interest, and an enhanced communication channel and political exchange process.

## LIMITATIONS OF THE STUDY

The intent of this summary is to generalize the findings to a broader theory rather than to similar case studies. As a result of this, the macro-relational consumer policy framework will become the significant contribution to the body of knowledge and will be the vehicle for examining other policy communities. Replication of the use of the theory adds to the analytical generalizability (Yin, 1984). This replication is facilitated by recognizing refinements to the model, changes to the methodology, and the operationalization of some variables. This approach to discussing the limitations of the research was done bearing in mind that it is the conceptual framework that was intended to be the contribution to the literature rather than the findings generated for one specific policy community, in this case, the EFTS policy community.

### **Refinement of the conceptual framework**

The macro-relational consumer policy framework proved to be highly useful when describing and analyzing the evolutionary development of the policy community charged with reaching a policy decision. The model suggested that the policy community would evolve gradually through the stages of internal activity, dyadic activity, concurrent multi-dyadic activity and triadic activity. However, it is recommended that a minor revision be made to the evolutionary model of the policy shaping community to accommodate dissolution of the triad and devise propositions to accompany this modification. In its current state, the triadic stage (T-propositions) suggests that dyadic activity will decline but there were no propositions which explicitly accommodated the process of terminating the relationships and reentering the

consumer policy network once the work of the policy community is complete.

This deficiency was not detrimental to the analysis because the policy shaping community for EFTS was still in place at the time the analysis occurred. Therefore there was no information available on this stage of the evolutionary process. In fact, the literature reveals this stage of relationship development as very underdeveloped. A preliminary attempt at explaining this mechanism will now be offered with the expectation that either a secondary analysis by this investigator or the application by future researchers to their research design and judge its applicability to understanding this dynamic process.

The literature on action sets suggests that once the issue is resolved, the action set does not persist as an entity (Mitchell, 1969). Similarly, Shapiro (1986) suggested that the alliance formed in the parallel political marketplace becomes passive or less active with the stakeholder returning to their respective broader constituencies they represent in the marketing channel or political arena. Relationship development literature suggests that when the relationship dissolves, the actors either disengage or decrease the level of interaction (Frazier, 1983).

This high level of agreement in three different bodies of literature lead to this proposed conceptualization of the nature of the dyadic and multidyadic relationships between stakeholders after the work of the policy shaping community is complete:

Proposition T5 - Dyadic and multi-dyadic activity will decline because they are replaced by

managed triadic activity

Proposition T6 - Once the work of the policy community is complete, stakeholders will review and evaluate the dyadic relationships they developed

Proposition T7- Once the work of the policy community is complete and after stakeholders have reviewed and evaluated the relationships they developed they will then adopt one of several tactics:

1. cease maintenance of relationships and return to broader constituent they represent
2. maintain minimal (passive) contact with all or select stakeholders at the same time that they return to broader constituent they represent
3. continue a strong liaison with all or a select number of stakeholders at the same time that they return to broader constituent they represent

Proposition T8 - Once the work of the policy community is complete, stakeholders will not review and evaluate relationships but nonetheless they will adopt one of several tactics identified in the previous proposition

Proposition T9 - The tactics they choose will vary with constituents.

The investigator suggests that the four types of relationships identified in the internal economic structure sub-component of the macro-relational framework are the perfect vehicle to use to explain the management of these subsequent relationships. Do they evolve to be transitory, enduring, recurring or hierarchial relationships? How are they managed and are the management styles different for different aggregate stakeholders, different constituent stakeholders and different dyadic links?

The growing body of relationship management has much to contribute to this level of analysis of c-b-g relations. The literature suggests that these relations will vary on several key dimensions including formality and frequency of communications, the degree of affiliation, the commitment to the relationship, the nature of the information exchanged, and the degree of coordination, dependence, and sharing of interests, values and goals. The possibilities are infinite and exciting.

#### **Changes to research design and methodology**

In review, the research design entailed soliciting documents from perceived stakeholders with the issue, conducting a content analysis on the documents, representing this data in a case study, and conversion of the case study data to relational data. The relational data was then exposed to a multi-layered network analysis. This methodology proved to be very effective and provided valuable insights to the development of the policy community over the years.

As regards the methodology, researchers always learn from

the sampling, data collection, data preparation, and data analysis processes and, as with most research, some modifications would be beneficial should any one decide to replicate this research. In order of presentation, these include changes in the sampling process, changes to the data collection process, and changes in the operationalization of some of the variables. The specifics of these recommendations will be set out in the following text.

### **Sampling modifications**

When establishing the sampling frame and setting network boundaries, it is important to determine who to include and exclude from the system being studied. It is recommended that future researchers broaden boundaries to include academics, the media, and individual stakeholders as well as organizations. As well, it would be very useful to broaden dimensions or applicable constituents in the consumer stakeholder to include legal foundations, lobbies, public interest firms, think tanks, ad hoc coalitions and the like (Holcomb, 1987). It is interesting to note that even though some of these constituents were originally solicited for possible participation in the issue, it was found that they were not involved with this specific issue.

When selecting (sampling) key informants it is recommended that a sincere effort be made to confirm that the person has permission to confirm the contents of the constituent case study. In some instances the informant had authority to release the documents but not to confirm the final interpretation of the documents or details. In these instances, the investigator invariably had to contact someone higher in the organization. One is reminded that there are several dimensions to the

boundary person role including position in the hierarchy of the organization (technical, managerial or executive) (Evan, 1972). It is incumbent on the researcher to determine which one has the level authority to deal expediently with this research request.

#### **Data collection modifications**

It is recommended that the iteration process, when vetting the cases with the constituent stakeholders, be modified in several ways. First, do not rely solely on their interpretation of the case or their judgement of what is appropriate or complete - provide direction by making up a list of specific questions for stakeholders to reply to for their specific case. These would address discrepancies in data that cannot be addressed by cross-referencing documents. Examples include, "Did you go to this conference and, if so, in what capacity?" "What ever happened to such and such an initiative?" This can be done either apart from or in conjunction with the presentation of the six questions pertaining to comprehensiveness of the content and the interpretation of the documents gathered concerning them (Appendix six).

Secondly, when asked to provide copies of documents that were forwarded to them by other stakeholders, all stakeholders questioned the ethics of this request and all refused to comply. It is strongly recommended that future investigators avoid this tactic to gain documents.

The literature suggests that, in general, subjects are disputing the account of and the interpretation of data on the phenomena related to them (Featherstone, 1991). This research design accounted for the first part of this complaint by vetting the constituent cases with the stakeholders (each one saw their case and their feedback

was incorporated into the revised versions of the cases). It may be expedient (although perhaps threatening to an academic with the potential to jeopardize the final integrity of both the findings and the ensuing relationships with the informant) to also vet the final interpretation with the stakeholders before publishing the research findings.

A fourth recommendation is to consider the merit of doing a content analysis of media coverage of the issue as well as examining the content of documents generated solely by the stakeholders in the policy community. It is accepted that the media does influence the policy process and the perceptions of those involved. This would make for a more complex methodology but also would generate richer and more complete relational data, albeit from a third party perspective.

To add another layer to the analysis, it may be productive to expand the relational content variable to include information exchanged on the specific dimensions of the consumer issue. This entails consideration of another relational content besides the political information exchanged to form policy. This would entail expanding the content analysis to include units measuring specific dimensions of the issue and the changing positions and activities related to specific dimensions of the consumer issue. For example, what issues were stakeholders originally concerned with, did these change over time and did other stakeholders have an impact of these changes? The economic, social, political, legal and technological issues for EFTS were discussed at the beginning of Chapter five.

If researchers want to measure other interaction and network variables such as multiplexity, centrality,



range, reachability, influence and the like they would be better served if they relied on surveys of self reporting, diaries, field or participant observations as well as documents as sources of data (Knoke & Kuklinski, 1982).

Finally, it is always desirable to achieve a higher degree of reliability. Even though this research achieved a stability reliability of close to 90% with the coding instrument via coding multiple times using one investigator, other scholars have the option of striving for consensual reliability by coding twice using two different people at different times to a reliability coefficient of at least 70% and preferably 90%.

#### **Refinement of operationalization of variables**

It is always obligatory to rethink indicators used to identify the links between stakeholders - did the concepts measure what they were intended to measure (validity)? Aldrich and Whetten (1981) suggested membership on boards, self reports of respondents in contact with other organizations, interchange of personnel, resource exchange or transactions between two organizations, participation in joint ventures and legal and contractual obligations as indicators of relationships between stakeholders. Inclusion of this proxy measure to provide evidence of a relationship was not made explicit enough in the operationalization of a relationship.

Further, after analyzing the relational data and using the information to discuss the results, there was some discomfort with the network variable cohesiveness - a desire to stay in the policy community. The researcher found herself asking, was internal activity, direct

communication or referral to the work, activities or positions of others a sufficient indicator of cohesiveness such that she could make decisive comments on the cohesiveness of the network? The investigator decided that they were suitable and continued with the analysis, but also wanted to sensitize other researchers to the necessity of considering another operationalization of this concept. For example, not only can cohesiveness mean the degree to which stakeholders remain and interact with others. It can also be construed as the forces holding the stakeholders in the groupings. The latter may provide a more dynamic measure of cohesiveness but would require different operationalization.

One final comment relates to the interaction variable of intensity. The literature acknowledged that measures of intensity, which measure the strength of the relationship, are difficult to devise. This research conceptualized intensity as the degree to which actors are committed to the network and operationalized various degrees of intensity by measuring direct communication with or referral to the work, activities or positions of others. It is offered as a suggestion that other researchers may want to adopt the other definition of intensity - degree to which an actor is likely to carry out obligations and/or has the freedom to exercise these rights or the ability to exert influence. This would mean focusing on the concepts of influence and power thereby necessitating a different operationalization of the concept. Both are useful with different results and insights.

#### **SUMMARIES OF EACH LEVEL OF NETWORK ANALYSIS**

One is reminded that Chapter Six presented a multi-

layered network analysis of the relational data profiling the evolution of the Canadian EFTS consumer policy community. The two tiered approach, each tier with three dimensions, measured data from a relational analytical approach (interaction dimensions), a positional analytical approach (network structure) and an evolutionary approach. The layers of aggregate, dyadic and constituent were superimposed onto each of these three levels of analysis resulting in a very comprehensive and complex body of findings.

A summary of the findings from this multi-layered network analysis is now presented, using the same organizational format:

**A. Summary of findings from first layer of analysis**

"A" Level one findings - Summary of evolutionary sequence of the policy community

"A" Level two findings - Summary of relational analysis of interaction dynamics

"A" Level three findings - Summary of positional analysis of network structure

Further limitations to the study and supplementary refinements to the framework and the measurement of certain variables are embedded in the ensuing discussion of the summaries of the findings from the first layer of the network analysis.

**B. Summary of findings from second layer of analysis**

"B" Level one findings - profiles of major dyadic links

"B" Level two findings - profiles of aggregate stakeholders

"B" Level three findings - predominate patterns of interaction and network configuration

## **A. SUMMARY OF FINDINGS FROM FIRST LAYER OF ANALYSIS**

### **"A" Level one findings - Summary of evolutionary sequence of the policy community**

It is very encouraging to report that the majority of the sixteen propositions explaining the evolutionary dynamics of the policy community were supported. This provides legitimacy to a construct developed exclusively for researchers conducting a network analysis of consumer policy. Ten propositions were supported, four were partially or conditionally supported, while only two were not supported. In brief:

E1. Internal egocentric activity (developing initial position of the issue) will occur prior to dyadic activity - partially supported

E2. The length of time devoted to internal egocentric activity will vary for each stakeholder - supported

E3. Stakeholders would not return to internal activity subsequent to engaging in dyadic activity - supported

E4. Prior to entering into dyadic relationships, stakeholders will form internal bodies to deal with the issue of EFTS - partially supported

D1. Stakeholders will gradually and incrementally form dyads with each other rather than form multi-dyadic relationships simultaneously - conditionally supported

D2. Some stakeholders will remain isolates during the evolutionary development of the policy community - not

supported

D3. Once stakeholders move from egocentric activity to dyadic activity, they will then move from dyad to dyad rather than move into multi-dyadic relationships - not supported

M1. Once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships - supported

M2. Subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships - supported

M3. The dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in nature - supported

M4. The stakeholders would form inter-organizational bodies to facilitate dialogue and collective policy development - supported

M5. The contact person for each stakeholder would change during the incremental development of the policy community - supported

T1. The express desire for a triadic network will exist and will vary with stakeholders - supported with proxy variables

T2. One stakeholder will take the initiative to pull the stakeholders into a triadic network - supported

T3. Once this initiative is undertaken, the other stakeholders in the policy community will willingly form

a triadic network - supported

T4. As the triadic network solidifies, the dyadic activity will decline - supported

### **Limitations**

These findings suggest that the macro-relational consumer policy framework, with minor modifications via the innovative introduction of proxy variables, adequately explained the dynamics in the movement between stages three and four (multi-dyadic activity and triadic activity). However, it was not as profitable as regards the evolution between the first two stages, internal analysis and initial dyadic activity. This is not to say that the model did not capture the evolutionary nature of the policy community. Unquestionably, it was an extremely effective and valuable research tool for accounting for the evolution of individual stakeholders into a collective policy community. The findings suggest, however, that for this policy community, the instigation of and preliminary progression of the stakeholders into a policy community did not occur exactly as speculated, implying that this may be the case for other policy communities.

By way of explanation, most of the E and D propositions were partially or conditionally supported, not rejected, suggesting that they were not entirely inaccurate speculations of stakeholder activity. Future researchers may want to reconceptualize stakeholder activity during the stages of internal analysis and initial dyadic activity. Specifically, it is suggested that it may not be feasible to develop an internal position on the policy issue without consulting with other stakeholders. Rather, this occurs concurrently with unilateral exploration of

potential dyadic exchange partners. The data seems to suggest that this would entail simultaneous exploration via a search and trial phase of developing initial dyadic links. These were not isolated activities in this policy community, as was anticipated.

The other conspicuous finding is that it is imperative that the analyst specify which indicator is being used to measure the existence of a relationship between stakeholders. It was necessary to discuss Propositions E1, D1, and M1 from three different perspectives - just direct communications, just referrals or both direct communications and referrals as indicators of a relationship. The findings are different depending on the measurement utilized.

With these modifications, it is suggested that the evolutionary model of the emergence of individual stakeholders into a network of stakeholders to collectively deal with a consumer issue is a very valuable research tool for future macro-relational consumer policy researchers.

#### **"A" Level two findings - Summary of relational analysis of interaction dynamics**

The findings substantiate the principal assumption that, as the stakeholders engaged in interaction and the development of dyadic and multi-dyadic relationships, these relationships would vary in existence, frequency, directedness, durability, intensity and role perception. All five propositions were unequivocally supported, many on several levels and from different perspectives.

I1 - The frequency (regularity) of contact and communication between stakeholders will vary during

the evolution of the policy community - supported

- I2 - The directedness of interaction between the stakeholders will vary during the evolution of the policy community - supported
- I3 - The durability of the relationships between the stakeholders will vary during the evolution of the policy community - supported
- I4 - The intensity of the relationships (level of commitment) between the stakeholders will vary during the evolution of the policy community - supported
- I5 - The stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy making process relative to others will change during the evolution of the policy community - conditionally supported as worded

#### **Limitations**

It is worth noting that, although it was proposed that the stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy process relative to others would change during the evolution of the policy community, the evidence seems to suggest that once a self perception was established it held constant during the life of the policy community. What did change was the incidence and frequency of comments reflecting the perceptions their role as well as their comments on the role of others in the policy process.

This revelation lead to the development of several layers



of analysis for the concept of role perception, those being the (1) measurement of any statements made regarding roles in the policy process, regardless of who made them, (2) comments made about ones own role followed by a determination of the sentiments expressed and (3) comments about another stakeholder's role and the sentiments attached to those statements. What emerged is a sense of who made comments regarding roles and contributions to policy, how often, about whom and the sentiments attached to those comments. A complex and revealing picture of role perception took shape, providing substance for both analysts and stakeholders.

In fact, future analyst may want to reword Proposition I5. The following is a suggestion:

Proposition I5 The stakeholder's perception of and sentiments towards perceived role in, access to and contribution to the policy making process will change during the evolution of the policy community.

This proposition removes, but accommodates, the bias of the early establishment of a pattern for their own role perception relative to others and leaves the proposition open to a wider interpretation. Yet it still accommodates the possible finding that the incidence and frequency of comments reflecting the perceptions their role as well as their comments on the role of others in the policy process will vary.

As with the evolutionary stage propositions set out in Section Two, future analysts are cautioned to be very specific about the indicators being employed to measure the existence of a relationship. Another suggestion is to be aware that, in some instances, the aggregate

interaction patterns did not mirror those of the constituents, nor did the aggregate patterns always match those of the network as a whole (column totals). It is suggested that, especially for intensity and role perception, that the analyst may have to generate relational information on each aggregate (consumer, business and government via analysis of each constituent) rather than assume that the network pattern can be used to speculate on the behaviour for all stakeholders.

The establishment of the fact that the interaction patterns are dynamic and vary on several dimensions lends credence to the appropriateness of applying network analysis to study relationship development during the consumer policy process. It has provided valuable and never before known insights into the dyadic interaction among marketplace stakeholders as they collectively develop consumer policy. Given that the interaction variations which were observed occurred in predominately multi-dyadic relationships, it became especially evident that there is a pressing need for a better understanding of the relationship management process (to be discussed in more detail in the final chapter).

There is no doubt that, by incorporating interaction dynamics and relationship development into their studies, future macro-relational consumer policy analysts are afforded a powerful construct for analyzing the development of relationships between stakeholders as they coalesce to form a policy community for a consumer issue.

#### **"A" Level three findings - Summary of positional analysis of network structure**

It is with great excitement that it is reported that all six propositions speculating about the changing network

structure were supported. As the policy community evolved, the network character changed as regards size, density, cohesiveness, connectedness, knittedness, and stability.

N1. The number of stakeholders in the network (size) will vary during the evolution of the policy community - supported

N2. The density of the network (proportion of actual to potential members) will vary during the evolution of the policy community - supported

N3. The cohesiveness of the network (desire to stay together) will vary during the evolution of the policy community - supported

N4. The connectedness of the network (strength of links) will vary during the evolution of the policy community - supported

N5. The knittedness of the network (awareness of each other) will vary during the evolution of the policy community - supported

N6. The stability of the network will vary during the evolution of the policy community - supported

### **Limitations**

Again, the analyst is cautioned to specify which indicator of a relationship is being used to measure the specific variables (internal, direct and/or referrals). As well, the analyst is forewarned that the number of dyads used as an indicator of nature of relationships in the network also has a strong bearing on the findings.

This is especially true for density. Completely different and lower measures of density were determined using eight dyads versus three dyads. Further, not including the b-b or g-g link had effects on the findings, usually resulting in lower measures of a variable. Another suggestion is that the description of the size of the network varies depending if the aggregate or constituent information is being utilized. The choice of level of analysis (constituent versus aggregate) was especially germane to the measurement of stability, as was dyadic versus constituent.

This finding seemed most pertinent to examining and describing network structure, more so than it did for interaction dynamics. Without the multiple levels of analysis, a tremendous amount of data would not have been revealed and key findings would have been missed. More importantly, an incomplete picture of the network would have been portrayed (Knoke & Kuklinski, 1982). A changing configuration of constituent membership contributed to a very dynamic profile of the overall network structure as time evolved. The importance of incorporating multiple layers of analysis (aggregate, dyadic and constituent) cannot be emphasized enough as regards measuring changing network structures.

Succinctly, the network predominately had, on the average, eight constituent stakeholders, three aggregate stakeholders and three dyads, was moderately (.76) to highly (.83) dense, was strongly cohesive, tightly knitted, strongly connected and moderately stable (due to continual changes in the identity of government and business constituent stakeholders). But this pattern varied as the policy community evolved. An arbitrary example illustrates this point. In 1978, about one third of the way into the life span of the policy community,

the size of the network was 10 constituents with three aggregate stakeholders and two dyads. It was moderately dense (.67), had inferred cohesiveness, was weakly connected, moderately knitted, and strong to moderately stable.

These observations plus the many insights presented in the analysis, could not have been made without the application of the network perspective. These fresh and stimulating insights and impressions of the character of a policy community interacting to collectively develop consumer policy have never been established before now.

#### **B. SUMMARY OF FINDINGS FROM SECOND LAYER OF ANALYSIS**

The following text sets out three different perspectives of the summaries of the findings generated from the second layer of analysis - (a) profiles of the major dyadic links, and (b) profiles of the aggregate stakeholders (constituent profiles are available from the investigator on request) will be followed by a (c) discussion of the predominate patterns of interaction, relationship properties and network configurations that were evident from analyzing the findings. These were manifested as either overall patterns or as events specific to the policy community partitioned into halves and thirds.

##### **"B" Level one findings - profiles of major dyadic links**

###### **Government-consumer dyadic link profile**

The government-consumer (g-c) link began in the early seventies when the Department of Justice invited the CAC to respond to the question. "What is your perception of

the role of government in the electronic payment system?" Once the g-c link was instigated it was always in combination with government concurrently linking with business or other government departments (multi-dyadic links rather than a dyadic link). The g-c link was in existence for 90% of the life of the policy community, but not with the same government constituents. There were a total of 112 direct contacts and referrals between these stakeholders with an average of six (6) per year. The activity between the g-c link peaked late in the life of the policy community, with the strong link emerging between the CCAC, the CPA and the CAC.

Within the g-c link, it is government that usually initiated the contact rather than the consumer, although the consumer did approach government directly at times. They were in direct communication with each other (not necessarily reciprocal) for 37% of the time the policy community was studied. At the constituent level, it was the LRC, the DOF, and the DOJ during the first half. During the second half, the government departments linking with the CAC were the CPA and the CCAC. The consumer was always linking with business in a multi-dyadic relationship at the same time that it was linking with government.

Government was more likely to send direct communications to the consumer than consumer to government. Furthermore, the government was more likely to send documents to the consumer than to receive them. This must be qualified with the fact that this finding includes the dissemination of public documents as well as documents targeted specifically for the CAC. In line with this, the consumer was more inclined to receive direct communications from government than to send them.

The consumer referred to the activities and positions of government departments more than government did to the CAC. A little over half of the time (57%), the g-c link was strongly intense (direct communications and referrals). Government was more prone to comment on their perception of the consumer's role in a positive light while consumer were more likely to comment on their perception of the governments role in a negative tone. In fact, when the CAC commented on their perceive role of government they did so negatively, 92% of the time! As well, the consumer stakeholder used the generic term 'government' rather than pointing fingers at any one government department. At the same point in time, if CAC was specific, it named the CPA and the CCAC. As well, government often referred to the 'consumer' rather than saying the 'CAC' and to 'government' rather than naming departments or agencies.

The g-c link accounts for 25% of the dyadic links present in the policy community. It is the second most dense dyad (the c-b link is the most sparse). The c-g link is the second most strongly cohesive link meaning it is predominately characterized by the presence of direct communications and referrals, more so than one or the other, but not to the extent of the other two major dyadic links. The g-c link is mostly strongly cohesive.

The g-c link has the highest potential to be unilateral, with the missing link being government sending or referring to the consumer. This was most prominent during the middle third of the life of the policy community. Over the life of the policy community, government sent as many documents and made as many referrals to consumer as the consumer did to government (n=56). The g-c link was moderately knitted. Once the g-c link formed, the link did not lapse. This happened in

spite of the fact that the identify of the government departments was changing as the policy community evolved. This speaks strongly to the tenacity and the determination of the CAC to maintain its relationship with 'government'. The g-c link was moderately stable. This means that there was fluctuations in the constituent compositions of the dyadic link but the link continued to exist and function predominately in multi-dyadic links.

#### **Consumer-business dyadic link profile**

The consumer-business (c-b) dyadic link began in 1975. The CAC acknowledged that it used information from the CBA as it developed its response to the request from the DOJ regarding their perceived role in the electronic payment system. The consumer linked with business 62% of the 21 year life span of the policy community. During the actual years that the link existed (1975 onward) the link existed three quarters of the time. It is worth noting straightaway that the c-b link was unquestionably the least durable. It formed, lapsed and reappeared three times with an average of 1.3 years between lapses. There were an average of four links per year (54 instances during the life of the policy community, the lowest of all of the major dyadic links). Furthermore, the frequency of the c-b link decreased during the last third of the life of the policy community. The missing link, when there is one, is always the c-b link. This discussion will substantiate this premise.

The c-b link had the second highest incidence of engaging in direct communications and referrals relative to the other two major dyadic links. The c-b link was the least likely to exhibit direct communications and it had the least amount of direct contact. In this dyad, the consumer sent out more documents than it received from



the business constituents. Conversely, the business stakeholder was more likely to receive documents from the consumer than to sent them out. The consumer stakeholder referred to business less than it referred to government. The business stakeholder referred to the consumer less than it did other businesses and government departments.

Relative to the other two major dyadic links, the tendency was for the c-b link to not exist. When it did (62% of the time) they were usually linked via referrals rather than direct communications. They were at times also in a strongly intense relationship meaning that there were times when there was concurrent direct communications and referrals. A very interesting and incongruent finding is that the consumer never complained of access to business yet it was the c-b link that was far weaker than the c-g link, of which they complained. The lowest incidence of comments on each others roles occurred in this link. When the stakeholders in this link commented on perceived roles they referred to others (government and other businesses) rather than to each other. When making these comments, business referred to specific constituents and the consumer stakeholder used the generic terms of 'business' and 'government'. If the CAC did name names, it referred most frequently to the RCC and the CBA, and to some extent to PACE. Business made more negative comments regarding the perceived role of other stakeholders than it did positive ones but not to the extent that consumers did.

The c-b link accounts for only 17% of the dyadic links and is the least dense and most sparse (.13 when measuring direct communications compared to a network density of .76). It is also the least cohesive link (desire to stay in a relationship) and is the link most likely to be diffuse (38%) compared to 5% for the b-g

link and a 10% chance of being diffuse for the g-c link). To add to the pessimistic profile of this dyadic link is the finding that it is the least connected link. When there is a missing link it is always the b-c link (in unilateral connections). It is also worth noting that it is business initiating contact with the consumer which is missing more so than consumer transmitting information or referring to the work or position of business. The c-b link was weakest during the early half of the life of the policy community.

When the network was moderately linked, it was the b-c link that was absent. It should be obvious that the b-c link had the least amount of contact in the network. Each stakeholder in this dyadic link had the same amount of outdegree (n=27) but it was the lowest of all of the nine dyads. The b-c link was the relationship that was most likely to be loosely knitted, the least durable and least stable. Whether or not it is relevant, it was also the last link to be initiated in the policy community and the weakest link at the end of the policy community. The g-c link was moderately stable. This means that there was fluctuations in the constituent compositions of the dyadic link but the link continued to exist and function predominately in multi-dyadic links.

#### **Government-business dyadic link profile**

The business-government (b-g) link began in 1972 when the DOJ released a report on computers and privacy and alluded to relationships between government and financial retailers and institutions. The b-g link totalled 240 contacts with an average of 11.5 links per year. From 1972 onward, there was never a lapse in the g-b link. It was the most durable dyadic link. When government was in only a dyadic link it was always with business. It

interacted with both business and consumers in multi-dyadic links. Government's predominate link after 1982 was with business.

Business and government were most likely to communicate directly with each other relative to the other major dyads and they did so most frequently. During the first half of the life of the policy community, the LRC, DOF and DOJ were in the network with the CBA. During the latter half, the CCAC and the CPA were communicating most frequently with the CBA and the RCC. The government sent more direct communications to business than vice versa but these included the dissemination of public documents not targeted to any specific business constituent. Government also referred to business more often than business referred to government.

The b-g link was the most intense of the five major dyadic links (including b-b and g-g). It was intense two thirds of the time that the policy community was studied. The two stakeholders in the b-g link had an equal probability of making comments on each other's perceived role. In fact, the b-g dyad was the most munificent on this dimension. The CBA and the RCC were the constituents making most of these comments and usually regarding the role of the CPA. The CCAC and the CPA were the government constituents making such comments and typically concerning the roles of the CBA and the RCC. At a broader level, business made more comments about government's role than government made about the role of business. When business made such comments it was more inclined to name specific government departments, while government used the generic term 'business'. Business both critiqued and praised government for access to the policy process. On average, government praised business for their role in the policy process.

The b-g link makes up 27% of the dyadic links in the policy community when five dyads are used as the benchmark. The density of the g-b dyad varied depending on the measure. Regardless, this link was the most dense. If just three dyads are taken as the benchmark, the density of the c-b link was .32. This means that for a network density of .83, 38% of the links were b-g.

The b-g link was the most cohesive of the three major dyads and for over two thirds of the time it was strongly cohesive. As well, the b-g link was always present regardless of the degree of connectedness employed (weakly, unilaterally, or strongly connected). The same pattern held for knittedness. The b-g link was predominately tightly knitted. The b-g link also had the highest outdegree and the highest indegree. Once the g-b link formed, it did not lapse during the evolution of the policy community. There was a steady increase in the frequency of contact between business and government with a range of 3 to 50 contacts per year. This pattern occurred even though the configuration of membership for both the government and business stakeholders dynamically changed as the community evolved. After 1987, the frequency of contact between b-g link declined steadily. During the life of the policy community, the g-b link was moderately stable. This means that there was fluctuations in the constituent compositions of the dyadic link but the link continued to exist and function predominately in multi-dyadic links.

## **"B" Level two findings - profiles of aggregate stakeholders**

### **Consumer stakeholder profile**

The CAC was the only consumer stakeholder for this issue.

Never was the CAC involved in just egocentric activity via internal policy analysis for the issue. They admitted that when the Department Justice asked for the consumer perspective on the issue of EFTS, they had done little analysis directly on the issue. They had done a preliminary investigation into the related issue of privacy but had to request information from government and other stakeholders in order to comply with this request to develop their position on an EFT model and its impact on the consumer. In fact, they went as far as to accuse government of withholding documents. The CAC engaged in dyadic activity concurrently with internal analysis.

During the life of the policy community, they developed the most internal documents and predominately during the latter half of the community's life span (12 documents in all). Yet they spent the least amount of time conducting internal analysis. In truth, once they developed their position on EFTS, they did not sway from it for the life of the policy community. Sometimes their speeches at different functions were verbatim from others. They did form an EFTS Committee about one third of the way through the life of the community. At that time the association felt that this was an issue of such concern that they developed a specific committee to deal with it. This occurred five years after their initial reaction to the DOJ's request for information. It was still functioning in 1991.

The CAC did not engage in solely dyadic activity as predicted. Instead, they leaped immediately into multi-dyadic activity and stayed in this format (versus solely dyadic or dyadic to multi-dyadic) for the rest of the time. They were the stakeholder most likely to be an isolate in the network. Interestingly they were never in dyadic relationships with business or government, but

rather they were always in multi-dyadic relations. This means that CAC was talking concurrently with the other stakeholder rather than in segregation. As well, they linked at one time or another with all fifteen government and business stakeholder except PIAC. The g-c link occurred every year (but usually with different departments owing to the constant fluctuations in the their identity). In contrast, the c-b link was very cyclical but with the same constituents.

The CAC called for an industry-government committee to deal with the EFTS issue of confidentiality (this did not materialize) and they also called for a Task Force on EFT (this eventually did take shape in 1989). Otherwise they did not engage in activity calling for inter-organizational forums to address EFTS issues. In fact, relative to business and government, the consumer association were not as likely to recommend inter-group EFTS forums. Relative to other stakeholders, they were the least inclined to say "lets work together", although they did engage in this activity. Then, once they started expressing this sentiment, they continued to make such pleas. The persistent preferred policy direction was legislate to protect the consumer and provide more access to the policy process. Very late in the life of the policy community, they settled for a voluntary code approach in lieu of legislation (better than nothing, in their opinion). They did insist however, that the government promise legislative action in the event that the code approach did not work.

The consumer stakeholder sent out more documents in the c-b dyadic link than they received from business. They were more likely to receive documents from government departments than from business associations. They were more likely to send documents to government departments

than to business associations. As well, they were more likely to receive documents and communications from business and government than they were apt to send communications to them.

Relative to business and government, the consumer stakeholder was least likely to refer to others and they were least likely to be referred to by the other stakeholders. But the consumer stakeholder was more likely to be referred to by others than to do the referring. Of those being referred to, the CAC was referred to the least, relative to the other two aggregate stakeholders. The consumer stakeholder referred most frequently to role, positions and activities of government.

At the aggregate level, the CAC had the lowest incidence and frequency of outdegree (sending direct communications or making referrals about the activities of others) but at the constituent level they sent out the most relative to the other 15 stakeholders. The one consumer association sent out 15 documents compared to an average of 8 per government department and 4 per business association. The CAC had the highest incidence and frequency of indegree (receiving direct communications and being referred to by others). They received four times as many documents as they sent out. It must be clarified that this number includes public documents generate by various government departments (not targeted specifically for the CAC yet available for public consumption). To be fair, business associations also received these particular publications as well (eg, White papers, position papers, etc).

As regards contact person, there were three or four volunteers who rotated in and out of the boundary role,

sometimes occupying it concurrently. At the aggregate level, the CAC had a less intense relationship with business than they did with government. This was interpreted as the level of commitment to the relationship and was measured by the number of direct communications and referrals to the other's activity. One is reminded that the membership of the compliment of business and government stakeholders changed constantly due to government departments entering and leaving and business associations joining incrementally. At the constituent level, CAC liaised quite readily with the CPA, the RCC and the CBA. Most of the time, they were struggling to gain membership to the CPA policy process while they were cooperating and sharing information with the business associations, especially retailers.

The consumer stakeholder had the least propensity to make any comments on perceived role in the policy process. They were less likely than others to make comments on their own role. When they did, they consistently complained about their lack of access to the process. They made an average of 1.5 comments per year compared to a network average of 5.5 such comments per year. More likely than not, they made no comments at all, but again, when they did they were negative in tone. They were the first stakeholder to make a succession of statements regarding perceived role in the policy process and in these instances they were more likely to comment on the role of government over business. Always, their comments on government were negative! Even if they made positive and negative comments in a given year, 90% of the time they were dissenting in nature (no access to policy process, too slow to react, or not addressing consumer concerns).

The consumer stakeholder had the lowest incidence of



being represented in the policy community (118 times relative to roughly 465 instances of being in the network for each of government and business). Again, the reader is reminded that there were 8 government departments and 7 business associations compared to one consumer association. In light of this statistic, the presence of the CAC for 118 instances is high compared to an average of 30 for each business and government constituent. Remember as well that the CAC is staffed predominately by volunteers with limited time, related skills and expertise relative to business and government (see discussion of consumer interest in Chapter one).

The consumer stakeholder was the one most likely to be in a sparse relationship rather than dense. Invariably, dyadic links including the consumer had a lower density. This indicates the possibility of impaired communication patterns and flow of information between stakeholders. The consumer stakeholder was predominately in strongly cohesive relationships but they were also the stakeholder most inclined to be in diffuse relationships (no links). They were most cohesive with government departments. The consumer stakeholder is the missing link when the network is unilaterally or weakly connected. As noted before, they were the only isolate in the network. They were loosely linked with business and linked less frequently with business associations (loosely knitted) than with government departments. This means that consumers were more aware of government's position than that of business.

Although the links between consumer and government were moderately stable, the c-b link exhibited much lower stability. This is exacerbated by the continual change in identity of the government and business constituent stakeholders.

## Government stakeholder profile

As with the consumer stakeholder, the government stakeholder never engaged in solely internal analysis. It always did internal analysis in conjunction with linking with other stakeholders. In fact, government was more inclined than others to solicit opinions and feedback on positions it had developed than were other stakeholders. There was evidence to show that they explicitly asked for information to develop their initial position. Then, they presented a position (took the leadership role in developing policy) and asked for reactions to these positions.

The government generated the second highest number of internal documents (half as many as business and six times as many as the consumer stakeholder). It generated these predominately during the latter half of the life of the policy community. The government was the stakeholder most likely to match the network pattern of generating documents. It formed intra-organizational bodies the same year that it joined the policy community. It formed the most intra-departmental bodies relative to the other two aggregate stakeholders.

If evidence of a dyadic link is taken to be direct communications and referrals, then it can be said that government leaped immediately into multi-dyadic links. However, if a dyadic link is defined as only direct communications, then government first engaged in dyadic links then moved to multi-dyadic relationships. Government was never an isolate, even though there was much fluctuation in the identity of actual department(s) in the policy community. Government maintained multi-dyadic relationships 85% of the time they after entered the policy community. It linked with the consumer more

frequently during the latter half of the duration of the policy community. When government was engaged in only a dyadic link it was always with business. During the first half of the life span of the community, government linked with other government departments. Then, during the second half, the predominate link was with business associations. If a government department exchanged a document with another department in a given year, it did not refer to them in any other communications in that same year. But it always referred to that department in subsequent years.

Government had an average of six contacts with the consumer stakeholder per year and an average of - contacts with the business stakeholder. The number of government multi-dyadic links increased steadily until they plateaued at a high level. What has to be remembered is that this pattern occurred in spite of (or due to?) the changing nature of the identity of the specific government departments in the network at any given time. Government initiated and established the most inter-organizational bodies to deal with this policy issue. It is expected that government will take the lead in developing consumer policy and they fulfilled this role for this specific issue. Government was just as inclined to have the same contact person as it was to have the same position with varying people or to initially change positions and people and then stabilize.

Government was the stakeholder most apt to make statements regarding a need to work together and it was more likely to make such statements earlier than other stakeholders. Government's position on preferred policy directions varied considerably in large part due to the constant change in identity of specific government departments. But basically government called for a market

based approach coupled with monitoring of the activities of business and the repercussions on the consumer during the first two thirds of the life of the policy community. Then it shifted to a meld of legislative versus voluntary approaches depending on the government department making the statement. Government was the only stakeholder to want a voluntary approach to dealing with this consumer issue. Government expressed preferred policy direction the most frequently.

Government initiated the triadic network, it formed and managed the triadic network and it was the stakeholder most likely to acknowledge the existence of and participation in the triadic network. Specifically, although one government department initiated the triadic network (CCAC), several government departments took part in the workings of the triadic network (DOF, CPA, OSFI, Provinces). Never was there just one government department making up the government stakeholder component of the policy community.

Government was most likely to link with business associations, other government departments and then consumer associations. The same pattern existed for frequency of interaction. Government was most likely to link directly with business rather than consumers. Government sent out the most direct communications and received the second highest amount of direct communications. In more detail, government sent more direct communications to business than it received from business. The same pattern held for its relationships with consumers. As well, government sent more direct communications to business than it did to consumers. But it received more direct communications from consumers than from business.

As regards referrals to others works, positions and activities, government was the stakeholder most active in this realm of activities. Government was most likely to refer to business, other departments then consumers. Government was as likely as business to be referred to by someone. It was referred to most often by other government departments, businesses then consumers. The government stakeholder was more likely to be referred to than to make the referrals, although this was very close (n=170, n=161 respectively). Government had the highest incidence and frequency of outdegree and the lowest incidence of indegree. This includes the issuance of public documents. The government stakeholder sent out twice as many direct communications as it received. Government either referred to or directly communicated to others 95% of the time they were in the policy community. As regards this activity, it communicated more with business than with the consumer. When it was engaged in these communications government was most likely to be in a strongly intense relationship.

Government has the highest propensity to make comments on perceived roles, access to and contribution to the policy process. During the first third of the life of the policy community, government made no such comments. But during the latter two thirds of the policy communities' life span, government made concurrent comments (praise and criticism). During the years when only two stakeholders were commenting on perceived roles, government was always one of them. Government was most likely to make comments on its own perceived role (relative to the roles of others) and when it did, it was in a positive tone (pleased that it had provided access to the policy process for the other stakeholders). Government continually reiterated its past, current and projected roles more so than the other two stakeholders. As well,

government was the only stakeholder to state explicitly that it was taking the lead in policy development and that it was acting as a vehicle for interfacing, except for PACE which excluded government.

Of all stakeholders, government commented on its own role perception the most frequently. It did so twice as often as the consumer and four times as often as business. Government was the last stakeholder to make a concentrated series of such comments. Government had the highest incidence of commenting on the perceived role of others in dyadic relationships. It commented almost equally on the perceived role of business and consumer. An interesting detail is that government commented on 'consumer' or 'business' in general rather than naming constituent stakeholders. In the main, government's comments on the perceived role of others were positive in nature.

The government stakeholder had the highest incidence of being in the policy community. One is reminded that there were eight government departments fluctuating in and out of the network as the time evolved. But never were all government departments in the policy community at any given time. At most, there were five departments and an average of three. But the identity of those constituents in the first half was quite different than those in the latter half.

Overall, the links with government make up 78% of the dyadic activity of the policy community (c-g, b-g, g-g). Government had a denser relationship with business than with consumer. This in spite of the fact that it was managing a relationship with one consumer stakeholder and seven relationships with business constituents. Government was most likely to be engaged in both strongly

cohesive and implied cohesive (referrals) relationships with the other stakeholders. Although it was in predominately strongly cohesive relationships with both business and consumer, this was stronger with business.

Government was in contact most frequently with other government departments, then business and finally consumers (a prevalent pattern). Government was in a closely knitted relationship with business. In the policy community, links formed with government usually did not lapse. The g-c link peaked very late in the life span of the policy community (within last three years) relative to that link with business. There were twice as many contacts in the g-b link than in the g-c link. The number of government multi-dyadic links steadily increased as the policy community evolved.

#### **Business stakeholder profile**

There were seven business constituents comprising the business stakeholder. Business was the stakeholder least likely to concurrently engage in internal and dyadic activity relative to government and consumer during the initial stages of the life of the policy community. Instead, it engaged in internal, direct and referrals three quarters of the time. The business stakeholder generated internal documents during every year. Relative to other stakeholders, business spent the most time generating internal documents. This could have happened because the constituents joined the network incrementally resulting in the annual appearance of internal policy documents. Basically, this activity occurred in the first third of the life of the policy community rather than towards the end of the policy community.

Business paralleled governments initiatives (during the

same years) to form intra-organizational bodies to deal with the EFTS issue. This is likely a coincidence but it is an interesting corollary.

The business stakeholder was more likely to incrementally form dyadic links first rather than form simultaneous multi-dyadic links. They maintained multi-dyadic links only 60% of the time. When it was solely in a dyadic link, the business stakeholder was linked with government, never the consumer. It was not until mid-way through the life span of the policy community that business began linking with other business associations. Business linked with the consumer more often during the latter half of the life of the policy community.

Business entered the policy community in a dyadic link with government. Then, business was in predominately multi-dyadic links during the second half of the life span of the policy community. The number of business multi-dyadic links steadily increased once they started. Inter-organizational bodies developed by business dealt with technical policy issues rather than consumer policy issues. Business had the most intra-organizational bodies relative to the consumer and government stakeholder. Again these entities dealt with predominately technical issues.

The business stakeholder expressed a desire to work together only one third of the time that they were in the policy community and not until the second half of the policy community life span. In the same vein, business made the least amount of comments regarding preferred policy direction and when it did (regardless of the constituent making the comments), it consistently preferred a market based approach. The business stakeholder finally opted for a voluntary based approach



so as to avoid legislation.

The business stakeholder was more likely to communicate directly with government, not the consumer stakeholder. As well, the business stakeholder communicated most frequently with government than consumers. This pattern held constant in other things as well. For instance, business received the most documents from government and sent more documents to government than to the consumer. In general, business sent the least amount of documents. Business was more likely to receive direct communications from government than the consumer. Obviously, business was most likely to be in a dyadic link with government, or other business associations, not the consumer.

As regards referrals to the work, positions and activities of others, the business stakeholder has an equal probability of being referred to and referring to another. In more detail, business was most likely to be referred to by government, then by other businesses and finally, consumers. A different pattern holds for making referrals. Business was most likely to refer to other businesses, then government and finally, consumers. Relative to the consumer and government stakeholders, business was moderately active in making referrals. It was referred to as often as government was (44% of the time) and four times as often as the consumer.

The business stakeholder had the second highest level and frequency of outdegree of direct communications. As regards indegree, business received as many direct communications as it sent out, but not necessarily reciprocal relations. Business communicated with or referred to another stakeholder in every year of the life of the policy community. Business communicated more frequently with government (more intense) than with

consumers. Business was more likely to engage in strongly intense relationships (direct communications and awareness) but it was not as prone as government was on this dimension.

The business stakeholder was more inclined to make concurrent comments on perceived role, access to and contribution to the policy process rather than comments on self, others or no comments. Business was more likely to comment on others than was government or consumer. During the first third of the policy communities' life span, business said nothing regarding perceived roles but during the latter two thirds, business was making concurrent comments (praise and criticism) on perceived roles. When business commented on its own role, it predominately stated that it was pleased with either an invitation to or access to the policy process. The exception to the rule was the RCC and its relationship with the CPA. Most often these comments were directed towards government. The business stakeholder had the highest incidence of making comments about the perceived role of others. Business talked about their perceived role of government the most followed by other businesses and then the consumer. When exhibiting such behaviour, business named specific constituents rather than using the generic terms of 'government and consumer'. About one third of the comments made by business on the role of others were negative. Most of the time they were positive.

The business stakeholder had the second highest incidence of being in the network. When just two stakeholders were in the network, business was one of them (along with government). Business was in a more dense relationship with government than with the consumer. This is spite of the fact that it was managing one relationship with the

consumer and eight possible relationships with government departments. The business stakeholder was predominately in strongly cohesive relationships meaning that it was inclined to maintain relationships using direct communications and referrals. It had a more strongly cohesive relationship with government than with consumers. In fact, the link with the consumer stakeholder was more likely to be diffuse than was the link with government.

Although the business stakeholder had a tightly knitted link with government, it was loosely joined with the consumer. Business was most aware (referrals) of other business associations, government departments and finally the consumer association. Business tended to receive communications or be referred to rather than sending communications or making referrals. The b-c link was least durable. It formed, lapsed and reemerged three times. Business had fewer contacts with consumer than with government. And even though the business multi-dyadic links increased over the span of the policy community, these links were predominately with government or other businesses not the consumer.

### **"B" Level three findings - predominate patterns of interaction and network configuration**

Being cognizant of indicators of a dynamic policy process definitely affords stakeholders with novel insights into the tangible, collective consumer policy development process. So far, this chapter has provided six different summaries of the findings generated by the network analysis - an executive overview of the policy process, interaction dynamics, network structures, a dyadic perspective and an aggregate perspective. Many valuable insights capable of empowering respective stakeholders in

their efforts to advance their interests are visible in these summaries.

This section will now present a succinct overview of some of the more pervading patterns of interaction, relationships structures and network configurations gleaned from the network analysis. The reader is directed to the analysis in Chapter Six and to the preceding summaries of the dyadic and aggregate stakeholders for insights, nuances and specific information as regards particular evolutionary stages or interaction and network concepts.

### **Patterns regarding the evolutionary nature of the policy community**

First and foremost, the findings and results of the analysis in Chapter Six suggest that there was a policy community, there was an evolutionary process and that relational patterns did exist. There were stages, the dyadic links had divergent characters, individual aggregate stakeholders had different profiles, the configuration of constituent stakeholder was not stable, relationships and interactions had distinct properties, and the policy community exhibited different properties on various network dimensions at different points in time. The following latent interpretations of the relational data will lend support to this premise.

As regards internal egocentric activity, several patterns in the policy community became evident. The incidence of internal activity with this consumer issue increased as the policy community evolved. In reality, stakeholders concurrently developed their internal position while interacting with the other stakeholders. That is, once dyadic relations began, internal activity occurred

concurrently rather than as a separate activity. Business was most likely engaged in dyadic and internal activity concurrently but consumer and government did not exhibit this pattern. Consumer and government were more likely to not be engaged in internal policy development while they were engaged in dyadic relations. Interestingly, when one stakeholder formed an internal policy vehicle, so did another. In most of these cases, it was government and business paralleling each others initiatives rather than consumers. It is not known whether these coinciding initiatives were planned or by chance.

Patterns reflecting the formation of dyadic links were apparent as well. All stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad. That is, all stakeholders moved from one year to the next in multidyadic relationships. This implies management of relationships. Overall, with dyadic links taken to mean both first and second order communications, the transition into dyadic links occurred predominately simultaneously (stakeholders formed multi-dyadic links rather than dyadic links). At the aggregate level, business moved into dyadic links incrementally while consumers and government tended to make the transition simultaneously. The consumer is only linked with business and government in multi-dyadic links, never in solely dyadic links.

There was evidence of patterns of reconfiguration of the multi-dyadic links as well. All stakeholders moved between dyadic and multi-dyadic relationships instead of between dyad and dyad. Stakeholders were more likely to recommend inter-organizational bodies than intra-organizational bodies. The pattern for the type of boundary person seemed to be established early for the constituent stakeholder and was then constant for it

during its participation in the policy community. It also appears that the longer the constituent was in the policy community, the more likely they were to have changing contact persons and positions. Conversely, those constituents who entered the policy community half way through its life span seemed more likely to have a consistent contact position but a changing contact person.

As regards the formation of a triadic network, once the stakeholders began making comments on a desire to work together, the frequency increased with periodic declines, peaked and declined with an increase in the last year the policy community was studied. There was a change in the tone of the comments during the last increase (a 'need to work together' changed to 'it is a new trend to work together'). Government expressed preferred policy directions more so than business or consumers. All stakeholders made statements regarding a desire to work together during the latter half of the policy community. Collectively, members of the policy community preferred a legislative approach followed by a market based approach and culminated in a desire for a voluntary approach, but for divergent reasons which accommodated self interests. Two thirds of the constituents made no comments regarding policy directions.

#### **Interaction dynamic patterns**

There were clear patterns of activity reflecting interaction dynamics. The aggregate stakeholder which was most likely to be in dyadic relationships was government and, in most instances, it initiated the contact. The consumer stakeholder was most likely to be absent. The incidence of stakeholders being in contact with each other in dyadic relationships increased gradually with a

decline every three to four years. It peaked in 1984 and then reached a plateau high of eight dyads present in the policy community.

Business and government were more likely to send direct communications than to receive them while consumers were more likely to receive them than to send them. Government (relative to business and consumer) was most likely to be referred to by others. The opposite is true for consumers and business. They were both more likely to refer to someone than be referred to by someone else. Government referred most frequently to the activities of business, then to other government departments and, finally to the consumer. Business referred most frequently to the endeavour of other business organizations, then to government and finally, the consumer. Consumers referred most frequently to government, then to business and finally, to the consumer.

Government and business (more so than consumers) are more likely to be referred to and to do the referring about the work of other stakeholders. The incidence of referring to the works of others increased as the policy community evolved. Consumer and business are more likely to receive documents while government is more likely to send out documents. This finding includes the reception of government public documents in the consumer and business totals.

During the earlier years of the life of the policy community, the frequency of sending out direct communications to others was quite low relative to the more recent years. After each of the years when there were zero communications, the frequency of sending out direct communications immediately escalated to five or higher, tantamount to the average number of direct

communications.

For two thirds of the life span of the policy community, all three stakeholders were receiving communications.

The c-b link experienced the most frequent number of interruptions of all of the dyadic links. The c-b link became stable after 1984 (but with the least amount of interaction). Its durability increased during the latter third of the life of the policy community. At the aggregate level, the c-g link was more durable but this was not the case at the constituent level. Government constituents had a very non-durable tenancy in the policy community. There was a lot of fluctuations in the identification of the actual government departments in the network. The b-g link was very durable during the last two thirds of the life span of the policy community, with no lapses from 1979 onward. One is reminded that during the early years of the policy community there were only a few business constituents but this increased incrementally as the community evolved. Conversely, there was a lot of fluctuations in the identification of the actual government departments in the network. Despite this, this dyadic link was the most durable.

The relationship between government and business entailed more communication than that involving the consumer. For 90% of the time, there were two dyads in the policy community, with the predominate links being c-g and b-g. The missing link is the c-b link. The remainder of the life of the policy community there were either three dyads or one dyad (10%, n=2). Stakeholders were committed to the issue and to the policy community with the c-b dyadic relationship being the weak link, relative to the other dyads. For three quarters of the life of the policy community, stakeholders were engaged in direct communications or direct communications and referrals to



others.

The links with consumers were least durable, most likely to lapse, have the most lapses and the longest time between lapses. Links initiated by government were the most durable and business initiated links were moderately durable.

The likelihood of stakeholders commenting on their perceived role or that of others increased as the policy community evolved. Consumer, business and government either made concurrent comments on both their own roles and those of others or said nothing about roles and contribution to policy development. A pattern of general comments on roles and contribution to the policy process emerges. Initially no statements regarding roles were made. Then stakeholders started to make comments on their own contribution to the policy process. This is followed by comments about the role and contribution of others and finally, stakeholders make concurrent comments about their own role in the policy process as well as the contributions of others in the policy community.

In most instances the stakeholders as a whole were pleased with their role in the process. Overall, the policy community's comments concentrated on access to the policy process whether it be lack of access, provision of access, or gratitude for access to the process.

Cumulatively this translates to over two thirds (67%) of the comments relating to access to the policy process. In this respect, an overall pattern emerged which was very interesting. Consumers, more than any other stakeholder, repeatedly expressed a strong desire for more access to and voice in the policy process. Business, relative to the other stakeholders, expressed gratitude for an invitation to or access to the policy process. Government

was most likely to boast that they themselves had provided other stakeholders access to the process. As well, government was most likely to specify their perception of their past, current and projected role in the policy process.

Consumers never complained of lack of access to business, only to government. Yet, ironically, this analysis has consistently revealed that it is the c-b link that is far weaker than the c-g link. This is obviously a situation of incongruence - consumer perception of the situation does not reflect reality. A pattern regarding frequency and sentiments of comments on their perception of their roles in the policy process emerged. During the life of the policy community, frequency of comments progressively increased as they moved through waves of peaks and troughs, on the average every three years. There were markedly more comments on perceived roles during the latter third of the policy community life cycle than in the earlier years, with an average of 5.5 per year.

While government was predominately very satisfied with their contribution to the policy process, business expressed both sentiments (mostly positive), and consumers were definitely displeased with their access to and adequacy of voice in the process. Whereas business was more inclined to name specific constituents in their comments, consumers and government were more likely to critique "government" in general or "business" in general.

Consumer and business were more inclined to make negative comments about the role of others while government made positive comments about the role of other stakeholders in the policy process.

Once a perception of one's own role was established it

held constant for the stakeholder during the life of the policy community. The pattern that evolved is as follows:

(a) government was most likely to make comments on their own role and in a positive light; (b) business also was more inclined to make comments on its own role and in a positive light; (c) consumers was most likely to make comments on their own role and conclusively in a negative stance.

The reader is once again directed to Chapter six for express interaction details and to the previous discussions of dyadic and aggregate profiles for more insight.

#### **Patterns of network properties**

There was also evidence of patterns regarding network properties. Consumer and business association membership never lapsed in the policy community once they entered but government departments changed quite often. Business associations entered the network one at a time (save for the CBA and the CCCS which both began dialogue in the same year). This is a completely different pattern than that of government. Government departments entered and left quite frequently with an average of two departments or agencies present at any one time.

The policy community was moderately dense most of the time. Of all possible major dyads to be in the network, the c-b dyad is the less dense in all instances, followed by the c-g and then the b-g link, which is the most dense. Any dyadic link including a consumer is likely to be sparse compared to business or government. The density of the policy community started out sparse relative to the overall density and increased in density as the

evolutionary process unfolded.

Stakeholders were more inclined to refer to the works and activities of others than to direct communication to them. This implies an inclination for working at arms length rather than in direct, reciprocal contact. Of the three stakeholders, government was more likely to send out communications and refer to the work of others while business tended to be referred to or be sent documents. Consumers engaged equally in both activities.

Each dyadic link had a different profile for cohesiveness. While the b-g and g-c links was predominately strongly cohesive (b-g more so than g-c), the c-b link was diffuse.

The network gained connectedness as the policy community evolved, more so towards the end of the time frame. It progressed from weakly connected through unilateral to strongly connected. The pattern for connectedness fits the overall pattern, that being that the missing link in the unilateral years is the c-b link. When a link was missing at any point in time, it was almost exclusively the c-b link. The network vacillated between being moderately and tightly knitted and ended up being strongly (tightly) knitted.

The policy community was moderately stable most of its life span. That is to say that there was some fluctuation in the constituent composition of the dyadic membership but the aggregate network continued to exist and function (predominately with multi-dyadic links) but with a changing constituent character. The pattern for stability was to start out with a small network, reach a lengthy plateau with half of the possible constituents present, and culminate in a second plateau with a higher number of

constituents present but in a different compliment than during the first plateau. Never were all the constituents in the policy community at the same time.

### **Patterns for policy community partitioned into halves**

While government and consumer generated the bulk of their internal documents basically during the latter half of the life of the policy community, business generated internal documents ever year. This could be explained by the fact that business associations joined gradually overtime necessitating different associations generating internal documents as they joined the policy community.

During the first half of the life of the policy community, the stakeholders were engaged in dyadic and multi-dyadic relations. During the second half, they were engaged exclusively in dynamic multi-dyadic relations rather than dyadic and multi-dyadic relations. In the first half of the life span of the policy community, the predominate link was with government. During the second half, the predominate link was with business.

If someone referred to someone else in a given year they probably did not communicate directly with that same stakeholder in that year (even at the constituent level). Instead, stakeholders were more likely to directly communicate with the stakeholders they referred to but not until further on in the life span of the policy community.

All aggregate stakeholders made statements regarding a desire to work together during the latter half of the policy community, but there was little related activity during the first half.

Before 1981 (early years of development of the policy community), there were likely to be two major dyads directly communicating to each other and always in multi-dyadic relations. After 1981 (latter half of life of policy community), this number increased to an average of three. The frequency of direct contact between six dyads increased steadily over the years.

During the last half of the life of the policy community, (1984-1991) all five dyads were communicating and at a strongly intense level. During the first half there was a peak approximately every three years followed by a marked decrease in frequency of comments on the perception of the role of other stakeholders in the policy process. Basically, during the first half of the policy community life cycle, the peaks occurred less frequently and instead, the status quo was little comment on the role of others. Conversely, the frequency of such comments increased during the latter half of the policy peaking more frequently and at a higher number. Of interest is the sharp decline in the number comments on the role of others after 1989. This corresponds with the establishment of the CCAC Working Group on EFTS.

Roughly, during the last half of the policy community life span, all relationships were durable compared to the first few years during which there was a noticeable pattern of lapses of relationships followed by reinstatement of the aggregate links (not uncommonly, with different constituents). There were few comments on perceived roles in the first half of the network relative to the last 10 years. During the last half, all three stakeholders were making comments on roles and contributions to policy 70% of the time.

During the first half of the life of the policy

community, the stakeholders referred to the work and positions of others and during the second half they made more direct contact with the other stakeholders. Most of the latter final half of the life of the policy community, all potential dyadic links were realized. This indicates comprehensive communication patterns and enhanced flow of information between the aggregate stakeholders. The network gained connectedness as the policy community evolved, more so towards the end of the time frame.

### **Patterns for policy community partitioned into thirds**

Although all three stakeholders generated internal documents, basically, one stakeholder (in this case business) was generating internal documents during the first third of the life of the policy community and two (business and government) or all three stakeholders were generating internal documents during the latter two thirds. The network fluctuated between moderately and tightly joined during the first two thirds and finally, the policy community was consistently tightly joined during the last third of the life span of the policy community.

Frequency of contact increased gradually during the first two thirds of the policy community life span and plateaued during the last third. During the first third of the life of the policy community, all three aggregate stakeholders were inclined to make no comments on no ones roles or contributions to policy making. However, the picture changes dramatically during the last two thirds of the life cycle of the policy. Stakeholders are inclined to make concurrent comments.

The frequency of direct communications among the six dyads remained relatively low during the first two thirds of the life of the policy community, and then 56% (n=65) of direct communications occurred in the last third of the life of the policy community (1987-1991).

During the first third of the cycle, the three stakeholders were closer in their scope of comments than in the last two thirds of the cycle. During the last two thirds of the life of the policy community consumer exhibited more likelihood of commenting on their own role than were government or business which never made sole comment regarding its own role. Instead, business predominately made concurrent comments about the roles of themselves and of others three quarters of the time.

Another pattern emerged. There was little comment on one's own access to, contribution to or role in the policy process during the early years of the policy community life cycle. This trend changed and picked up considerably during the latter years of the life cycle to a point where either all or two thirds of the stakeholders were making some sort of comment on their role in the policy process.

Stakeholders were not likely to comment on each others roles during the first third of the policy community life cycle. During the first seven years, comments were made only 43% of the time. However, during the last two thirds of the life of the policy community, some stakeholder made a comment on another stakeholder's role during virtually every year, with an average of four comments per year. The number of dyads making comments about each other increased from three per year in the first third of the life cycle to four per year as the policy community coalesced. There were markedly more comments on perceived



roles during the latter third of the policy community life cycle than in the earlier years, with an average of 5.5 per year.

Don't assume that network profiles accurately mirror that of the aggregate stakeholders and the constituent stakeholders (Hakansson, 1987). Virtually none of the three aggregate stakeholder's patterns of comments matched that of the network as a whole. It could be concluded that knowledge of the network patterns of comments regarding roles and contributions to the policy process could not be used as a reliable predictor of the overall patterns of the individual stakeholders. It is necessary to calculate this variable for each individual stakeholder.

The size of the network fluctuated as the policy community evolved but the general pattern was to increase as time went by. This fluctuation occurred due to the changing government compliment and the incremental nature of the business constituent. The network started out small, plateaued at a relatively high number of constituents and then plateaued again at an higher number but with a different compliment of constituent stakeholders. In short, the size of the network was more stable during the last third of the life of the policy community than it was during the first two thirds, especially as regards the identity of the constituents.

As regards the proportion of dyads which were interacting, collectively and on a yearly basis, the network increased in density as time went by, starting out sparse relative to the overall network density and increasing to the point that during the last third of the life of the policy community, the network was completely dense (1.00). The network was basically weakly or

unilaterally connected during the first two thirds and strongly connected during the last third of the life span of the policy community.

The stability of the network (the length of time that stakeholders consistently remain in the policy community) increased as time evolved. The policy community was very stable during the last third of its life span and moderately stable during the first two thirds.

## CONCLUSIONS

This chapter, on the summary of the findings, was organized using the multi-layered network analysis model used to structure Chapter six. In summary, an executive summary of the evolution of the policy community organized by propositions was followed by a discussion of the limitations of the study under the guise of recommended changes to the macro-relational consumer policy framework and the research design, both in a separate section and embedded in the discussion of the findings for the first layer of the network analysis.

A two tiered approach, each tier with three dimensions, was used to summarize findings from a relational analytical approach (interaction dimensions), a positional analytical approach (network structure) and an evolutionary approach. The layers of aggregate, dyadic and constituent were superimposed onto each of these three levels of summaries resulting in an overview of a very comprehensive and complex body of findings.

Insights were also gained from identifying patterns of interaction, relational properties and network configurations which were manifested as either (a) overall observations or (b) as patterns which were

predominate either during the first or second half of the life span of the policy community or were displayed during time frames demarcating thirds of the life span.

### Overarching patterns

There were several overarching patterns that merit attention. They provide insights for future stakeholders and analysts.

1. Almost without exception, the interaction and network concepts exhibited patterns which unmistakably occurred during the tertiary time spans (thirds). The exceptions were the interaction concepts of intensity and directedness and the network concept of cohesiveness, which manifested themselves during the first and second halves of the time sequence.

2. The stakeholder activity which occurred during the four stages of the evolutionary process exhibited patterns in the first and second halves of the time sequence as well. These include, by way of example, generation of internal documents, multi-dyadic activity, expression of a desire to work together and number of dyads present.

3. Without exception, aggregate stakeholder patterns on all variables exhibited the pattern of 'government, then business and finally consumer', always with government having the majority, business in moderation and consumers in the minority, regardless of the interaction or network dimension under investigation.

4. This regressive pattern held for dyadic links as well, respectively, the g-b, g-c, b-c. The g-b link was always dominant, with the g-c link at midpoint and the c-b link

consistently the most weak and impotent, again regardless of the variable under investigation.

5. The three aggregate stakeholders typically and consistently took and maintained divergent stances on matters, including preferred policy direction, perception of access to policy process, sentiments on comments on perceived roles, and identify of constituent stakeholders at any given time (meaning, consistent consumer representative, incremental business and fluctuating government membership).

6. Each of the network and interaction variables conformed to one of three prevalent cyclic patterns. (1) Evidence of some variables showed up as starting low and increasing as the policy community evolved (egocentric activity, incidence of referring to each other, comments on perceived roles, density, connectedness and frequency of contact). No activity started high and then declined. (2) Regarding some variables, some stakeholder activity increased but fluctuated with plateaus (comments on desire to work together, number of dyadic links, intensity, stability). (3) Other variables exhibited an incremental pattern meaning that the stakeholders progressed through all degrees of the variable (scope of comments on perceived roles, density, connectedness and knittedness).

The implications of these overarching patterns and the subordinate patterns will be addressed in the final chapter of this thesis which will discuss how the analysis and the findings have advanced the body of consumer policy knowledge and have contributed to the enrichment of the macro-relational consumer policy framework. As well, the principal merits of adopting a relational perspective will be outlined for both

stakeholders and analysts, and the recommended directions for future macro-relational consumer policy researchers will be set out in a thorough discussion of the implications of these intriguing findings, which were generated by employing a network analysis to the consumer policy process.

## CHAPTER EIGHT CONCLUSIONS AND RECOMMENDATIONS

### Preamble

This final chapter will be comprised of three sections.

(1) After the discussion of the ability of the macro-relational consumer policy framework to contribute to advancing the knowledge base and body of literature for consumer policy research, (2) there will be an elaboration of the merits of stakeholders' adopting a relational perspective in the marketplace. The chapter will conclude with (3) recommendations for the suggested focus of macro-relational consumer policy research in the future.

The premise of this research was that sole reliance on the micro-economic paradigm to justify government intervention in the market economy and to analyze the benefits of consumer policy initiatives to address market failures results in (a) too narrow an approach to consumer policy and in a (b) lack of appreciation for the dynamic and relational aspects of the consumer policy making process. To address this concern, a macro-relational consumer policy framework was developed and employed as a guide for the generation of propositions and the organization of the analysis. This framework was grounded in both the political economy paradigm and the network or structural paradigm.

In review, the basic premise of the macro-relational consumer policy framework is that changes in the external environment will be observed by the members of the consumer policy network. Via the process of issues management, the consumer, business and government members of this network filter and interpret the changes occurring in the external environment and determine

whether their interests in the marketplace will be adversely affected by this change. If this is the case, stakeholders from the consumer policy network for a specific issue will coalesce into a policy community to deal with the consumer issue. The macro-relational consumer policy model proposes that this policy community, which evolves sequentially over time in identifiable stages, will have a unique internal political economy (interaction and relational patterns, decision making patterns, a power and dependence balance, and sentiments towards cooperation and conflict).

One is reminded that this was disciplinary research meaning that it introduced a new way to look at practical problems and experiences (the macro-relational perspective). Disciplinary research is done to improve the discipline and improve theories (Johnson, 1986). Yin (1984) noted that the theory or conceptual framework should be the contribution to the literature, rather than the specific case study. On that premise, this section will comment on the contributions which the macro-relational consumer policy framework has made to the consumer policy analysis discipline. To do this, the investigator will relate the findings to the literature review so as to illustrate how the discipline and knowledge base has been advanced and enriched as a result of this research.

## **SECTION ONE      Contributions to the literature**

The results of the network analysis lead the investigator to conclude with conviction that the macro-relational consumer policy framework provided invaluable, quantifiable insights into the previously anecdotal consumer policy development process. As suggested by Smith (1975), the merging of the two paradigms (network

and political economy) resulted in the formation of a 'profitable' framework resulting in more insights into the consumer policy development process than those provided by sole reliance on the micro-economic paradigm. Further, the adaptation of the parallel political marketplace construct (Shapiro, 1986) proved to be a solid foundation for the formation and development of the macro-relational consumer policy framework.

With certainty, the findings provide sustenance to the consumer policy phenomena previously described only anecdotally or implicitly. This is a distinct contribution to the literature because this anecdotal status of the interaction between consumer, business and government has been traditionally superseded by attention to the policy attributes of efficiency, equity, and competitiveness. This stance reflected the heavy reliance on the micro-economic paradigm as the traditional paradigm for the identification, development of and analysis of consumer policy to the detriment of examining the human face of policy development. Historically, the basic insights and conceptual tools of economics are traditionally used in the development and evaluation of consumer policy because they readily apply to business related activities (Brander, 1988).

The traditional approach to consumer policy analysis was the micro-economic paradigm. It was established that the two overarching results of market failure are inefficiency and inequities. One facet of equity was procedural fairness. The two dimensions of procedural fairness include voluntary consumer choice (fair bargaining practices) and consumer representation and participation in the policy process. As does Belobaba (1985), this investigator advocates the need to shift the focus from fair bargaining practices to consumer



representation and voice in the process that develops the rules regulating the fair bargaining process (among other market failures).

Rock, et al., (1980) called for an ex-ante orientation to consumer policy development. They advocated that the consumer policy process should enlist and institutionalize early consumer input regarding the production and distribution of private and public goods and services. This petition is more feasible if one assumes a network perspective to the policy process and this can now be achieved by resorting to the macro-relational consumer policy framework and research conclusions stemming from its use.

Actually, Salisbury (1968) suggests that groups can make demands not only about substantive policy (content of the policy) but about decisional policy (political participation in the process). The macro-relational consumer policy framework provides the conceptual framework necessary to accommodate this shift in focus - move from substantive policy to decisional policy. Along the same lines of thought, Belobaba (1985) called for a shift in paradigms so that the complexities of modern consumer policy making can be better understood. He further suggested that this tactic would allow us to democratize the policy process - allow consumer representation - and consider the consultative process (implying managing relationships). This is the second contribution to the consumer policy literature.

The second economic concept of efficiency incorporates the notion of resource management. Inefficiency in the marketplace is a result of short and long term mismanagement of resources (whether by consumer, business or government). Traditionally, economic resources have

been conceived as time, money, inventory, expertise, and the like. The network perspective incorporates relationships as a valuable resource which especially needs to be managed (Hakansson, 1987; Ford, 1990; Jackson, 1985; O'Neal, 1989).

The necessity of managing relationships is one of the most important insights revealed in the analysis and is the third major contribution to the consumer policy literature. In fact, this analyst suggests that the theory of the normative market economy be revised to accommodate this finding. This entails adding the dimension of relationship management to the traditional tenets of competition, information, income distribution, externalities, barriers to market, public goods, harmonious government policies, rational decisions, zero transaction costs and intertemporal equity (Harris & Carman, 1983; 1986). The theory could then accommodate a market failure if the relationships between consumer, business and government were mismanaged resulting in an inefficiency failure and harm to the consumer.

Levit (1983) discusses the process of relationship management and advised that relationship management requires maintenance, investment, improvement and maybe replacement - activities often attributed to other resources managed by stakeholders. Most existing consumer policy frameworks (see Chapter two) do not perceive consumer, business and government as dyads linked by relationships. The ones that did, do not suggest how to examine, study or manage the dynamics of relationship formation and management (Gronmo, 1987; Venkatesh & Burger, 1984; Shapiro, 1986). This macro-relational consumer policy framework provides the constructs necessary to conduct this type of study. The investigator simply has to resort to the internal political economy

construct and within that, the internal economic process sub-component (relationships and interaction dynamics) to find the appropriate guidance to examine this aspect of the phenomena of consumer policy development.

Another dimension of relationships is an understanding of the nature of the dyadic link between stakeholders. The traditional micro-economic approach habitually categorizes links between consumer and business as adversarial relationships (Belobaba, 1985; Frazier, Spekman & O'Neal, 1988; Venkatesh & Burger, 1984) and even refer to the stakeholders as combatants (Hutt, Mokwa & Shapiro, 1986). This does not imply cooperative relations which are productively managed. The macro-relational perspective first of all lets us understand the nature of the adversarial relationship, and more importantly, provides the insights enabling the three stakeholders to move beyond this negative predisposition towards cooperative relationships (fourth contribution). Again, the investigator simply has to resort to the internal political economy construct and within that, the internal polity process component (cooperation and conflict sentiments) to find the appropriate guidance to examine this aspect of the phenomena of consumer policy development.

A fifth contribution to the literature is the fulfilment of the call for an examination of the distal, dynamic process of relationship development followed by an examination of the properties of the resulting relationships and configuration of the relationships (Dwyer, Schurr & Oh, 1987; Frazier, 1983; Granovetter, 1973; Layton, 1989; Mattsson, 1985; O'Neal, 1989; Knoke, 1990). Hakansson (1987) proposed that the actors in the network (individuals, groups and organizations) strive to get their interests advanced. To this end, they perform

activities via interacting with each other. These activities entail the combination, development, exchange or creation of resources. The two types of activities are (1) forming relationships (transaction activities) and (2) using one resource to enhance another (transformation activities). The structure (arrangement) of the relationships (which facilitate the exchange of resources) gives shape to the overall network. The relationships connect the actors into the structure that can be analyzed using network concepts.

Formation of relationships are a facet of transaction activities. As the relationships develop a *transaction chain* emerges. That is, there is an order in which the relationships develop and are established. The findings of this research confirm this conjecture. It was determined that for this consumer issue, the policy community moved through the stages of internal policy analysis (egocentric activity), and awareness, involving unilateral consideration of potential dyadic exchange partners (initial dyadic activity). This was followed by exploration (the search and trial phase of developing initial dyadic relations) and the expansion phase of relationship development (multi-dyadic activity via continual increase in the range and depth of developing relationships). Commitment was manifested in the formation of triadic activity wherein there is purposive maintenance of relationships. Finally dissolution of a relationship is proposed after the triadic activity occurs resulting in disengagement or decrease in dyadic interaction, although this facet of the process was not fully examined due to the fact that the process was still ongoing when the results were analyzed. The consumer policy framework provided a model of the evolutionary nature of the policy community, something not previously available in the literature.

The literature review also proclaimed the necessity of understanding how people felt about the relationships that developed in the network. (Frazier, 1983). This research addressed this by operationalizing the concept of role [position] in a network as *role perception* of access to, contribution to and role of self and others in the policy process. This proved to be a very compelling measure of how stakeholders felt about their links with other people as they interacted in the policy community. They expressed praise, criticisms or both sentiments towards their role in the policy community relative to other stakeholders. This sixth contribution was an innovative way to measure how people felt about the relationships that developed in the network. Although the investigator did not ask them directly how they felt about their link with others, this proxy variable yielded valuable insights into this aspect of the phenomena of consumer policy development.

Recent literature advocates gaining an appreciation of the broad relationships that lie behind the regulatory process (Venkatesh & Burger, 1984). This model takes that recommendation one step closer to being realized. Using the macro-relational consumer policy framework to perceive the consumer policy process enables the researcher to study the relationships between the external environment and the consumer policy network, relationships between the external environment and the policy community, relationships between the consumer policy network and the policy community, relationships within the policy community and even relationships between competing policy communities. This framework provides a wide range of sets of relationships that can 'lie behind the actual regulatory process' as well provide the conceptualization and constructs necessary for understanding the relationships leading to and going

beyond current policy situations and policy communities. Accounting for the investigation of a broad range of relationships (macro to micro) is a seventh contribution to the literature and is very valuable.

One is reminded that government can (a) assume a bureaucratic approach when dealing with fundamental market failures via implementing and managing regulations, (b) assume a market based approach by employing re-regulation, deregulation and self regulation or (c) assume an approach which provides alternatives to regulation (eg, soft law, shared market responsibilities, voluntary codes, and the like) (Hughes, 1981), or it can do nothing. Combinations of all of these roles and strategies constitute the backbone of most consumer policy frameworks, which provide direction and rationale for government intervention in the market economy on behalf of the consumer interest. Consumer policy scholars were calling predominately for models of regulation (Venkatesh & Burger, 1984; Belobaba, 1985; Jensen, 1986). Findings from this research suggest that this approach is too narrow. Adoption of the macro-relational consumer policy framework enables the analyst and scholar to perceive the policy process from a relational perspective. It is argued that this viewpoint allows stakeholders to move beyond the model of controlling consumers and business towards a more co-operative, shared responsibility mode (eighth contribution).

Related to the shared responsibility and partnership strategy, is the recent call for a move to shared roles and responsibilities in the marketplace, necessitating more cooperation and less control. Specifically, Belobaba's (1988) and 'Consumer and Corporate Affairs' (1992) call for mutual interest (common concern for the market) and shared norms and expectations of marketplace

functions can be facilitated by using the macro-relational consumer policy framework. If all stakeholders began to perceive the policy process from the relational perspective, they would, through appreciation of the dynamics and interdependence of each others' relationships, be able to assume a mutual interest in the marketplace rather than the traditional three explicit, divergent and conflicting interests (private, public and consumer). This thereby expedites a more co-operative, sharing sentiment towards policy development rather than the traditional protect and regulate stance.

Belobaba (1985) contended that, although the economic approach was flawed, it resulted in the introduction of key consumer policy concepts (problem identification, market failures, government intervention and instruments, regulations, legislative impact analysis, and regulatory cost/benefit analysis). He gives due recognition to the contributions of micro-economic theory and then suggested that the consumer policy process is about the economic system and the political system. He recognized the benefits of merging the economic and legal perspectives (as did Mazis, et al., 1981) and then went on to say that this will give way to other interdisciplinary approaches to study the complicated human behaviour during consumer policy development. This premise is achieved via the adoption of the macro-relational consumer policy framework which is grounded in the political economy and network paradigms - encompassing, as Belobaba petitioned, the economic system, the political system and the social system (human face of policy development).

Finally, in efforts to account for the management of an imbalance in a marketing channel, Morris and Sirgy (1985) and Wilkinson (1990) turned to systems theory. This notion of a balanced system was accommodated by the

macro-relational consumer policy framework via conceptualizing the consumer policy development phenomena using three policy environments. The macro policy environment is the source of the imbalance, the secondary policy environment is the constellation of actors affected by the disequilibrium, and the primary policy environment is comprised of the stakeholders acting collectively to re-balance the system, albeit from their own perspectives, which may in turn cause further imbalance. This relational approach enables analysts and stakeholders to conceive the policy process as a network of actors (a dynamic system) rather than a series of discrete, one time exchanges.

In summary, it is suggested that the development of the macro-relational consumer policy framework has contributed to the consumer policy development literature on ten recognized dimensions, with other contributions conceivable. In review, sustenance was provided to the anecdotal consumer policy phenomena. A means was provided to facilitate a contemplated shift to decisional, democratized consumer policy (assurance of consumer voice in the process). The necessity of managing relationships before, during and after the development of policy became conspicuously obvious. The macro-relational consumer policy framework provided the perspective necessary to perceive the dyadic links as less adversarial and more cooperative in nature.

The framework also provides a model of the distal, evolutionary dynamics of a policy shaping community. Role perception proved to be a valuable proxy variable for examining the sentiments towards the relationships being developed as the policy community evolved. The macro relational consumer policy framework accounts for a wide range of different classes of relationships from macro



through to micro. The merging of the network and the political economy paradigms provided a means of studying human behaviour during policy development. Finally, the model provides a framework to facilitate a systems approach to consumer policy development.

## **SECTION TWO      Insights for policy community stakeholders**

### **Preamble**

Disciplinary research provides information that is useful for problem solving and subject matter researchers. To reiterate, subject matter research is designed to provide a body of knowledge suitable for a number of decision makers who then use the information to optimally solve their aspect of a practical problem. Conversely, problem solving research generates knowledge for a specific decision maker who is running the practical affairs of the world. This specific decision maker will solve short term, specific problems (Johnson, 1986). In lay terms, this section will elaborate on the insights provided for stakeholders, whether they be acting in isolation or collectively.

This application of the findings fulfils the mandate of qualitative research, that being to describe and analyze human behaviour from the point of view of those being studied. When conducting qualitative inquiries, researchers attempt to identify structure in the midst of apparent disorder by analyzing peoples accounts of their actions within identified sequences of interlocking acts or events. Qualitative research methodologies are appropriate when the researcher wants to construct a contextual picture of a situation or flow of events or examine the intricacy of patterns of interaction (Bryman, 1988).

To that end, the network perspective proved to be highly useful when describing and analyzing the development of a policy decision. It afforded useful and stimulating insights for both analysts and stakeholders. The percept of this work was that policy development is a result of the interaction between different actors, not a random process (Salisbury, 1968). Even though actors may have perceived the phenomenon as a random process (apparent disorder), one of the most valuable insights gained from this research is that, yes indeed, there was a network and the network was formed and transformed through interactions between the stakeholders.

It must be recognized that the imposition of a network perspective was done in light of the fact that most stakeholders would not perceive themselves as members of a policy community or network (Barnes, 1969). In fact, during the data collection stage, many stakeholders remarked that there was no network. But Knoke (1990) acknowledged that the imperatives of interest maximization compels organizations to construct dyadic exchange relations. Interorganizational networks are initially unintended consequences of purposive organizational self-interest actions. But once a stable configuration emerges, this network is a fact of political life and all organizations must take it into account. Like it or not, believe it or not, each stakeholder has a position in the network (p.109).

The network perspective gives concrete shape to a nebulous, multiple decade process. Given that a network did emerge and had a dynamic existence, an appreciation of the patterns of relationships and the configuration of the network between the stakeholders will shed insights into the policy development process for future consumer policy analysts decisions and policy communities. This

entails perceiving consumer policy development from a comprehensive, macro-relational perspective rather than a series of discrete exchanges of information and positions (micro-economic perspective).

#### **Advantages of stakeholder's adopting a relational perspective**

If the stakeholders adopt this macro-relational perspective, they can benefit from the insights, impressions, and implications gleaned from the network analysis of the relational data. The interests of all of the marketplace players would be advanced if they were aware of the interaction dynamics and relational properties of a policy community. The many advantages to assuming this perspective will now be presented in an **inventory of stakeholder benefits**, grounded in the general findings from the study.

#### **Validates existence of policy community**

The first obvious advantage to employing a network perspective is that stakeholders now have validation for the notion that they act collectively to develop a specific consumer policy. The imposition of network analysis to the consumer policy process has given sustenance to the notion of a policy community, replete with recognizable stages, interaction dynamics, relationship development and network configurations.

#### **Affords new way to mentally and tactically perceive consumer policy process**

Adopting a relational perspective to consumer policy provides the stakeholder with a range of new concepts with which to judge the essence of the policy process - stability, cohesiveness, connectedness, knittedness, density and size. Interaction can now be conceived of in

terms of directedness, frequency, intensity, durability and role perception. These concepts provide a new and more insightful focus for relationship management.

Stakeholders now have a new way to mentally and tactically conceive the consumer policy process. It can now be perceived as a web of complex contacts who act collectively to advance respective interests. No longer does a stakeholder have to perceive the policy process as a series of discrete, isolated interest maximizing exchanges. Rather, the findings revealed that as events evolve and as the stakeholders coalesce into a collective group, their endeavours match one of three patterns within two dimensions. That is, actions can start small and increase, actions can increase as they fluctuate and plateau or actions can increase incrementally through distinct degrees or statuses, with most of these happening discernably during time intervals of thirds. The activities characterizing the progression of the policy community through distinct evolutionary stages occurred during time intervals of halves.

**Offers multiple advantages to stakeholders**

Cognizance of the insights gained from a relational perspective reduces ambiguity and adds an element of certainty to a nebulous, dynamic, evolutionary policy process. The findings and insights gained from applying a network analysis to the consumer policy process can work to the stakeholder's advantage in several ways:

- a. they may find confirmation of intuitions they had regarding existing or past relationships
- b. they may experience increased awareness of new things to look for in relationships
- c. they may see aspects of relationships that they want to change, reinforce or maintain

d. they may be able to gauge the stage of the evolutionary process and anticipate stakeholder behaviour or patterns of behaviour within and outside of the dyadic links.

#### **Confirms necessity to manage relationships**

Findings in the literature point conclusively to the need to manage complex and diverse relationships. These findings include the predominance of multi-dyadic relationships, the continual change in identity of constituents in the policy community, the potential inclination to express a desire to work together, and the reality that the viability of the chosen policy strategy and instrument will usually be monitored after it is implemented and used by the stakeholders. Also relevant to the need to manage relationships is the finding that the stakeholders seemed inclined to develop initial policy positions while concurrently entering into multi-dyadic links.

Knowing all of this, especially that there was a proliferation of multi-dyadic links that necessitate complex relationship management, could sensitize stakeholders to the advantages of finding ways to better manage these relations, probably to their immediate and long term advantage. For, the macro-relational approach is a new perspective which focuses on the multi-dyadic relationships between c-b-g as they function within the market economy, collectively developing consumer policy to address market imperfections. It is anticipated that stakeholders will begin to appreciate the benefits of adding the notion of managing their relationships in specific and competing policy communities to their arsenal of institutional management tools. The relational perspective provides the knowledge and insights to make this management transition a reality.

Perceiving the policy process from a relational perspective should result in improved, more productive relationships with other stakeholders and more assurance that ones own interest is maximized or at least optimized. Effective management of dyadic relationships should result in a more expedient solution of the consumer problem, meaning that the consumer interest is optimized sooner, hopefully through consensus.

#### **Necessity for consortium of tactics and strategies**

Further, from a relational perspective, stakeholders can now appreciate that not only can they improve interaction dynamics between dyadic links, they also can perceive the configuration of actors as a network of contacts which has characteristics that change as time evolves. There will be multiple occasions to influence policy but not all windows of opportunity will have the same characteristics because the configuration of actors and the accompanying dynamics will fluctuate. Knowledge of this phenomenon will better enable them to develop strategies and influence policy decisions and the process.

Stakeholders may begin to appreciate that different tactics and strategies are needed to advance their interests, depending on the nature of the dyadic or multi-dyadic links with which they are associated. This assumption holds as well, depending on the type of relationship they are managing (transitory, recurring, enduring, or hierarchial).

The appropriate choice of policy instrument and strategy (Shepard, 1978; Jensen, 1986; Mazis, et al., 1981, Forbes, 1987) is more assured if everyone appreciates the evolutionary nature and the dynamics of the policy process from a relational perspective. Under the auspices

of a government initiative, this policy community developed a voluntary code to avoid legislation ('Canadian code', 1992). If government continues to move towards less regulation and intervention in the market economy (Lubbers, 1990; 'Consumer and Corporate Affairs', 1992), it is imperative that they consider the consumer policy process from the relational perspective as well as the micro-economic perspective (cost-benefit analysis).

The same reasoning holds if business continues to push for less government intervention and more corporate self-regulation, as was the case in this policy community and in recent literature (Koopman, 1986). The same could be argued for consumers if they want more voice in the policy process. They could be more efficient at lobbying for the consumer if they perceived the policy process as evolutionary in nature and as a network.

In modern market economies, government is still striving to maximize the consumer interest in the marketplace but is moving towards a bottom-up approach to consumer matters. This implies that the consumer is capable of looking after their own interests and responsibilities in a market wherein a fundamental protection framework is in place and business is expected to self regulate with integrity and accountability (Lubbers, 1990; 'Consumer and Corporate Affairs', 1992). This strategy is more feasible and realistic if government appreciates the dynamics and patterns of interaction between the stakeholders. Government would be better able to fulfil its role of facilitator, the consumer would be better able to represent their voice in the process and business could increase their focus on relationship management and partnerships with less intense focus on controlling an adversarial relationship. It is on this premise that this voluntary code for EFTS was developed.

### **Respect divergent characters of dyadic links**

The relational perspective allows the stakeholders to gain an appreciation of the character of the major dyadic links as well as the g-g, b-b and c-c links in this policy process. This is recognized because the findings imply that the interests of the constituents in this business community were not complimentary - financial institutions wanted different things than retailers, different types of financial institutions wanted different things, big retailers had different concerns than small retailers. Government departments were known to contradict each other as well as work in isolation and together.

Appreciating the characteristics of different dyadic relations (c-b, b-g, g-c, b-b, g-g, c-c) should inevitably lead to improved communication patterns and enhanced flow of information within the policy community. Findings indicate that different patterns of indegree and outdegree, different degrees of stakeholder awareness, differences in frequency of contact, and discrepancy in the nature of different dyadic links are all evidence of a need to appreciate the divergent characters of the multi-dyadic links. Acting on this knowledge could surely lead to overcoming some of the many obstacles to securing ones respective interest in the policy decision.

### **Empowers stakeholder as regards influence on policy process**

Awareness that there is a policy community with unique dynamics and use of that knowledge should lead to increased power, influence, prestige, prominence in the network, legitimacy, goal attainment, consensus and better access to and use of resources. Related to this is the implication from the findings that a higher propensity for membership in the effective network tended



to lead to increased awareness and attention in the policy community. Business, government and consumer were all represented in the network but more constituents from business and government were there than from consumers. And, the missing link and likely isolate in the network was always the consumer.

Not being a part of the effective network surely leads to lack of power and influence, and there will always be attempts to influence other stakeholders and to gain power in the political system. Awareness of the properties of the relationships between actors greatly enhances this power and the relational perspective enhances this awareness.

#### **Builds foundation for future collective actions**

Relational insights should lead to a more efficient and equitable consumer policy process and outcome, which can then be evaluated using micro-economic concepts. The experience and lessons learned from working collectively in each policy community build the foundation for the next and ensuing policy communities. This should lead to exponential increases in the quality of the consumer policy process and outputs and, by extension, add to the integrity of the marketplace.

### **SECTION THREE Recommendations for future research**

#### **Preamble**

Whereas Section one clarified how the findings of this research have advanced the body of knowledge germane to consumer policy research, this final section will suggest further areas of research which still need to be cultivated. It will provide recommendations for the suggested focus of macro-relational consumer policy

research in the future. It will be demonstrated that future researchers will be able to build on the potential of this conceptual framework which was advanced by merging the political economy and structural paradigms to compliment the traditional micro-economic paradigm.

The literature review has established that different types of stakeholders play typically different roles in the policy process in a market economy. The findings of this research definitely corroborate the suggestions in the literature - the consumer organization relentlessly advanced the consumer interest, business continually strived for a profit maximizing state and advanced their respective interests, and government advanced the consumer interest while balancing the interests of business against government and consumers, and facilitating the policy process and a continual dialogue.

The challenge to future researchers is to track the nature of these dyadic links and interest maintenance activities in future consumer policy communities to see if they change due to an adoption of a relational perspective. For, this researcher strongly advocates that initially it is the perceptions of reality that will change. Ideally, the reality will then change as a result of stakeholders adopting the new relational perspective to consumer policy. In the meantime, researchers are challenged to adopt this new perspective as they study consumer policy. This section will provide many examples of recommended research initiatives and directions that reflect research activities exemplifying adherence to this shift in paradigms - a new macro-relational view of the consumer policy process.

## Recommendations for future macro-relational consumer policy research

First and foremost, since the theory was intended to be the contribution to the literature, it is imperative that future scholars initially adopt a disciplinary research approach and replicate the application of the framework to other policy situations (Yin, 1984) so as to determine if the same archetypal patterns and findings emerge and to further refine the conceptual framework.

In review, the findings lead the author to conclude that as the stakeholders coalesce into a policy community, they do move through four stages, although this progression is not as discrete as predicted. The links have different characters, each aggregate stakeholder had a different profile, as did the constituent stakeholders. The relationships between stakeholders (predominately multi-dyadic) varied in frequency, durability, intensity, directedness and in role perception. The configuration of these relationships (network structure) changed and evolved along the following dimensions - size, stability, knittedness, connectedness, cohesiveness and density. These findings suggest the existence of an incredibly complex and dynamic series of events which lead to a triadic policy community collectively developing consumer policy for the issue of EFTS.

Based on these general findings, the following text sets out directions for future research. These suggestions are organized roughly around three categories - (1) efforts to focus on specific components of the macro-relational consumer policy framework, (2) extensions of research methods and analysis, and (3) alliances with complimentary bodies of literature or conceptual frameworks so as to broaden the application of the macro-

relational framework.

It goes without saying that future researchers need to acknowledge and consider incorporating the recommended changes to the macro-relational framework and the research design, which were set out in considerable detail in the previous chapter on findings and attendant limitations and revisions.

**1. Recommendations for extending focus of specific components of the macro-relational consumer policy framework.**

A promising application of the macro-relational consumer policy framework is the examination of the changing power balance and decision making styles in policy communities due to adopting a relational perspective to identifying, justifying and analyzing consumer policy initiatives. This would involve focusing on the internal economic process and the internal polity structure of the policy community, respectively.

The macro-relational consumer policy framework enables us to study links between the external policy environment and the interorganizational links (Benson, 1975) occurring in the policy community (primary policy environment). This has previously been a perceived shortcoming of other frameworks (Stern & Reve, 1980). The integration of the political economy paradigm with the network paradigm provided a framework able to accommodate this level of inquiry. This enables scholars to identify the activity in the external policy environment (social, economic, technological, political dimensions) which impacts on the undertakings of the constituent stakeholders in the policy community.

To illustrate, in the Canadian situation with EFTS, there have been continual technological innovations as regards EFTS, changing demographics and a changing nature of the consumer, changes in government's attitude towards intervening in the marketplace, increased cries from business for deregulation, challenges to the Federal/provincial division of powers vis a vis the ongoing Constitutional debate, a new Free Trade Agreement with United States, a pending North American Free Trade Agreement (Canada, U.S. and Mexico) as well as rapid globalization of the markets. All of these changes serve to distract stakeholders from the issue at hand or have tremendous impact on the resolution of the issue at hand. They cannot be ignored. They have to be factored into the consumer policy equation and this model accommodates this.

Future relational consumer policy scholars are strongly encouraged to study the activity in competing policy communities and its impact on the policy community under investigation (competition sector of primary policy environment) (Achrol, Reve, & Stern, 1983; Rosenblom, 1978).

Future macro-relational consumer policy researchers may wish to study the dynamics of the interaction between members of the consumer policy network as they interact before they merge into a policy community. They could determine if there are pre-conditions necessary for policy development. For example, do long term relationships create barriers to entry in the policy process or vice versa (Hakansson, 1982)? Queries of this nature can be studied by investigating a priori relationships between members of the consumer policy network and relationships between members of the policy community (secondary and primary policy environments,

respectively).

A fundamental component of stakeholder interaction in the policy community that needs to be addressed is the study of interaction and collective decision making amongst the stakeholders subsequent to the initiation of the triad. In this research, the investigator was denied access to this interactive process and therefore has no insights to offer regarding this stage of the evolutionary process of the policy community.

Investigators may also wish to study the dynamics of interaction between the stakeholders in the policy community and their original association (kinsmen) to which they still belong to in the secondary policy environment (consumer policy network) (Shapiro, 1986). One is also challenged to identify conditions that exist which are supporting either the consumer policy network's existing structure (Hakansson, 1987) or the policy community's existing structure.

Researchers are also directed to study the process wherein stakeholders disengage from relationships subsequent to the dissolution of the policy community. Propositions to address this aspect of the phenomena were set out in Chapter seven.

Paralleling this initiative would be the study of the interaction between stakeholders after they have returned to the consumer policy network. This involves studying the output sector of the primary policy environment who are using, implementing, enforcing, complying with, or depending on the policy instrument and strategy developed in the policy community (regulate, self-regulate, or share responsibility via soft law). To accomplish this task, the researcher is directed to the abundant

literature on policy analysis, which is interested in the effects of the policy once it is adopted (Majchrzak, 1984). Concurrent reliance on the macro-relational perspective also allows the researcher to study not only the effects of the policy decision but the interaction between stakeholders as they deal with these effects.

Among others, Frazier and Sheth (1985) strongly recommend that researchers need to be concerned with the management of relationships in the marketing channel, and by extension, in the policy community. Laumann and Pappi (1976) noted that the actors who are connected in such a way that they can reach most of the actors are more likely to perform mediating and coordinating activities for the network. These activities could be taken to be indicators of a stakeholder assuming a management function. To that end, the relational policy analyst may also wish to determine if there were any conscious strategies employed to manage relationships (Mattsson, 1987). Specifically, were there any coordination efforts by a specific stakeholder and what was the intent of this activity (influence, persuasion, power, consensus)? This involves studying the dynamics between the internal economy and the internal polity of the policy community. Respectively, study the link between the relationships and interaction and the power/dependence balance and cooperation/conflict sentiments. Stern and Reve (1980) recommended this as an area of research which political economy practitioners need to develop.

Dwyer and Welsh (1985), Hallen, Johanson and Seyed-Mohamed (1991), Ford (1980) provide further directions for future network researchers. They advocate the study of the adaption process entailed as relationships develop and evolve, and are managed. They propose that if actors are to interact for more than short periods, they must

continue to adapt to each other's needs. Adaptation is considered to be a significant feature of the dynamics of business relationships. More importantly these adaptations provide part of a framework for further relationships between these actors. This has been identified as an undeveloped research area and it is suggested that this macro-relational consumer policy framework facilitates this initiative. Focusing on the internal economic structure (relationships and interaction) of the policy community and operationalizing the concept of adaption would serve this purpose.

It is expedient for researchers to expand the focus of future studies. One is reminded that this disciplinary research focused on the internal economic structure of the input and initiator sectors of the primary policy environment (stakeholders with the issue). In the future, scholars need to conduct studies which examine decision making patterns, power and influence and cooperation and conflict, especially since these are very germane to the examination of interactions occurring after the triad forms. Knoke suggested that analysts adopting a network perspective need to understand how resources are translated into influence and domination (power) (1990).

There is a call in the literature for more focus on indirect consumer policy (Lubbers, 1990; Kroll, 1991). This relational perspective provides a solid framework for examining the relationships between policy makers in government departments making decisions which indirectly affect the consumer in the marketplace and the policy makers in designated consumer policy offices. This would entail focusing on the activity occurring in the political sphere of the macro policy environment (external political economy) and its impact on the secondary policy environment.



It is also quite feasible to study interactions between stakeholders during market infractions and market transactions as well as interaction dealing with policy remedies to deal with these market activities. The relational perspective in the macro-relational consumer policy framework affords constructs necessary to conceptualize and formulate research designed to study this aspect of market human behaviour. It would entail examining the relationships between actors in the consumer policy network (secondary policy environment).

Another plausible use of the macro-relational consumer policy framework is to investigate the labour-business link and how it affects consumer policy and the need for consumer policy ('Consumer and Corporate Affairs', 1992; Forbes, 1987; Jensen, 1986). It has been argued that the relationship between the labour movement and the business communities has direct impact on consumers and their plight in the market economy. Employment availability, accessibility and security impinge on the behaviour of the consumer and business in the labour market which in turn impacts on their performance in the consumer market. Studying these relationships would entail examining the impact of what is happening in the macro policy environment (economic and political facets) on the actors in the secondary policy environment - consumer policy network.

Hakansson (1987) also suggested appreciating any gaps in relationships between the actors in the network by examining the hard dimensions (physical distance and geographical distances) and soft dimensions (attitudes, values). This might provide a strategic awareness of why certain stakeholders elect to or reject interacting with other stakeholders. This knowledge would shed valuable insight into the configuration of the eventual policy

community, especially in countries that are geographically vast. It is obvious that the macro-relational framework facilitates and stimulates many directions for research.

## 2. Extension of research method and analysis

Historically, the c-b-g triad has been presented in the literature as the c-b link, the c-g link and the b-g link (Venkatesh & Burger, 1984; Gronmo, 1987). This research has shown without doubt that the g-g, b-b and c-c links are also key dyadic relationships that have a profound effect on the evolution of the policy community. For example, activity between different government departments and agencies and between different business associations or consumer associations seems to have a direct effect on the activities within the policy community. Future researchers are strongly implored to accommodate this level of the policy community in their research so as attain as much relational data as possible (avoid incomplete data). This will entail more concentration on the constituent level of analysis than solely on the aggregate level of stakeholder analysis. Knoke (1990) supported this approach arguing that studies employing highly aggregate data cannot account for the 'within actor' relations, that is, the constituent actors' interactions.

At the constituent level, there may be times when you can't exclude actors but don't want to focus on them in the analysis. Accommodate this by employing Hakansson's (1987) concepts of effective network and extended network. Focusing on main actors involved in the development of policy (effective network) allows you to recognize the existence of a peripheral (extended) network (Knoke, 1990) but to exclude them from the core

of the analysis. To parallel this initiative, the researcher is directed to follow the strong network analysis tradition (Roy, 1983) of studying the interlocking directorates of the effective network. Evidence in this study of the overlap in membership between PACE, the CPA, the CBA, and INTERAC provides stimulus for this extension of the research.

Along the same line of thinking is the suggestion that future relational consumer policy researchers examine the dynamics of specific constituent allegiances that develop between members of the effective network. This particular research did not study any specific constituent links. Instead it focused on aggregate links and used the data on constituents to provide the qualitative dimension of the analysis. If the data points to specific allegiances between constituent stakeholders which seem to have particular influence, they could become the focus of attention at another level of analysis (perhaps the infrastructure of the constituent dyadic links). This is suggested because findings indicated that fluctuations of aggregate findings often occurred due to the activities of one particular constituent in each aggregate.

A key research endeavour must be the continuation of work on the development of computer programs which measure the development and lapsing of links over a period of time (Knoke & Kuklinski, 1982). More importantly, future researchers are invited to design their research so that it generates relational data that can take advantage of the existing computer programs designed to measure clusters of relationships in the network (cliques and structural equivalents). This will entail measuring such variables as centrality, power, distance, prominence, range, brokerage, influence, redundancy, multiplexity, reachability, prestige and centralization. This enables

the researcher to examine positions of actors in the network and be better able to explain the form and content of the relationships developing amongst the stakeholders as they develop policy.

In fact, researchers are solicited to carry on the innovative work initiated by Hakansson (1987) on the interplay between macro and micro positions in the network. He posits that the micro positions [dyadic relationships] are embedded in the macro position [wider network of relationships] so we need to appreciate the whole network. P-centric analysis reduces the complexity of multilateral relationships by decomposing the networks into a number of bi-lateral relationships. Set-centric analysts view all relationships in the network simultaneously, ensuring comprehension of the multilaterality of relationships (Scott, 1991). This framework, which advocates and entertains multiple layers of analysis, recognizes that the macro-micro progression must be an integral part of the research.

If future researchers decide to develop a case study, they also have the option of conducting multiple case studies instead of embedded units. This would entail studying the policy communities for several consumer issues from a structural perspective and then comparing them. As well, once the macro-relational consumer policy framework gains acceptance in the field, they can report case studies from a theoretical perspective rather than chronologically. This would provide another perspective to analyzing the case study data. It would empower the analyst to be able to examine various facets of a causal argument or debate the value of further investigating various hypothesis or propositions (Yin, 1984).

It is also recommended that researchers functioning as

network analysts try to incorporate methodologies that reveal combinations of (1) how the actors interact, (2) how the actors exchange resources, (3) how the actors mobilize, (4) how they communicate their interests, and (5) which interests prevail (Knoke, 1990). He believed that even though many studies fall short of these features, they are still considered a genuine advance toward developing a structural analysis of the phenomena. This is because they shifted the focus from the reputations and attributes of the individuals in political systems to pattern of relations between the individuals and organizations in the system. This is a most convincing argument for adopting a relational perspective when examining consumer policy development.

### **3. Alliances with complimentary bodies of literature or conceptual frameworks**

It is suggested that merging the macro-relational consumer policy framework with other bodies of literature or conceptual frameworks may broaden the application of the macro-relational framework to other disciplines.

Future researchers may find valuable insights from the interest group theory or pressure group theory literature as they strive to study the constituent aspect of activity within the policy community. This would entail a study of the interior life of the interest groups, interest promotion, the context of interest group life and how these groups influence the policy community and the broader environment (Pross, 1986). This would enable the researcher to study the evolution of the policy actor as well as the evolution of the policy community within which the actor functions. This research thrust would readily compliment the focus of the macro-relational consumer policy framework, that being relations between

stakeholders as they develop policy to address challenges to respective interests in the marketplace.

An interesting way to use the data from research conducted using this conceptual framework would be to conduct a Delphi. This would entail asking the stakeholders how they think the next policy community should evolve based on the information and insights germane to the policy community for a consumer issue they have just resolved. A policy Delphi is a tool for the analysis of a policy issue (in this case, the policy evolutionary process), not a mechanism for making decisions. The policy Delphi can revive the advocacy process. It is an organized method of correlating views and information pertaining to a specific policy area and for allowing the respondents representing such views and information the opportunity to react to and assess differing viewpoints. This entails a series of intensive questionnaires interspersed with controlled opinion feedback (Linstone & Turoff, 1975).

Future researchers could also focus more attention on the examination of the dynamics of issues management in each constituent to gain a better understanding of how the consumer policy network identifies and filters issues which leads to a merging of stakeholders to form the policy community. This could be easily married with the stages of the policy life cycle (Stanbury, 1986) to provide another dimension to the dynamics of relationship development during the policy process. These stages include social discussion, formation of pressure groups, media interest, solidification of issue, government concern, introduction of legislation, passage of law, definition of regulations, imposition of regulations, compliance, and legal conflict. Succinctly, these include the formative stage, legislative stage, executive stage

and judicial stage.

The alliance of the evolutionary stages of the policy community with issues management and the issue life cycle directs more focus on the process involved in identifying consumer issues from the incredible complexity of change occurring in the external environment and deciding which ones have to be acted upon so as to address threats to ones' interest in the marketplace. The reader is reminded that this process was not the focus of this research design or the conceptual framework in its current state of evolution.

Another intriguing line of research would be to link the evolutionary process of the policy community with the stages in the policy development process. The latter include policy prioritization, formulation, implementation, and evaluation (McGregor, 1989b). Is there a parallel between the four stages of the evolution of the policy community (internal activity, dyadic, multi-dyadic and triadic activity) and the stages of policy development? If not, what correlations do emerge? Is there a better explanatory link between the ex-post activity of the stakeholders after they have returned to the consumer policy network and the stages of policy development? Or do the stages of policy development bridge the interaction activities of members of the policy community and their imminent resumption of activity in the consumer policy network? This seems to be a very intriguing research question which is accommodated by the macro-relational consumer policy framework.

Relational consumer policy researchers are encouraged to incorporate change management principles into their studies of the evolution of the policy community, and the bridge between changes in the macro policy environment

and activities in the secondary policy environment (consumer policy network). This would entail accounting for a departure from tradition or the status quo, recognizing an event that mobilized a stakeholder in the consumer policy network to change, the creation of a new direction, an articulation of the new definition of the situation and the pending new directions at every opportunity, and the development of vehicles or tools to support the institutionalized change (Kanter, 1986). Incorporation of change management principles would add an intriguing dimension to the relational aspect of consumer policy. They would also bestow more insight into the dynamics of relationship development to generate policy dealing with a change affecting the interests of those in the market economy.

International consumer policy development is a viable direction for consumer policy analysis to take in light of the global marketplace and international dimension in all policy arenas. The macro-relational consumer policy framework is very relevant for research of this nature. It facilitates studies of the interaction between governments as they develop policy which affects the consumer. It facilitates studies of interaction between global corporations and international agencies as they develop policies affecting the market economy, by substitution, the consumer. It enables the researcher to account for the experience of policy communities in other nations allowing cross-national and cross-cultural comparisons. It provides a vehicle to study the policy process within international policy entities such as the Organization for Economic Cooperation and Development (OECD), IOCU, and United Nations Committee on International Trade and Law (UNCITRAL), to name a few associated with consumer issues, from a relational perspective.



Although this may seem obvious, it would be expedient for scholars to continue to track the development of theory development and the conceptualization of network and interaction variables in the marketing channel, interorganizational behaviour, industrial marketing and political science literature. These disciplines contributed significantly to the conceptualization of this model. It makes sense that they have still more to contribute to the arguments favouring the melding of paradigms and the incorporation of concepts from political economy and relational literature, each from a distinctive vantage point. The future macro-relational researcher is challenged to extrapolate and incorporate useable results and findings into the consumer policy literature.

## **CONCLUSIONS**

The investigator is not yet ready to make predictions about the interaction and relational properties and network characteristics of consumer policy communities. But, the consumer policy process can now be conceived of and be studied from both a political economy and a structural perspective and the resulting relational data can be analyzed from a network perspective rather than a micro-economic perspective. The creative orientation towards consumer policy provided by the macro-relational consumer policy framework should provide compelling theoretical insights into the interactions of consumer, business, and government in the consumer policy process. It represents the first step towards modelling and measuring the dynamic system of relational variables inherent in collective decision making.

As well, it will hopefully contribute to the conversion

of the way of thinking regarding the integrated roles of consumer, business and government in the policy process. The constructs of the consumer policy network and policy shaping community add additional dimensions to the dynamic interactions inherent in the political economy paradigm. Development of these constructs reinforces the central tenet of the political economy framework, that being that complex socioeconomic and political interrelations involve multilateral interactions that should not be analyzed in isolation. Further, it embraces the basic tenet of network theory, that being that if one is to understand a phenomena, one must appreciate the interaction and relationships that develop between actors affected by and shaping the phenomena.

Development of this conceptual framework also supports the recent call for a shift in paradigms - a shift from a micro-economic perspective to (what the author has labelled) a macro-relational perspective. The result should be the implementation of relational consumer policy that reflects and incorporates the interactive concerns of all of the political actors in the political community who are attentive to the effects of changes in the traditional marketplace on their interests, roles, rights and responsibilities. The challenge is to get analysts and stakeholders to interpret the policy process from a structural, relational perspective. To do this they need new concepts and these are provided by the network paradigm and the political economy paradigms. These are alternatives approaches to theory development in consumer policy.

To reiterate, initially it is the stakeholder's and analysts' perceptions of reality that will change. Ideally, the reality of policy development will then change as a result of stakeholders adopting the new

relational perspective to consumer policy. They will 'wear new glasses' as they develop policy. These lenses change the subjective image of the process resulting in the stakeholders seeing the policy community as an entity which is a fantastic web of strong and weak connections. This macro-relational perspective helps them appreciate the impact of this complex structure on their participation, a philosophy which actors have difficulty accepting (Hakansson, 1987) until they have been exposed to it (Knoke, 1990).

In the meantime, researchers are challenged to adopt this new perspective as they study consumer policy. This effort will result in the contribution of a new stream of research to the current practice of consumer policy research. In fact, Knoke (1990) purports that once acquired, the network perspective is not easily relinquished. This investigator agrees completely with this premise. Once people are sensitized to the merit of perceiving and interpreting consumer policy from a network perspective they are on the way to learning how to look through 'new cognitive lenses', emphasizing interaction dynamics, relationship development and management and network structures. Consumer policy development will not be the same if actors and analysts adopt this fresh perspective to dealing with the operations of the market economy.

To paraphrase Featherstone (1991), when shifting paradigms one has to first account for the new perspective in the consumer policy domain and then practice the new perspective and generate relational policy. This research was the stepping stone for this paradigm shift. Now, future macro-relational researchers are invoked to meet this challenge as we shift from the micro-economic paradigm towards a marriage of the

political economy and network paradigms via the macro-relational consumer policy framework introduced in this research. Utilization of this powerful research tool could ensure that the macro-relational perspective moves from a peripheral status towards the center of the consumer policy research domain.

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## APPENDICES

## APPENDIX ONE

### DEFINITION AND OPERATIONALIZATION OF THE SELECTED INTERACTION AND NETWORK CONCEPTS UTILIZED IN THIS RESEARCH DESIGN

The propositions for this research design and the data collection and data preparation process will be developed using fourteen different variables - eight interaction variables and six network concepts. The interaction concepts will be defined and operationalized first because some of these concepts are fundamental to developing the instructions to measure the network variables. In addition, these definitions will be an integral component and a precursor to developing the content analysis coding instrument as well as converting the case study data to relational data (formation of matrices and graphs).

#### A. OPERATIONALIZATION OF INTERACTION/RELATIONSHIPS CONSTRUCTS

When examining interaction and resultant relationships in this policy community, the analyst wanted to know if there was a relationship? If there was, who started it and with whom? How long did the relationship last? What was said as they interacted? In what direction did the communications flow? How frequent was the communication? How committed were they to continuing their participation in the policy process via relationships? and, What perception did they have of their role in the policy process relative to the role of others? To that end, this research employed the following interaction concepts, respectively:

#### DIMENSIONS OF INTERACTION STUDIED IN THIS RESEARCH

1. relationships
2. origination and initiated interaction
3. durability
4. communication/content
5. directedness
6. frequency
7. intensity (commitment)
8. role perception

Although there are other interaction concepts identified in the literature review, they were not included in this research because they were not needed to answer the research question. These include rationality, legitimacy, disposition to communicate and given and constants. Other

dimensions include satisfaction, levels of aspiration, ambivalence and perceptions of equality and superiority. In addition, efficiency, competition and obstacles to interaction were identified as dimensions to interaction. They do provide rich conceptualizations for future analysis of policy communities. For the sake of completeness, they are defined at the end of this section, but are not operationalized.

## **1. Conventions of representing relationships**

### **Actors**

Networks are comprised of actors and the relationships between them. According to network conventions, an actor is generic term for a unitary social entity, whether an individual person (Mitchell, 1969) or an larger collectivity such as a corporation, a small business, an organization, an association, a channel, a community, a nation state, or an international organization of nation states (Knoke, 1990). For the purpose of this research the concept of actor will have three dimensions. At the aggregate level it will be taken to mean consumer, business and government. At the intermediate level there will be dyads. At the micro constituent level, an actor will be taken to mean the individual consumer and business associations and government departments and agencies interacting with each other while in the policy community (Johnson & Bonoma, 1981). As well, the terms actor and stakeholder will be used interchangeably.

### **Relationships**

A path is a line in a graph or an entry in a matrix cell representing a link between two stakeholders - a relationship. To determine if there is a link (relationship in which interaction or awareness of activity of other stakeholders is occurring) this analysis will use as indicators, (a) any direct (first order) communications between stakeholders, or (b) a reference to other stakeholders in those communications (second order communications), the latter is indicative of the awareness of the presence of other stakeholders in the policy community as well as awareness of their past, current or future activities within the policy community.

### **First order communications - proviso**

For the purpose of this research, direct, first order communications will be determined by coding the following statements in the documents when conducting the content analysis and the network analysis. To reduce redundancy, each time a network or interaction variable has to be operationalized by coding first order communications, the reader should consult this section of the text for coding instructions.

## **Coding instructions for first order communications**

- . reference to access to other stakeholders's policy process
- . reference to one-on-one communications with another stakeholder
- . reference to organized interaction with other stakeholder at conferences, seminars, workshops, etc.
- . reference to invitations from another stakeholder
- . reference to inviting another stakeholder to their events
- . reference to scheduled, on-going meetings with other actors
- . reference to inviting the opinions of another stakeholder
- . reference to presenting at another stakeholder meeting
- . reference to dialogue with another stakeholder
- . reference to meetings with other actors

## **Second order communications - proviso**

For the purpose of this research, second order communications or referrals to others works will be determined by coding the following statements in the documents. To reduce redundancy, each time a network or interaction variable has to be operationalized by coding second order communications, the reader should consult this section of the text for coding instructions.

## **Coding instructions for second order communications**

- . reference to other stakeholders' involvement with policy process
- . specific mention of other stakeholder
- . reference to documents generated by other stakeholder
- . reference in those documents of that stakeholder's accounts of the activities of another stakeholder
- . references in those documents of the perception of other stakeholder of them
- . reference to other stakeholder reference to their documents
- . comments on quality of contents of the documents
- . reference to nature of the documents
- . reporting of research done by another stakeholder
- . reference to knowledge of the formation of other stakeholder's internal groups
- . reference to expected or anticipated role of other stakeholder with the issue
- . reference to a criticism of another's role in the policy process
- . specific mention of another stakeholder in an internal document
- . reference to documents generated by another stakeholder
- . reference in to accounts of the activities of another

stakeholder

- . references of other stakeholders's perceptions of them
- . reference of a stakeholder's reference of their documents
- . reporting of activities of another stakeholder

### **Dimensions of relationships**

This research will impose three dimensions on relationships, direct, indirect and concurrently direct and indirect. First, a direct relationship will mean that a stakeholder has a direct link with another stakeholder either through a document intended for a specific actor or written in response to a specific actor, a meeting, conference or the like. This direct link can be (1) asymmetrical (a one way communication in the same year), or (2) reciprocal (two way communication in the same year, but not necessarily in direct response to each other). The direct relationship will be indicated by a solid line in the directed graph and in the matrix, a 1 entered in the cell will reflect a direct relationship.

Second, an indirect relationship will mean that there was reference to the stakeholder within a document indicating awareness of another's past, current or expected presence and activity in the policy community. An indirect link is measured by noting any reference within the document to other stakeholders and their activities, whether it be in the text, endnote, footnote or reference list. A second order communications could will also be construed as an autonomous relationship (each talking to or about another stakeholder but not to or about each other). In a graph, an indirect relationship will be shown with a broken line. In the matrix, a 2 entered in a cell will indicate an indirect relationship (second order communication).

Third, there can be a combination of direct and indirect relationships concurrently. In the matrix, a 3 placed in a cell indicates a combination of direct and indirect relationships. In the signed graph there will be both solid and broken parallel lines between two stakeholders.

The reader would code indicators of both first and second order communications as noted in the discussion of dimensions of relationships.

If there is no relationship between the stakeholders (no direct contact with them or reference to them), this will be represented by the absence of a line between two stakeholders in a graph. The presence of a 0 in the matrix cell will mean there is no relationship.

### **Indegree and outdegree**

Two dimensions of relational content are outdegree and



indegree (Knoke & Kuklinski, 1982). Outgoing relationships (outdegree) are those where a stakeholder is sending a message to another stakeholder. They are opening or starting a contact with another stakeholder or replying to a request or invitation from another stakeholder. Those receiving a message are said to be indegree contacts (accepting incoming communications). In the signed graphs, arrows will depict the direction of the flow of information (sending or receiving). In the matrix, the stakeholder sending the message (outdegree) will always be listed in the rows and the receiving stakeholder (indegree) will be in the columns (Scott, 1991).

If communications between dyads are being examined (represented by c-b, b-g, etc), the stakeholder mentioned first is the one sending the communication or making the reference and the other stakeholder is the one receiving the communication or being referred to. An exception to this convention will be allowed. When the three aggregate dyads (c-b, b-g, g-c) are the focus of attention, the positioning of the stakeholder in the link is not indicative of the direction of the communication.

#### **Dyadic nature of the relationship**

If a stakeholder is directly communicating with or referring to only one other stakeholder at a point in time, they are in a **dyadic** relationship. However if they are directly communicating with several other stakeholders at a point in time, they are in **multi-dyadic** relationships. The concept of an **implied dyadic relationship** will be developed to accommodate any indirect, second order communications (reference within a document to other stakeholders and their activities). If they are linked to no one, they are an **isolate**. However, the fact that they are not communicating with each other does not mean that they are not dealing with the issue internally pending future interaction. They also may not be in the network yet or have been in the network but have since left. Either one of these three scenarios will be depicted as an isolate with a qualifying statement, usually at the constituent level.

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2. **Origination of interaction** is the act that starts of a series of exchanges over a period of time in which no previous action was taken (establishes a dyadic relationship). This differs from an **initiated interaction** which refers to the emission of any subsequent exchanges between one stakeholder to another after the origination contact (Homans, 1961). Network theory conceptualizes this phenomena as anchorage or the point of orientation

or source of communication (Mitchell, 1969). This was operationalized by determining which dyad formed initially (if any) followed by tracing the interaction patterns subsequent to the first contact for each aggregate and constituent stakeholder and three major dyads.

To operationalize the concept of origination of interaction, look in the documents for:

- . references to inception of their organization
- . references to mandate of their organization
- . background information on the organization
- . reference to when they became involved with the issue
- . reference to origin of the issue
- . reference to activities leading up to their involvement with issue
- . reference to payments system, past present and future
- . reference to technological innovations or adaptations

To operationalize the concept of initiated interaction:

- . analyze any documents for first and second order communications that occurred subsequent to the seminal one for each stakeholder

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3. Durability of the relationship is a key factor in studying interactions (Achrol & Stern, 1988; Tichy, 1981). Networks are dynamic and change is expected over time. That is, links can be formed, modified, discarded, lapsed or set in abeyance. The durability of relationships will shape the expansion and contraction of the structure of the network. It is suggested that the overall configuration of a typical aggregate network changes very slowly over time but dyadic relations between the constituents will change relatively more rapidly (Aldrich & Whetten, 1981). At a macro level of analysis, the durability of the relationships refers to the length of time (Mitchell, 1969) the policy shaping community existed. At a more micro level, durability refers to the length of time the links or relationships lasted between aggregate and constituent stakeholders and between dyads.

To operationalize the concept of durability, code anything which represents a link between two actors. This entails coding for both first and second order communications (see Section on the proviso for dimensions of relationships for coding instructions). The analysts will be looking for any breaks in communication (lapses

and/or renewals in direct links or referrals to other's activities over the twenty one year time frame).

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4. **Communications** is an inherent dimension of interaction (Homans, 1961). It is the process by which an idea is transferred from a source to a receiver with intent to change behaviour (Rogers, 1979). Looking at interaction as a one way causal relationship does focus attention on the message and the receiver but does not account for reciprocity (defined as the degree to which relationships are symmetrical (Tichy, 1981) or for feedback. On the other hand, a two person (dyadic) relationship allows one to account for reciprocity and allows for shared responsibility and collaboration and two way causality. Studying the interaction of dyadic relationships enables one to account for the communicators (stakeholders), their behaviour and their message, that is, their interaction.

In the internal political economy of the policy shaping community, there are ten possible external communication lines - nine dyadic relationships and one normative triadic relationship. These include business with government; business with consumer; business with business; government with consumer; government with government; government with business; consumer with consumer; consumer with business; consumer with government; and business with government and consumer (triad). These can be direct links or exchanges, or indirect, potential or supportive exchanges or links (Shapiro, 1986). Communication within these lines is limited by confidentiality (secrecy), legality, cost, availability, distortion (varying perceptions) (Stern & El-Ansary, 1977) and accessibility. Communication can also be of an inhouse nature and these will be examined as well.

Communications will be conceived be:

1) asymmetrical (one way communication, that is, the intended audience did not respond to a request (not reciprocated) or the outgoing message is a "cold call" as they say in sales, that is unsolicited but directed to a specific stakeholder.

2) reciprocal (two way communication - a response was returned or some other unsolicited communication was directed to the stakeholder in the same year that they sent one out)

3) autonomous (each talking to or about another

stakeholder but not to or about each other) For example, business may talk with government and consumer talk with government but business and consumer did not talk to each other).

4) in house (not sent to any other stakeholder)

**Content** (the ideas that are flowing between the stakeholders (Knoke & Kuklinski, 1982)) is the reason why interaction and communication occurs (Mitchell, 1969). Content refers to the meanings attached to the relationships. What is the purpose or interest recognized by one or both of the actors? What they are actually talking about? Tichy (1981) and Knoke and Kuklinski clarify that transactional content can be either information, membership, goods and services, expressions of affection or kinship, or influence, power and control. Aldrich and Whetten (1981) note that the content of interactions are referred to as flow; the word flow emphasizes that something passes through a relationship and that channels are dynamic. Enhancing the flow of this information/content is one reason why they are interacting or developing the relationship.

In all networks there will be a network of ties of a specific content, and in this research design, it is political content. This disciplinary research will focus (Johnson, 1986) on the content exchanged pertinent to their perceived role in, access to and contribution to the policy development process for EFTS. This research will measure the content of both inhouse and external communications.

To measure the communication of political content look for statements in the documents concerning:

**Internally directed communication:**

- . reference to other documents generated by them on the issue
- . reference to the nature of document as being internal
- . reference to in-house conferences, seminars and workshops
- . reference to key employees dealing with the issue

**Outwardly directed communication:**

- . reference to the nature of document as being external (for someone else)
- . specific reference to why they initiated contact with the other stakeholder
- . reference to their involvement with policy process in

general

- . reference to other stakeholders' involvement with the policy process
- . reference to access to other stakeholder's policy process
- . reference to their own policy statements or positions
- . reference to policy statements or positions of others
- . reference to likely policy instrument
- . reference to preferred policy instrument of others
- . specific mention of key people at other stakeholder
- . reference to documents generated by another stakeholder
- . reference in those documents of that stakeholder's accounts of the activities of another stakeholder
- . references in those documents of the perception of other stakeholder's of them
- . reference to other stakeholder's reference to their documents
- . reference to nature of the documents
- . reporting of research done by other stakeholder

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**5. Directedness** is concerned with the direction of the communication - is the link one way or reciprocal? A one way link could be the result of an inadvertent turn of events or it could be a reluctance to engage in a mutual relationship. As well, a reciprocal relationship could be entered into voluntarily or as a result of coercion. Usually, two way communication is preferred to one way because it signals that the lines of communication are still open, regardless of the sentiment.

A reciprocal link will have two dimensions. First there will be a reciprocal link when both stakeholders sent and received documents to or from each other (not necessarily in response to specific requests) or met in person with that stakeholder (meeting, seminar, conference, workshop, et cetera). An asymmetrical, one way link will also have two dimensions. First an asymmetrical link will occur if a stakeholder sent a document(s) to another stakeholder but did not receive any from them in that year nor were they referred to by them in that year either. Secondly, an asymmetrical relationship will also exist if a stakeholder cited the works of or referred to the activities of another stakeholder (second order communication) but did not communicate directly with the other actor.

To operationalize the concept of directedness (reciprocal or one way) code first order communications for reciprocal relations and code second order communications for asymmetrical or autonomous relations. Code the following statements in the case:

- . reference to one-on-one communications with another stakeholder
  - . reference to organized interaction with other stakeholder (conferences, seminars, workshops)
  - . reference to invitations from another stakeholder
  - . reference to inviting another stakeholder to their events
  - . reference to scheduled, on-going meetings with other actors
  - . reference to inviting the opinions of another stakeholder
  - . reference to presenting at another stakeholders meeting
  - . reference to dialogue with other stakeholder
  - . reference to interacting with other stakeholder (conferences etc.)
  - . reference to meetings with other actors
- 

**6. Frequency** refers to the number of activities that constitute interaction within a given time frame (Homans, 1961). Quite simply it is the regularity of contact (Mitchell, 1969).

How often did actors communicate (high frequency does not imply high intensity). This is said to be a marginal measure of interaction but it is easily quantifiable. Frequency of contact will be extended to include awareness of other stakeholders in the policy process (that is frequency of mention in the documents).

There can be degrees of frequency of communication. Frequency can range from no communication, infrequent, fairly frequent to very frequent exchanges of information. In this research, this is operationalized in the following way:

Very frequent communication - five times a year or more  
 Frequent communication - 2 or 4 times every year  
 infrequent communication - once a year  
 no communication - speaks for itself

To operationalize the concept of frequency,

. Note direct communications as well as referrals to the activities of others in the network. Also note and count references to past, present or future dates in the documents that reflect intended or past meetings or contacts with other stakeholders for which there may be no documents available for analysis. Do this by coding for both first and second order communications.

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**7. Using conventional network theory, the intensity of**

the interaction has been defined as the degree to which one participant disregards personal costs in order to fulfil obligations (Tichy, 1981). Mitchell (1969) suggested that intensity of the interaction is a measure of the strength of the relationship and is conceptualized as the degree to which one channel member is likely to carry out obligations and/or has the freedom to exercise these rights or the ability to exert influence. Measures of intensity are meant to be an indication of the strength of relationship. Although the intensity or strength of the relationship could be measured by frequency of communication (Haray, 1959) intense links (commitment) can exist even if there is not frequent communication. For example, stakeholders may be developing their internal position on an issue and have not yet shared this with others or have not publicized it.

As noted, measures of intensity (strength) are difficult to devise but if intensity is taken to connote the degree to which the actors are committed (Haray, 1959), then in this research, intensity will be taken to mean the degree of commitment to staying involved with the policy making process. Direct communication with other stakeholders is a strong indicator of commitment to the policy community. However, direct communication or interaction is not a necessary condition for the obligations entailed in a relationship to be honoured (Haray, 1959). Adopting this approach, this research used both first and second order communications as indicators of intensity.

This researcher conceived of varying degrees of actor commitment (intensity):

Strongly committed - a statement to the effect of staying involved with the policy making process or a previous statement suggesting a long term commitment that has not been retracted

Implied commitment - still writing documents but not making explicit statements about commitment

Inferred commitment - other stakeholders are referencing other's works implying that they still perceive that stakeholder as part of the network or connected with the issue

No commitment - no documents from them or references to their work or there is a statement saying that they have withdrawn from the issue.

To operationalize the concept of intensity (commitment to policy community) code the documents for:

- . reference to fact that it is an internal document intended for developing position on the EFTS issue.
  - . reference to continued involvement with policy process.
  - . reference to intent to develop policy on the issue
  - . reference to intent to continue to consult
  - . reference to formation of internal working groups, steering committee, task forces and the like to deal with the issue
  - . reference to knowledge of the formation of other stakeholder's internal groups
  - . reference to withdrawal from the issue
  - . reference to degree of commitment to policy development process
  - . reference to initial involvement with the issue
- 

8. An understanding of the **perceived role** of the channel member involved in the interaction between stakeholders is also important. The conventional measures of network actor roles entail a boundary person, a gatekeeper, a star, a marginal actor, and a liaison, a bridge or broker role, and an isolate. A star is a single actor who dominates the connections of all others (Scott, 1991). A liaison is an individual who interpersonally connects two or more stakeholders within a channel without belonging to the channel. Removal of the liaison results in a disconnected network. A bridge or linking pin (Tichy, 1981) is a stakeholder who is a member of a communication dyad and who has a link with an stakeholder in another dyad. Boundary spanning roles are played by those stakeholders who are the designated point of contact in an organization or department. They connect people but do not belong to the channel. They integrate distant network segments into the larger system by sending messages from one subgroup to another and vice versa (eg. telephone operator or interpreter). An isolate is a stakeholder who has few links with the rest of the channel or other stakeholder (Rogers, 1979).

For the purpose of this research, the role of the stakeholder has been developed along different lines than the conventional measures of network actor roles as delineated in the previous text. Instead of identifying the roles that different actors played in the network the investigator was concerned with the **role perception** of the actors, that is the perceived role in, access to and contribution of themselves and of other stakeholders in the policy process. Therefore, determination of specific roles as measured using conventional network measures will not be done at this time although it is feasible for future research efforts.

This variance in operationalizing actor role as perceived role is grounded in the disciplinary nature of this



research. Because consumer policy development entails adherence to prescribed roles in the marketplace and in the policy process (per literature review), this research is concerned with how the perception of one stakeholder's role in the policy process relative to another stakeholder changed as the network evolved over time. The analyst wants to determine if the stakeholders were satisfied with their contribution to and access to the policy process as well as determine their opinion on the contribution to and access to the policy process of the other stakeholders.

Bales dealt with reactions of channel members to the interaction process and categorized these as positive or negative (1950). Channel members can react emotionally, (verbally) or by performing a task or, quite often both. Channel members can give or ask for direction, opinion or information. On a positive note they can agree or cooperate by rewarding, helping, concurring, complying, expressing satisfaction, passively accepting, or understanding. A negative stance would be exhibited by withdrawal, defence, assertion, rejection, becoming very formal, or deflating or criticizing another's status, input or actions.

This research wanted to gauge the actor's positive or negative sentiments towards role perception of themselves and others. Further, the analyst wanted to determine exactly what the perceived role was of each stakeholder at different points in time. To that end, this concept was operationalized by coding documents statements which provide a:

- . reference to public affairs role
- . reference to expected or anticipated role with issue
- . reference to expected or anticipated role of other stakeholder with issue
- . reference to criticism or praise of another's role in, access to and contribution to the policy process
- . reference to their proposed stance with the issue
- . reference to change in stance with the issue
- . comments on success of previous stances regarding the issue

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It is proposed that the interaction patterns between members of the policy community will be determined by measuring the various dimensions of the interaction process previously outlined in the previous text (relationships, origination and initiation, durability, directedness, communication and content, frequency, intensity (commitment) and role perception.

There are other dimensions of interaction that have been identified in the literature but were not operationalized in this research design. For the sake of comprehensiveness, they are briefly identified in the following text. Homans (1961) identified other dimensions of interaction including rationality, esteem/status, social legitimacy, disposition to communicate, and givens - constants that can be but do not need to be explained. Others include satisfaction, level of aspiration, ambivalence, equality, similarity, and superiority. These are pretty well self-explanatory.

Efficiency of the stakeholder (channel member) communication is another dimension of interaction. It is defined as the degree to which the total investment of inputs utilized to achieve policy can be optimized in terms of outputs (Rosenbloom, 1978). Competition, another component of interaction (Homans, 1961) occurs when there are incompatible goals but no interference in the exchange process (that is no blocking activities by other channel members) (Rosenbloom, 1978). The discussion of policy shaping community competition offered here draws from Rosenbloom's conceptualization of marketing channel competition.

There are various types of competition. Horizontal competition occurs when two similar parties (for example two different businesses) in two different policy channels are competing for policy development (eg. two different consumer issues competing at the same time via two separate policy shaping channels but not as a cohesive system). Intertype competition occurs when there is one consumer issue but two or more similar types of units are competing for policy development (eg. bank with trust company concerning deregulation of financial industry). Vertical competition occurs when there is one policy shaping channel and the different channel members are competing against each other for policy development (business against consumer). Channel system competition occurs when two separate policy shaping communities concerned with two separate consumer issues compete against each other as two separate cohesive units. In network terminology, the term *openness* (Tichy, 1981) would relate to the number of relationships that this community has with other policy communities.

Linked with competition are the obstacles to interaction (Tichy, 1981). These obstacles can be conceived as lack of resources, lack of power, lack of cooperation, absence of trust, presence of conflict, the history of policy shaping community as a cohesive unit, and the many dynamic external political economy variables. Concurrent policy issues may divert attention. Changes in the political agenda of the elected government as well as the

reality of bureaucracy are all obstacles to interaction.

## B. OPERATIONALIZATION OF NETWORK CONSTRUCTS

This research investigated the structure of the network along the following dimensions: how many are in the network and who; of those that could be in the network, how many actually are; of those who are, to what degree; the length of time they were in the network; their awareness of each other's activities; and, their desire to stay in the network. To that end, this research employed the following network concepts, respectively:

### DIMENSIONS OF NETWORKS STUDIED IN THIS RESEARCH

1. size
2. density
3. connectedness
4. stability
5. knittedness (awareness)
6. cohesiveness

The following text will provide basic definitions of these concepts and then elaborate on how they were operationalized for this research design. As with the interaction concepts, these concepts served as guides for the development of the content coding instrument and the development of the matrices from the case study. Although there are other network concepts identified in the literature, they were not included in this research. These concepts include clusters of relationships (cliques and structural equivalents), multiplexity, redundancy, centrality, and reachability. For the sake of completeness, they are defined at the end of this section, but are not operationalized.

1. **The size** of the network refers to the number of actors in the network at any given point in time. The **size** (Tichy, 1981) of the channel literally refers to the number of stakeholders participating in this policy issue at any given point in time and overall.

Operationalize the concept of network size by counting the direct links between stakeholders (writing documents or meeting with other stakeholders (first order communications)) and the number of stakeholders that are being referred to in documents (second order communications) by year then amalgamate. Use the coding instructions set out in the proviso of the dimensions to relationship variable.

2. If one wished to know the extent to which links which could possibly exist among actors actually do exist (Tichy, 1981) they would measure density. Density (a number ranging from 0-1) is the ratio of the number of observed relations to the potential number  $N(N-1)$  with  $N$  being the sample size. If  $N=10$  (resulting in 90 possible pairs) and if only 18 pairs exist, the network density is .20 (actual divided by the potential times 100). The higher the density indices number (closer to 1), the more dense the network (many people are interacting with each other). Conversely, the lower the density indices number (closer to 0), the more sparse the network (few people are interacting with each other) (Knoke & Kuklinski, 1982).

A useful concept borrowed and adapted from Tichy (1981) is occupational density, that being the portion of all members of the consumer policy network who are actually in the policy shaping community. Another, more micro interpretation of this concept is the number of potential stakeholders for an issue who are actually communicating to each other through dyadic relationships.

If, in a matrix, 1 is used to indicate the presence of a relationship, and 0 is taken to mean no link, then a network that is sparse will have a lot of 0s in the matrix while a more dense network will have a lot of 1s. As a matter of interest, a density of 0 indicates a totally disconnected graph (or network) and a density of 1 indicates a totally connected graph. From the directed graphs, count all ties, reciprocal (solid or dotted lines with arrows at both ends) and asymmetrical (solid or dotted lines with arrows on one end only). Compare this to the potential number of relations (aggregate and constituent).

In this analysis, the potential aggregate sample size is three (C,B,G) with a total of six possible pairs (c-b, c-g, b-c, b-g, g-b, g-c). However, when one examines interaction between c-c, b-b and g-g departments or associations, the actual number of possible pairs increases to nine. The potential final constituent sample size will vary extensively over the years because many constituents (organizations) could have (a) left the policy community early and not returned, (b) not been part of the policy community in the earlier years but entered later in the life of the policy community, (c) left the policy community and then came back in at a later date, or (d) were not even in existence until later in the life of the policy community. At a finer level, density was also operationalized as the ratio of reciprocated direct ties (first order communications) to the total possible ties or the ratio of asymmetrical ties

(second order communications) to the total possible ties (Knoke, 1990). The analyst compared these density ratios to the standard density ratio.

Follow the following example to calculate density of the network if the relational data is represented in a matrix. Within the matrix, sum row totals and divide by the possible number of relationships (depending on the level of analysis (aggregate, dyads or constituents) and multiple by 100). For example, if the matrix concerned C,B,G, the possibility of being in the network over 21 years would be 3 aggregate actors x 21 years = 62. If the row totals indicated 42 instances of communications generated collectively by C,B,G, then the network density would be .68.

For the sake of this analysis, a highly dense network falls within the .75-1.00 range, moderate density from .50-.74; and low density from .35-.49. Very low density (a sparse network) would fall below the density index of .34 and an index of .00 means no density (no relationships). Scott (1991) noted that the maximum density for most networks is .50.

To operationalize this concept, the investigator noted any communications between stakeholders by doing frequency counts on any directed communication, references to other stakeholders, and citations in references lists or endnotes (indicating awareness of other's activities and presence in the network). Do this by coding all first and second order communications (see coding instructions provided for the relationship variable (dimensions of relationships)).

---

**3. Connectedness** is concerned with the degree to which actors of the network as a whole are linked with each other in communication flows (interaction) (Rogers, 1979). That is, of those in the network, to what degree are they connected? A network is connected to the extent that all actors can be joined by paths of particular types (strongly, unilaterally, weakly, disconnected). While certain actors are better connected than others, the network as a whole has a sense of connectedness. The more connected it is, the more possible for the relational content (discussion of EFTS) to flow through the system. A connected network facilitates the exchange of information.

There are several dimensions to the concept of connectedness:

1. strongly connected- every pair is reachable through bi-directional ties (mutual ties), symmetrical and

reciprocal (all lines are there and each line has an arrow at the both ends of it). The matrix would have 1s in each cell.

2. unilaterally connected - every pair is linked by a path in one direction but not the other (the lines are there in the graph but some of the arrows are missing; 1s show up in a basic matrix (indicating a relationship) and a 0 indicates no relationship).

3. weakly connected - points are joined by lines regardless of their direction (some lines are missing in the graph; 0s show up in the matrix, both indicating no relationship)

4. disconnected - at least one point is not connected (there is not line between the two stakeholders. This could indicate that the stakeholder was working internally on the issue but not exchanging information with anyone or referring to their activities - an isolate.

To operationalize the concept of connectedness:

. note any communications between stakeholders by doing frequency counts on any directed communication, references to other stakeholders, and citations in references lists or endnotes (indicating awareness of other's activities and presence in the network). Do this by coding all first and second order communications (see coding instructions provided for the relationship variable (dimensions of relationships)).

---

4. **Stability** refers to whether or not the relations (links) remain the same over time - how long did the network survive or maintain equilibrium or balance (the same stakeholders stay in the network compared to coming and going or entering for the first time)? The ultimate predictor of stability is the probability of a link failing. If links fail, the network can become unstable. Multiple links increase stability because if one relationship breaks down others are there to keep the network stable. Stability is a function of multiplicity, redundancy and overlap (Aldrich & Whetten, 1981).

Stability is closely related to the number of links between channel members. If links fail, the channel becomes unstable. In order to facilitate such a focus, the political economy framework utilizes the concepts of direct relationships (focal exchanges) and indirect relationships (support or potential exchanges) (Hutt, Mokwa, & Shapiro, 1986). Network analysts utilize a similar conceptualization. They use the terms direct

link and indirect link. Aldrich and Whetten (1981) noted that a direct link refers to a relationship in which there is direct influence while an indirect link has no immediate influence (1981).

Further, multiple linkages (multi-dyadic relations) increases network stability because if one relationship breaks down, others are there to keep the channel stable (Aldrich & Whetten, 1981).

There will be varying degrees of stability and the degree of stability will vary depending on if the level of analysis is the aggregate actor (C,B,G) or the constituent level of analysis (different organizations and departments of the aggregate actors). This notion helped shape the conceptualization of the degrees of stability utilized in this research:

a. A stable network will be manifested by the presence of the same aggregate and constituent stakeholders consistently remaining in the policy community and engaging in multi-dyadic links.

b. A moderately stable network will mean that there was some fluctuation in the constituent composition of the dyadic membership of the policy community but that the network still continued to exist and function (predominately with multi-dyadic links) but with a changing character.

c. Low stability means that there was a high incidence of instigating then lapsing of links between constituent stakeholders over the years to the extent that the network collapsed on several occasions but was reestablished at the aggregate level.

d. An unstable network would occur if there was continual lapsing of aggregate links over the years with little continuity in relationships or in the constituent composition of the network leading to an eventual total collapse of the network.

To operationalize the concept of stability:

. note any communications between stakeholders by doing frequency counts on any directed communication, references to other stakeholders, and citations in references lists or endnotes (indicating awareness of other's activities and presence in the network). Do this by coding all first and second order communications (see coding instructions provided for the relationship variable (dimensions of relationships). Using these indicators of links, trace the existence of the links over the years, at the aggregate, constituent and dyadic

level of analysis, thereby developing a comprehensive measure of stability.

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5. The concept of **knittedness** refers to how well actors know of each other (awareness of each other's activities as well as direct exchanges of information (Tichy, 1981)). Networks can be referred to as loosely or richly joined relationships. A close knit network is one where there are many relationships between the actors, implying that they know of each other. A loosely knit network means that the actors are not well known to or aware of each other. An actor could be acting in isolation. A close knit network will have short paths between actors (can reach another actor through a few people) while a loose knit network will have long-path relationships (need to go through a lot of intermediates to make a contact). This affects the flow of information. Knittedness is also related to durability of relationships (Aldrich & Whetten, 1981; Mitchell, 1969). Theoretically, the more tightly knit the system the more likely that the channel will be durable.

The use of knittedness to denote awareness is supported in the literature. Scott discussed "networks of awareness relations" (p.78, 1991). Knoke (1990) discussed awareness between network actors. Knoke proposed that it is important to not only observe the developments which occur due to ones own actions but to also follow (be aware of) various developments and activities of other parts of the network. He suggested that the actor can use the network to spread or collect information; that the actor does not have to have a direct contact with all other actors. Instead, the actor can use the network as an intermediate thereby negating the need to invest in a direct relationship with another actor. This means that the actor could use weak ties (conceptualized by Knoke and in this research as maintaining awareness of the activities and presence of others in the policy community) to follow developments germane to the issue and track positions of other stakeholders while reserving actual contact (strong ties) with other actors as a means of having direct influence in the policy process. Granovetter (1973) also referred to these links as, respectively, weak ties and strong ties.

Scott (1991) suggested that directed solid lines (or 1s in the cells) would be indicative of strong ties while undirected solid lines would be indicative of weak ties. This convention was adopted in this research. Also, for the purpose of this analysis, a close or tight knit, richly joined network at the aggregate level (six possible pairs) will have 5-6 ties; an intermediately knit network will have 3-4 ties and a sparsely joined or



loosely knit network will have 1-2 ties. If there are no ties (all isolates) there will be no knittedness because there are no relationships. This classification is based on both direct relationships (a document sent to someone, an invitation, a meeting and the like) and referrals to each others work. This provides an even finer picture of the knittedness (awareness) of the network.

To operationalize awareness/knittedness, code the documents for first and second order communications using the coding instructions set out in the definition of the dimensions of relationships concept.

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6. **Cohesiveness** can be defined several ways. It can be conceived as the proportion of network relations that are reciprocated. A cohesive field (network) is also one in which the stakeholders have a common interest, have established relationships and have maintained relationships rather than act as isolates. A network becomes more cohesive when it moves from isolates to reciprocal relationships. To that end, cohesiveness can be defined as the degree to which stakeholders remain and interact with others in the field (Rogers, 1974). Cohesiveness can also refer to the forces holding the stakeholders within the groupings (arrangements) in which they are. The opposite of a cohesive network is a diffuse network (Moreno, 1950).

This research will use Roger's (1974) definition of cohesiveness (the degree to which stakeholders remain and interact with others in the network rather than act as isolates). Comments on the desire to stay involved with the policy making process will be used to indicate the cohesiveness of the network. Aggregating actor cohesion will provide an index of network cohesion.

There are different degrees of cohesiveness which will be employed when the concept of cohesiveness is operationalized:

a. If a stakeholder makes a direct statement that they intend to stay involved in the policy making process, this is a first order indication of cohesiveness - strongly cohesive.

b. If they are still writing documents but make no specific reference to a desire to stay involved with the policy process this is a second order indication of cohesiveness - inferred cohesive.

c. No documents in a given year may be offset by an indirect reference to them and their activities relative to the policy process by another stakeholder or by a

citation in another's reference list or endnote and this would be a third order indication of cohesiveness - implied cohesiveness.

d. No documents or indirect reference indicates lack of network cohesion - no cohesion, a diffuse network.

Code for direct statements regarding a desire to stay in the policy community to identify a strongly cohesive network. Make note of whether there are actual documents being released in a given year or if there are meetings with other stakeholders to measure inferred cohesiveness (first order communications). Code as well the second order communications to measure implied cohesiveness.

Code as well for:

- . reference to public affairs role
- . reference to expected or anticipated role with issue
- . reference to expected or anticipated role of other stakeholder with issue
- . reference to criticism or praise of another's role, access to and contribution to the policy process
- . reference to their proposed stance with the issue
- . reference to change in stance with the issue
- . comments on success of previous stances regarding the issue

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#### **Related network concepts not used in this research design**

The following concepts are relevant network concepts identified in the literature but have not been operationalized for this research design. However, for completeness, they are defined in the following text. They include clusters of relationships (cliques and structural equivalents), multiplexity, redundancy, centrality, and reachability, in order of presentation.

Clusters of relationships (Subgroups) is also a network feature (Scott, 1991). It is possible to aggregate the actors in a network together in one of two network positions - cliques or structural equivalence (Scott, 1991). By occupying positions in a network structure, individual actors have certain connections to other actors, who in turn also occupy unique structural positions (Knoke & Kuklinski, 1982).

The assembly of actors into either **cliques or structural equivalents** for means of analysis of network structure is an arbitrary decision of the researcher. The existence of these patterns helps to explain the form and content

of relationships. Clique groupings are usually used for a single network analysis while comparisons of multiple networks usually benefits from imposing the structural equivalent criteria for grouping the patterns of relations between actors (Knoke & Kuklinski, 1982). Cliques refer to the actual occurrence of a tie (relationship) while structural equivalence refers to the pattern of the ties.

If there are no missing paths (links) between a set of actors they can be called a clique, that is, they are all linked to each other. A clique will be revealed by as many 1s as possible being close to the diagonal in a matrix. Each member of the clique is in a relationship with each other. If a member does not belong to a clique he is noncliquial (the corresponding row in the matrix is all zeros). An actor is unicliquial if he belongs to one clique. Actors are cocliquial if two member belong to at least one clique in common (Knoke & Kuklinski, 1982).

If actors are linked to similar others in the same way but not necessarily linked to each other, they are said to be structurally equivalent. Two actors are joined in a group (structural equivalent) if they maintain similar patterns of communications to similar categories of stakeholders (Scott, 1991). Blocks of actors would be indicative of stakeholders who have high rates of communication with each other whereas those that rarely exchange information are not part of the block (targets of policy influence communications. These blocks can also reveal the absence of links (Knoke, 1990).

**Multiplexity** identifies the degree to which actors are linked to more than one relationship. A network composed of a multiplicity of actors with ties to one another (revealed as communication between multiple boundary spanners) could be quite stable. The more relationships linking one stakeholder to another, the stronger the links (Tichy, 1981).

**Redundancy** of relationships refers to duplication or overlap of relations (membership in more than one dyad) (Aldrich & Whetten, 1981). This redundancy provides several entry points for stakeholders to get into dyadic relationships therefore ensuring that policy can be developed even if one stakeholder is not responsive. Redundancy or cross memberships in organizations, is said to be an efficient structural arrangement but also one that strengthens overall network stability.

**Centrality** is the position of a stakeholder relative to others determined by the number of relationships and the direct or indirect nature of the relationships (function of directedness and density) (Scott, 1991). A stakeholder

linked directly to a large number of others are most central. A stakeholder linked indirectly to a large number of others directly to a small number of others is moderately central and a stakeholder linked indirectly to a large number of others is less central. It is also expressed as the proportion of network relations that involve a specific actor. It is the number of mutually chosen pairs (Rogers, 1974).

**Reachability** refers to the average number of links separating two stakeholder (Tichy, 1981) or the fact that every person can be reached or can reach someone (Mitchell, 1969). This concept relates to an actor while **connectedness** refers to the network. In contrast, **density** refers to the proportion of links that actually exist. **Reachability** is the degree to which actors can reach or be reached by someone. It is the presence of a path between two actors and indicates whether there is a flow of information. **Reachability** is expressed in terms of **compactness** - a network can be compact or scattered. If a large proportion of people in a network can be contacted within a relatively small number of steps then the network is compact in comparison with one in which a smaller proportion may be reached in the same number of steps.

Knoke and Kuklinski (1982) also discussed **centralization** (Scott, 1991), **prestige** and **influence domain**.

APPENDIX TWO

THE RESULTS OF THE SNOWBALL SAMPLING STRATEGY

Initial contact

Zone one nominees

Government:

Department of Consumer  
Corporate Affairs  
Blake Dobrowolski \*<sup>1</sup>

Tom Gussman (CCAC  
analyst)  
Canadian Payments  
Association  
OECD  
Department of Finance  
Canadian Bankers  
Association  
PACE -Payments  
Alternative  
Communications  
Exchange  
Ontario Government -  
McLaren Report  
Department of Justice  
(S. Goldstein)  
Payments System  
International (PSI)  
Canadian Symposium  
MacDonald and Smythe  
Consultancy Report

Jocelyn Nevue @<sup>2</sup>

Madeleine Plamondon

Judy MacDonald @

Public Interest  
Advocacy Center  
George Botulynsky CCAC  
Doug Kuntze CCAC

Diane Law #<sup>3</sup>

Canadian Deposit Insurance

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<sup>1</sup>An \* means that this contact was obtained from an article, a bibliography, and endnote or a footnote.

<sup>2</sup>A @ indicates that, due to prior experience with the EFTS issue, the researcher was previously aware of this contact.

<sup>3</sup>A # means that this contact was obtained from a referral from personal communication of some sort - letter, phone conversation or personal contact rather than from reading a document.

Corporation @

no referrals/not  
involved

House of Commons Standing Committee  
on Finance and Economic Affairs\*

Department of Supply  
and Services

**Business:**

Canadian Bankers Association @  
Linda Routledge

Department of External  
Affairs  
Canadian Bank Card  
Association  
Mastercard Association  
OECD  
(PACE) Payments  
Alternative  
Communications  
Exchange

INTERAC @

Proprietary

PACE \*

No reply

**Consumer:**

Consumer's Association of Canada @  
Sally Hall, Pres.

Kevin Doucette CAC  
Robert Kerton  
James Savary

\*\*\*\*\*

**Zone one nominees**

**Zone two nominees**

**Government:**

Department of Consumer  
Corporate Affairs:

Tom Gussman (CCAC analyst)  
Peter Ferguson CCAC

Doug Kuntze CCAC

George Botulynsky CCAC

David Waite CCAC

Jim Buchanan (CCAC)#  
Blake Dobrowloski  
(CCAC)#  
David Waite (CCAC)#  
Peter Ferguson (CCAC)#  
Department of Finance#  
UNCITRAL#  
Peter Ferguson (CCAC)#  
Department of Justice#  
Dept of Communication#  
Department of Finance#

	Retail Council of Canada#
MacDonald and Smythe Consultancy Report	In CCAC library
Canadian Payments Association	Retail Council of Canada* Canadian Federation of Independent Business* Canadian Cooperative Credit Society* Trust Companies Association of Canada* UNCITRAL*
Wendy Hope (CPA)	Dept of External Affairs# Dept of Finance#
OECD	Numerous international materials Canadian Bankers Association # excluded OECD
Department of Justice (S. Goldstein)	CCAC* CAC* Department of Finance* UNCITRAL #
Public Interest Advocacy Center	CCAC * Department of Finance*
Ontario Government - McLaren Report	no reply
Department of Supply and Services	excluded
Department of External Affairs	David Waite CCAC * OECD*
Department of Finance Anna Markopoulou	Canadian Payments Association# CCAC# Jocelyn Martel # Peter Ferguson CCAC# Doug Kuntze CCAC#
<b>Business:</b>	
Canadian Bank Card Association	Law Reform Commission * INTERAC * PACE *

Mastercard Association

Cathy Irvin (Bank of Montreal)#

PACE

no reply

Payments System International (PSI)  
Canadian Symposium

unable to contact

**Consumer:**

Kevin Doucette CAC

ongoing contact

Robert Kerton (Academic)

Helen Morningstar CAC

James Savary CAC

No reply

Madeleine Plamondon (Quebec)

Language barrier

\*\*\*\*\*

**Zone two nominees**

**Zone three nominees**

**Government:**

CCAC

Peter Ferguson

Provincial and  
Territorial  
Governments\*  
Office of the  
Superintendent of  
Financial Institutions

\*

Jim Buchanan (CCAC)

Blake Dobrowloski #

Doug Kuntze CCAC\*

Jocelyn Martel

Peter Ferguson CCAC\*

Tom Gussman CCAC

Law Reform Commission

UNCITRAL#

Department of Finance#  
CAC\*

Department of Communication

Excluded

UNCITRAL

no rely but received  
relevant information  
from the Department of  
Justice

**Business:**

Retail Council of Canada\*

Canadian Federation of Independent Business\*



Canadian Cooperative Credit Society\*

Trust Companies Association of Canada\*

Cathy Irvin (Bank of Montreal)

Department of Justice\*  
Peter Ferguson CCAC#

**Consumer:**

Helen Morningstar CAC

James Savary\*

\*\*\*\*\*

**Zone three nominees**

**Government:**

Office of Superintendent of  
Financial Institutions

CCAC\*

Provincial Governments

CCAC\*

\*\*\*\*\*

APPENDIX THREE

LETTER CONTAINING QUESTIONS DESIGNED TO ACCOUNT FOR  
MISSING DATA, ORGANIZED AROUND TWO CONCERNS -  
COMPREHENSIVENESS OF CASE AND INTERPRETATION OF  
THEIR MATERIAL

Sue L.T. McGregor  
11565 Peggy's Cove Road  
RR#1 Site 9 Box 10  
Tantallon, Nova Scotia B0J 3J0  
1-902-823-2625

June 21, 1991

Dear \_\_\_\_\_

To reiterate, I am conducting PhD research on the policy development process relevant to EFTS and EFTPOS in Canada. Recently, I have been in contact with your organization with the objective of soliciting documents generated on this topic.

I thank you for your response(s)!

Now, I would like to provide you with an opportunity to respond to my interpretation of your evolving position with this issue. I have enclosed a draft of a case study which reflects my interpretation of the various materials that you thoughtfully forwarded to me. In developing this draft, I simply made an attempt to develop a chronological profile using predominately the documents you selected and sent to me. If I felt that other stakeholders clarified your position, their perceptions are incorporated and footnoted for your verification.

I remind you that I am attempting to form an appreciation of the network of relationships that developed between the stakeholders who are affected by or are affecting the evolution of EFT/POS in the marketplace. Bearing this in mind, I would ask that you read the enclosed case and reflect on the following question -

"Based on the information incorporated in this case, do you feel comfortable with me drawing conclusions about the pattern of relationships that evolved between you and the other stakeholders during the development of consumer policy for this issue?"

I am asking that you attend to this request within one week of receipt of this letter (I will explain why in a moment). The following series of questions concerning your perception of both the comprehensiveness of the case

and my interpretation of the data might help clarify your responses to this request:

### Comprehensiveness of case

- \_\_\_\_\_ 1. In your opinion, is there sufficient information documented in this case to enable me to reach reliable conclusions on your interaction and dialogue with other participants/stakeholders in the payments system (see attached list of stakeholders)?
- \_\_\_\_\_ 2. Are you aware of other conferences, meetings, seminars, workshops, task forces, committees or forms of interaction and dialogue that have not been incorporated into the case? Please identify and forward these sources or confirm that they exist but are proprietary.
- \_\_\_\_\_ 3. In your opinion, were these the key events and people reflecting your associations involvement with other stakeholders during the historical and current development of this issue (that is, have I missed anything that would compromise the integrity of your case)?

### Interpretation of the material

- \_\_\_\_\_ 4. Are there any messages or interpretations that you feel uncomfortable with? Is there information that you can provide that would rectify your apprehension?
- \_\_\_\_\_ 5. If there are any obvious gaps in this recounting of your involvement with the network of stakeholders and the interactions revolving around this policy issue, would you please identify and clarify these?
- \_\_\_\_\_ 6. In your opinion, have I relied too heavily on some sources of information and thereby biased the case? Can you provide documents which would reduce this prejudice? Would you place more emphasis on anything?

Subsequent to this process of vetting the individual cases with each respective stakeholder (you), I will be incorporating the feedback received from this stage of the research into revisions of each individual case. Then each individual stakeholders' case will be integrated into a macro case study which will be a cumulative chronological profile of the policy network that evolved over a twenty year time frame. From this I will attempt to determine the relationships that evolved and the structure and configuration of the policy network.

Hopefully this pending amalgamation of the individual case studies illustrates how important it is that you, as a key stakeholder, take the time to assure yourself that my interpretation of your interaction and dialogue with other stakeholders involved with this issue is historically accurate and complete as well as current.

Feel free to copy and circulate this case with anyone else whom you deem to be or has been privy to this issue. I encourage you to edit and write in the margins and in the text. Further, to facilitate the task of integrating the individual cases into a macro case (before I return to my graduate school in Scotland at the end of August), I have a request. I ask that you please attend to this (what I hope is an) intriguing and exciting task within one week of receipt of the case.

To expedite this request, I will telephone you approximately 10 days after I have mailed you the case. This call (which should last about half an hour or less) will serve as an opportunity for you to clarify your responses to the key question and the six supporting questions. Subsequent to this conversation, I hope you will return to me the a) edited text, b) your written response to the questions, c) coupled with supporting documents (if appropriate).

In previous conversations, I have verbally confirmed your participation at this stage of the development of the macro case. For indeed, your participation is very significant to the successful completion of the analysis, insights, and contribution to future policy analysis that will follow from this study.

Participation in this macro case study (via the process of vetting the case study pertinent to your organization) is valuable even if your organization is no longer directly associated with the issue - in fact, the integrity of the research depends on it. Therefore, I look forward to the continuation of our dialogue and exchange of information.

Thank you ... I will be contacting you shortly.

---

Sue L.T. McGregor PhD. Candidate  
Assistant Professor, Consumer Policy  
Department of Human Ecology  
Mount Saint Vincent University

For your information:

**Perceived stakeholders in the EFTS policy issue**

**Federal government**

— Consumer and Corporate Affairs Canada (as well as the Departments of Justice, Finance, Communications, and the Office of the Superintendent of Financial Institutions)

**Provincial governments**

— Provincial Departments of Consumer Affairs or Justice

**Consumers**

— Consumers Association of Canada

**Business (financial institutions, associations and retailers)**

— The major banks

— Caisse Populaire Desjardins

— Canadian Cooperative Credit Society

— The Trust Companies Association of Canada

— Canadian Payments Association

— Canadian Bankers Association

— Retail Council of Canada

— Canadian Federation of Independent Business

— Interac Association

— Payment Alternative Communications Exchange

APPENDIX FOUR

CODING INSTRUMENT FOR INDIVIDUAL DOCUMENTS

Document number \_\_\_\_\_

Organization \_\_\_\_\_

Author \_\_\_\_\_

Date \_\_\_\_\_

Title of Document

\_\_\_\_\_  
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Type of document \_\_\_\_\_

Length of document \_\_\_\_\_

Status of document \_\_\_\_\_

Intended audience? \_\_\_\_\_

Source of document \_\_\_\_\_

## APPENDIX FIVE

### THE PROCESS ENTAILED IN CONVERTING THE QUALITATIVE CASE STUDY DATA TO RELATIONAL DATA

There are 51 matrices and 4 sets of graphs. They are summarized below prior to provision of extensive instructions on their development.

#### Title of Matrices

- $E1_1$  - Incidence of aggregate internal activity compared to direct communications or referrals (valued matrix, includes b-b, g-g)
- $E1_2$  - Incidence of egocentric activity by aggregate stakeholder (Binary matrix)
- $E1_3$  - Frequency of egocentric activity by aggregate stakeholder
- $E4_1$  - Incidence of formation of intra-organizational bodies to deal with EFTS (Binary matrix)
- $E4_2$  - Frequency of formation of intra-organizational bodies to deal with EFTS
- D - graphs
- $M3_1$  - Incidence of 3 major dyadic links (first and second order) Binary matrix
- $M3_2$  - Frequency of 3 major dyadic links (first and second order)
- $M4_1$  - Incidence of creation of interorganizational bodies to deal with EFTS (Binary matrix)
- $M4_2$  - Frequency of creation of interorganizational bodies to deal with EFTS
- $T1_1$  - Incidence of aggregate express desire to form a triad of stakeholders (Binary matrix)
- $T1_2$  - Incidence of aggregate statements regarding desire to work together (Binary matrix)

- T1<sub>3</sub> - Frequency of aggregate statements regarding desire to work together
- T1<sub>4</sub> - Aggregate inclinations regarding preferences for policy direction (Valued matrix)

#### Interaction matrices

- I1B<sub>1</sub> - Incidence of 8 dyadic contact (first and second order) (binary matrix)
- I1B<sub>2</sub> - Incidence of aggregate stakeholder contact (first and second order, (includes g-g and b-b) (Binary matrix)
- I1C - Frequency of 3 major dyads directly communicating (includes b-b and g-g)
- I1D<sub>1</sub> - Incidence of 6 dyads in direct communication (binary matrix, does not include b-b or g-g)
- I1D<sub>2</sub> - Frequency of 6 dyads in direct communication, does not include b-b or g-g)
- I1E - Frequency of 9 dyads in direct and internal communication
- I1F<sub>1</sub> - Incidence of 9 dyads in second order communications (referrals) (Binary matrix)
- I1F<sub>2</sub> - Frequency of 9 dyads in second order communications (referrals)
- I1G<sub>1</sub> - Incidence of 9 dyads in first and second order communications (Binary matrix)
- I1G<sub>2</sub> - Frequency of 9 dyads in first and second order communications
- I2B - Incidence of aggregate stakeholder direct communications sent to anyone (outdegree) (Binary matrix, includes b-b and g-g)
- I2C - Frequency of aggregate stakeholder direct communications sent to anyone (outdegree) (includes b-b and g-g)
- I2D - Frequency of aggregate stakeholder receipt of direct communications (indegree) (does not include b-b and g-g)
- I2E - Incidence of aggregate stakeholder receipt of direct communications (indegree) (Binary



matrix, does not include b-b and g-g)

- I4A - Incidence of aggregate stakeholder intensity (desire to stay in community) (Binary matrix, includes b-b and g-g)
- I4B - Intensity of 5 dyads communications (desire to stay in community) (Incidence, valued matrix, includes b-b and g-g)
- I5A<sub>1</sub> - Scope of aggregate stakeholder comments on perceived role (Valued matrix, includes b-b and g-g)
- I5A<sub>2</sub> - Incidence of aggregate stakeholders commenting on role perception (Binary matrix, includes b-b and g-g)
- I5B - Incidence and sentiments of aggregate stakeholder comments on their perceived role, contribution to or access to policy process (Valued matrix, includes b-b and g-g)
- I5C - Frequency of aggregate stakeholder comments on their perceived role, contribution to or access to policy process (includes b-b and g-g)
- I5D - Incidence of 9 dyads comments regarding another stakeholders perceived role in policy process (Binary matrix)
- I5E - Frequency of 9 dyads comments regarding perceptions of another stakeholders role in policy process
- I5F - Sentiments of 9 dyads comments regarding another stakeholders perceived role in policy process (valued matrix)

#### Network matrices

- N1A - Incidence of aggregate stakeholder being in network (internal communications as well as direct and referrals) (Binary matrix)
- N1B - Incidence of aggregate stakeholder being in network (direct and referrals) (Binary matrix)
- N1C - Frequency of aggregate stakeholder being in network (internal communications as well as direct and referrals) (Includes b-b and g-g)
- N1D - Frequency of aggregate stakeholder being in

- network (direct and referrals) (Includes b-b and g-g)
- N2A - Incidence of 8 dyads being in network (direct and referrals) (binary matrix)
- N2B - Incidence of 6 dyads being in network (direct and referrals) (binary matrix)
- N2C - Incidence of 8 dyads being in network (direct and referrals) valued matrix, extent of communications
- N2D - Incidence of 6 dyads being in network (direct and referrals) valued matrix, extent of communications
- N2E - Incidence of 3 major dyads being in network (direct and referrals (binary matrix). Does not include b-b or g-g.
- N2F - Incidence of 3 major dyads being in network (direct and referrals (valued matrix - extent of communications) Includes b-b and g-g)
- N2G - Incidence of 3 major dyads being in network (direct and referrals (binary matrix). Includes b-b and g-g.
- N3A - Cohesiveness of network from aggregate perspective. Valued matrix (does not include b-b, g-g)
- N3B - Incidence of aggregate stakeholder being in network (direct and referrals) Binary matrix (does not include b-b, g-g)
- N3C - Cohesiveness of 3 major dyads. Valued matrix (does not include b-b, g-g)

#### INSTRUCTIONS FOR GENERATION OF RELATIONAL DATA FROM CASE STUDY DATA

#### E - PRELIMINARY INTERNAL (EGOCENTRIC) ACTIVITY

It is proposed that egocentric activity (internal analysis of issue) will occur as a result of a perception that there has been a change in the macro policy environment which will effect the stakeholders' interest in the marketplace. Propositions related to this stage of the evolutionary process will be indicated with an "E",

indicating "egocentric activity". There are four such propositions and matrices were developed to deal with each of these proposals:

E1. Internal egocentric activity (developing initial position of the issue) will occur prior to dyadic activity.

Matrix E1<sub>1</sub> - Incidence of aggregate internal activity compared to direct communications or referrals (valued matrix, includes b-b, g-g)

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). Place a 1 in the cell if the stakeholder generated any internal documents in that year. It could be a "working document only", minutes for meetings, a newsletter, a memorandum or internal memo or a consulting contract. In this case, count journals because the information contained in them is targeted to their membership. Place a 2 in the cell if the stakeholder communicated directly with or referred to another stakeholder during that year or made references to others. Place a 3 in the cell if they generated both internal and first and second order dyadic communications in the same year. Place a 0 in the cell if the stakeholder made no comments in that year. Manipulation of the cell entries will provide the evidence for the incidence of internal activity compared to external activity. Total the column 1s, 2s, and 3s for evidence of the most common type of communication activity for the policy community as a whole. Total the row 1s, 2s, and 3s for evidence of the most common communication activity for each aggregate stakeholder. Examination of the column totals should reveal patterns of the community as a whole as the years evolved.

Were there any instances where dyadic exchanges with another stakeholder occurred prior to the writing of internal documents? Was there simultaneous writing of internal and dyadic exchanges (indicated by a 3 in the cell)? In this case the proposition did not hold.

Matrix E1<sub>2</sub> - Incidence of egocentric activity by aggregate stakeholder (Binary matrix)

By splitting Matrix E1<sub>1</sub>, the investigator can create a matrix of three rows (C,b,g) and twenty one columns (1971-1991) which will provide a profile of the incidence of egocentric aggregate stakeholder activity. This can be done by collapsing the 1,2, and 3 cell entries into 1 and retain the use a 0 if no activity occurred. Column totals indicate the total incidence of aggregate egocentric activity. Row totals indicate the incidence of

egocentric activity for each aggregate stakeholder. Examination of column totals provides evidence of evolutionary patterns of this activity.

Matrix  $E1_3$  - Frequency of egocentric activity by aggregate stakeholder

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). In each cell for each aggregate stakeholder enter the frequency count for the number of internal documents generated each year of their presence in the network. Row totals will provide a measure of the stakeholder which was most active in this activity. Column totals profile the number of internal documents generated collectively by the network each year. The sum of the column totals is the total number of internal documents generated by the entire network. Examination of the yearly column totals will reveal patterns relevant to this activity.

E2. The length of time devoted to internal egocentric activity will vary for each stakeholder.

Matrix  $E1_2$  - Incidence of egocentric activity by aggregate stakeholder (Binary matrix)

Use the matrix generated for  $E1_2$ . In the row totals, tally the number of years each stakeholder devoted to writing internal documents before they resorted to dyadic relations (count up the 1s). If there was variation between the row totals for the three aggregate stakeholders or if any stakeholder returned to internal activity after engaging in a dyadic relationship(s), indicated by a series of 1s and 0s, then the proposition is upheld. Manipulation of the cell entries will provide the evidence for incidence of aggregate egocentric activity (count the 1s and 0s to see which was most prevalent).

E3. Stakeholders would not return to internal activity subsequent to engaging in dyadic activity.

Use matrices generated for proposition  $E1_1$ . If, within the row entries, there are no 2s or 3s after the cell entry of a 1, this proposition is not upheld, that is the stakeholder did return to internal activity after entering into dyadic activity. Conversely, if there are 1s after the entry of 2s or 3s, this is also evidence that the proposition is not upheld - that is the stakeholder did return to internal activity after entering into dyadic activity.

E4. Prior to entering into dyadic relationships, stakeholders will form internal bodies to deal with the issue of EFTS.

Matrix E4<sub>1</sub> - Incidence of formation of intra-organizational bodies to deal with EFTS (Binary matrix)

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). Place a 1 in the cell if there is mention of the creation or existence of an internal body to deal with EFTS. Look for such words as setting up an internal file, establishing a task force, committees, steering committees, project teams, working groups and the like. Annotate the matrix with the specific constituent who formed the body and indicate the type of inter-organizational body which was formed. Column totals will provide a measure of the years during which this internal activity occurred. Examining the cell entries in the rows will reveal whether a stakeholder engaged in such activities and the incidence of this activity. Examination of the yearly column totals will reveal patterns relevant to this activity.

Matrix E4<sub>2</sub> - Frequency of formation of intra-organizational bodies to deal with EFTS

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). In each cell, enter the frequency count for the number of intraorganizational entities formed during each year for each aggregate stakeholder. Annotate the matrix with the specific constituent who formed the body and indicate the type of inter-organizational body which was formed. Column totals will provide a measure of the number of intraorganizational entities established in each year during which this internal activity occurred. Examining the entries in the row cells and the row totals will reveal whether a stakeholder engaged in such activities and how many times (each year and in total). The sum of the row totals will reveal the actual number of intraorganizational bodies formed by the network.

#### D - FORMATION OF INITIAL DYADS

It was proposed that, subsequent to internal egocentric activity, the need to seek information and interact with other stakeholders to develop a position would prompt each stakeholder to enter into a dyadic relationship with another stakeholder. Propositions reflecting this stage of the evolutionary process will be indicated with a "D" to signify "dyadic activity". There are three such propositions and graphs were developed to deal with each

of these proposals:

D1. Stakeholders will gradually and incrementally form dyads with each other rather than form multi-dyadic relationships simultaneously.

### Graphs

Construct a network graph for each year. Place a line between aggregate stakeholders if they communicated directly with each other and no line if they did not. If the stakeholder generated internal documents but did not communicate with anyone, place them in the graph but do not join them to anyone. Do not include second order communications in this graph. For a more refined measurement of this proposition, create a signed graph (place an arrow at the end of the line to indicate the flow of the communication). Compare yearly graphs. When stakeholders began forming dyadic relationships, did they do so all at once or gradually? This will be reflected in the graphs by lines between all stakeholders as opposed to an absence of lines (no relationships). Did each stakeholder link with all of the possible stakeholders in the first year they sought interaction with others (density)? If yes, then the proposition does not hold up.

D2. Some stakeholders will remain isolates during the evolutionary development of the policy community.

### Graphs

Using the graphs created for proposition D1, determine if there were any aggregate stakeholder isolates in any of the years and if they remained isolates. A finer measure of this could be taken at the constituent level. If yes to the question, then the proposition is upheld.

D3. Once stakeholders move from egocentric activity to dyadic activity, they will then move from dyad to dyad rather than move into multi-dyadic relationships.

### Graphs

Compile directed graphs for each constituent stakeholder and for the aggregates for each year. Place a line between aggregate stakeholders if they communicated directly with each other and no line if they did not. If the stakeholder generated internal documents but did not communicate with anyone, place them in the graph but do not join them to anyone. Include second order communications in this graph and indicate them with a broken line. For a more refined measurement of this proposition, create a signed graph (place an arrow at the end of the line to indicate the flow of the

communication). Compare the graphs. If there are any stakeholders who consistently relate to only one other stakeholder (regardless of who) in each year, then this proposition is upheld.

#### **M - RECONFIGURATION OF MULTI-DYADS**

It was proposed that most stakeholders would move from egocentric to single dyadic relationships and then to multi-dyadic relationships with other stakeholders. It was theorized that once the multi-dyads were formed, the policy community would evolve via expansion and contraction as the years evolved. This dynamic change would reflect the reconfiguration of the multi-dyadic relationships. Propositions reflecting this stage of the evolutionary process will be indicated with an "M", signifying "multi-dyadic activity". There are four such propositions and matrices were developed to deal with these proposals:

M1. Once stakeholders move into dyadic relationships they will then move into multi-dyadic relationships.

#### **Graphs**

Use D3 directed graphs for the constituents and the aggregate levels. A line between two stakeholders means that there was an exchange of information (include first order and second order communications). A line from one stakeholder to more than one other stakeholder means that they were engaged in a multi-dyadic relationships. As the years progress, do most stakeholders move from dyads into multi-dyadic relationships? If so, then the proposition is upheld.

M2. Subsequent to moving into multi-dyadic relationships, the network configuration would then remain predominately as dynamic, multi-dyadic relationships.

#### **Graphs**

Use the di-graphs from M1. If the aggregate proportion of multi-dyads is larger than dyads during the life of the network, then the proposition is upheld. That is, the network was predominately comprised of multi-dyadic relations.

M3. The dyadic links will dynamically form, evolve, dissolve, lapse and sometimes reemerge - be cyclical in nature.

Matrix M3<sub>1</sub> - Incidence of 3 major dyadic links (first and second order) Binary matrix

Create a matrix M3<sub>1</sub> (incidence) with the three rows (b-g, g-c, c-b) and 21 columns (1971-1991). A cell containing a 1 will indicate a dyad (regardless of who sent the communication or referred to the others work) and a 0 will indicate no dyad. If there is fluctuation in any of the rows (formation of dyad, continuation, dissolution or reemergence indicated by a series of 1s and 0s) then the proposition is upheld. That is, if there are links that form and then disappear and then reappear later or never again, then the proposition is upheld. Row totals will provide a measure of which dyad had the highest incidence of engaging in communications. Column totals reveals the actual number of dyads in contact each year. For example, a two would mean that 2 of the 3 major dyads were in contact with each other that year. Examination of the column totals should reveal patterns of the incidence of dyadic activity.

Matrix M3<sub>2</sub> - Frequency of 3 major dyadic links (first and second order)

Create a matrix with the three rows (b-g, g-c, c-b) and 21 columns (1971-1991). In each cell enter the frequency count for both first order communications and referrals for each major dyad. Row totals will disclose the actual number of communications for each major dyad. The dyad with the highest total is the dyad with the most contact during the life of the policy community. Column totals will communicate the actual number of annual collective contacts for the network as a whole as the policy community evolved. Examination of the column totals should reveal patterns of frequency of dyadic activity. Annotated cell entries imparts the constituent activity for the concept of multi-dyadic activity.

M4. The stakeholders would form inter-organizational bodies to facilitate dialogue and collective policy development.

Matrix M4<sub>1</sub> - Incidence of creation of interorganizational bodies to deal with EFTS (Binary matrix)

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). Place a 1 in the cell if there is mention of the creation or existence of an external body or forum to deal with EFTS. Place a 0 in the cell if there was no activity along this dimension. Annotate the matrix with the specific constituents who belong to the body. Row totals will provide a measure of the aggregate stakeholder activity as regards creating interorganizational bodies to deal with EFTS. Column



totals will provide a measure of the years during which this inter-organizational activity began. Examination of yearly column totals will provide evidence of patterns relevant to this activity.

Matrix M42 - Frequency of creation of interorganizational bodies to deal with EFTS

Create a matrix with three rows (c,b,g) and twenty one columns (1971-1991). In each cell enter the frequency count for the actual number of interorganizational bodies created by the aggregate stakeholders to deal with EFTS, for each year. Annotate the matrix with the name of the body and the specific constituents who belong to the body. Row totals impart which aggregate stakeholder created the most interorganizational bodies. Column totals will provide a measure of the years during which this inter-organizational activity began. Examination of the yearly column totals will reveal patterns relevant to this activity.

M5. The contact person for each stakeholder would change during the incremental development of the policy community.

For each stakeholder for each year, compile a list of the authors of all of the documents. Add to this list, any specific persons to which internal or external communication is directed. Include as well any specific reference to a contact person. Over the years did the names in the list change? IF they did, then the proposition is upheld. Examining the data in the list should reveal whether there were any patterns evident as regards the concept of boundary person?

#### T - CULMINATION INTO A TRIAD

The evolutionary model of the consumer policy community predicted that once the stakeholders had managed dynamic multi-dyadic relationships, the policy community would evolve into a triadic network of three aggregate stakeholders, and appropriate constituent stakeholders. Propositions reflecting this reconfiguration of the policy community will be indicated with a "T", signifying "triadic activity". There are four such propositions and matrices were developed to address this series of proposals:

T1. The express desire for a triadic network will exist and will vary with stakeholders.

Matrix T1<sub>1</sub> - Incidence of aggregate express desire to form a triad of stakeholders (Binary matrix)

To assess the desire for a triadic network of stakeholders create matrix T1<sub>1</sub> with three rows (c,b,g) and 21 columns (1971-1991). Place a 1 in the cell if there was any incident of an aggregate stakeholder making an express statement regarding the desire to form a network of three interdependent stakeholders to deal with EFTS issues. Place a 0 in the cell if no express statement was made. Annotate the cell entries. The row totals will show which aggregate stakeholder was inclined to make such statements. The sum of the row totals divided by 63 reveals the incidence of this happening over the life of the policy community. Examination of column totals will demonstrate who many incidence occurred during each year. Examination of the column totals should reveal patterns of this activity.

Matrix T1<sub>2</sub> - Incidence of aggregate statements regarding desire to work together (Binary matrix)

To assess the desire for a triadic network of stakeholders create matrix T1<sub>2</sub> with three rows (c,b,g) and 21 columns (1971-1991). Place a 1 in the cell if the stakeholder made any statement in that year to the effect that there should be a joint effort at policy development (consensus, call for forums, partnerships, joint efforts, stakeholder task forces, interaction, cooperative efforts, liaisons, public discussions, etc.) and a 0 if there was no such statement. Row totals will indicate the number of incidence when one stakeholder expressed such a desire relative to the other stakeholders. Column totals reveal the years during which most interest was expressed. The higher the number in the column total, the higher the incidence that there was an expression of the desire to form a comprehensive network during that year. Examining the comments made during a specific year will provide a qualitative perspective to the measure. Examination of the column totals should reveal patterns of this activity.

Matrix T1<sub>3</sub> - Frequency of aggregate statements regarding desire to work together

To assess the frequency of statements of a desire for a triadic network of stakeholders create matrix T1<sub>3</sub> with three rows (c,b,g) and 21 columns (1971-1991). In each cell enter the frequency count of the actual number of times such statements were made annually by each

stakeholder. Annotate the cell entries with constituent data. The entries reflect stakeholder statements in that year to the effect that there should be a joint effort at policy development (consensus, call for forums, partnerships, joint efforts, stakeholder task forces, interaction, cooperative efforts, liaisons, public discussions, etc.). Row totals will indicate the total number of such statements made by one stakeholder relative to the other stakeholders. Column totals reveal the yearly totals. The higher the number in the column total, the more frequent was the expression of the desire to form a comprehensive network during that year. Examining the comments made during a specific year will provide a qualitative perspective to the measure. Examination of these totals should reveal patterns of this activity.

Matrix T1<sub>4</sub> - Aggregate inclinations regarding preferences for policy direction (Valued matrix)

Create a matrix with three rows (c,b,g) and 21 columns (1971-1991). Enter a 1 in the cell if the aggregate stakeholder indicated a preference for market based approach, a 2 if they preferred a regulatory approach, a 3 if they preferred a voluntary solution, a 4 if they expressed combinations of these policy directions and a 0 if they made no comments. Row totals will be indicate the number of years that each stakeholder made a comment. The sum of the row totals is the total number of years that the policy community as a whole made such comments out of 63 (3 x 31 years). The column totals reflect the number of stakeholders making such comments during each year. Manipulation of the cell entries will provide the evidence for the preferred policy direction. Total the column 1s, 2s, 3s and 4s for evidence of the most preferred policy direction for the policy community as a whole. Total the row 1s, 2s, 3s and 4s for evidence of the most preferred policy direction for each aggregate stakeholder. Again annotated cell entries reveals the constituent data for this proxy variable for express desire to form a triadic network.

T2. One stakeholder will take the initiative to pull the stakeholders into a triadic network.

Using Matrix T1<sub>3</sub> for a guide, examine the cases for any reference to the activities of one specific stakeholder concerning the initiations of a joint effort to develop consumer policy for EFTS. Determine who, if anyone, took such an initiative. If this can be found, then the proposition will be upheld.

T3. Once this initiative is undertaken, the other stakeholders in the policy community will willingly form a triadic network.

Examine the cases for any reference to the formation of a triad of stakeholders. If this can be found, then the proposition will be upheld.

T4. As the triadic network solidifies, the dyadic activity will decline.

From the matrices created for proposition M3, and Matrices I1G<sub>1</sub> and I1G<sub>2</sub>, determine if the number of dyadic relationships declined after the date of the formation of a triadic network (determined from Proposition D3). If they did, then the proposition will be upheld.

## I - INTERACTION DYNAMICS

Interaction is an integral component of the reconfiguration of the dyads over time therefore it has separate propositions. It was proposed that as the stakeholders engaged in interaction and the development of relationships they would vary along the following five interaction dimensions (communication patterns and content) - frequency, directedness, durability, intensity (level of commitment), and role perception of self and others in the policy process. Propositions reflecting these variables will be prefaced with an "I" signifying "interaction patterns". There are five such propositions. Matrices and graphs were developed to address these proposals:

I1 - The frequency (regularity) of contact and communication between stakeholders will vary during the evolution of the policy community.

Preparatory matrices - Matrix I1A's

A preliminary step for this proposition is to compile yearly matrices (3 rows (CBG) and 3 columns (CBG)) and place a 1 in the cell if there was direct or indirect contact (first and second order communications) and a 0 if there wasn't. Amalgamate these yearly matrices to form the first aggregate matrix which gives a measure of the incidence of a contact. Follow the same yearly process but enter the frequency of contact and annotate the cell entries so that constituent profiles will be possible. These square matrices will be converted various computations of rectangular matrices in the following set of instructions.

Matrix I1B<sub>1</sub> - Incidence of 8 dyadic contact (first and

second order) (binary matrix)

Create a matrix with eight rows (c-b, c-g, b-c, b-g, b-b, g-c, g-b, g-g) and twenty one columns (1971-1991). Place a 1 in the cell if there was evidence of a direct exchange or a referral between members of each specific dyad. C-b means that consumer referred to or sent to business while b-c means the opposite. Place a 0 in the cell for each year that neither of these activities occurred. Row totals will provide evidence of which dyad has the highest incidence of being in direct contact or making referrals to each other. Row sum totals will reveal the total incidence of network communications comprised of direct contact or referrals. Column totals provide an indication of how many of the nine dyads were in contact in any given year. Examination of the entries in the column totals should reveal patterns of dyadic activity as the policy community evolved.

Note that for this proposition, the c-c communication does not come into account because it reflects internal CAC contact rather than CAC with another consumer organization.

Matrix I1B<sub>2</sub> - Incidence of aggregate stakeholder contact (first and second order, (includes g-g and b-b) (Binary matrix)

Split Matrix I1B<sub>1</sub> to create Matrix I1B<sub>2</sub>. This entails collapsing the c-c, c-g, c-b entries to generate the cell entries for C, etc. Enter a 1 in the cell if there was a 1 in any of these three cells for any given year. Otherwise, enter a 0. Row totals will provide evidence of which aggregate stakeholder has the highest incidence of being in direct contact or making referrals to each other. Row sum totals will reveal the total incidence of network communications comprised of direct contact or referrals. Column totals provide an indication of how many of the aggregate stakeholders were in contact in any given year. Examination of the entries in the column totals should reveal patterns of aggregate activity as the policy community evolved.

Note that for this proposition, the c-c communication does not come into account because it reflects internal CAC contact rather than CAC with another consumer organization.

Matric I1C - Frequency of 3 major dyads directly communicating (includes b-b and g-g)

To measure how many times the major dyads talked to each

other each year (frequency), create a matrix incorporating 3 rows (c-b, b-g, c-g, dyads) and 21 columns (1971-1991). In each cell place the number that indicates the actual number of documents generated between each major dyad. Count only first order communications. Row totals will reflect the aggregate number of documents generated between each major dyad. Columns totals will reflect the number of contacts between major dyads per year. Using the sum of the column totals, the collective degree of frequency of communication between dyads can be calculated. As well, patterns of frequency of communications can be detected by examining the yearly column totals. Annotated cell entries will provide insight respecting constituent profiles.

#### Preparatory matrices for I1D

Create twenty one annual square matrices with 16 rows and 16 columns. In the rows and columns list the 16 constituent stakeholders. Enter the frequency count for the number of direct exchanges between each constituent stakeholder. Amalgamate the yearly matrices into the following two matrices, adhering to the following set of instructions.

I1D<sub>1</sub> - Incidence of 6 dyads in direct communication  
(binary matrix, does not include b-b or g-g)

Create a matrix with 6 rows ((b-g, b-c, c-b, c-g, g-c, g-b) and 21 columns (1971-1991). Place a 1 in each cell to indicate the existence of a direct communications between a dyad. This will represent the incidence of a document generated between each dyad. Do not count second order communications or those documents without an intended audience. Place a 0 if no such activity occurred between that specific dyad. Row totals will reflect the aggregate incidence of documents generated between each dyad. Columns totals will reflect the cumulative incidence of contacts per year for the network as a whole. The sum of the row totals is the total incidence of direct communications during the life of the network. Examination of column totals should provide information for patterns of incidence of direct dyadic contact.

I1D<sub>2</sub> - Frequency of 6 dyads in direct communication,  
does not include b-b or g-g)

Create a matrix with 6 rows ((b-g, b-c, c-b, c-g, g-c, g-b) and 21 columns (1971-1991). In each cell place the number that indicates the actual number of documents generated between each dyad. Do not count second order

communications or those without an intended audience. Row totals will reflect the aggregate number of documents generated between each dyad. Columns totals will reflect the cumulative number of contacts per year for the network as a whole. The total of the row totals is the number of direct communications during the life of the network. Scrutiny of the column totals should detect patterns for this activity.

Matrix I1E - Frequency of 9 dyads in direct and internal communication

Preparatory matrices for I1E: Another way to measure frequency is provided here. For each year, create a matrix with three rows (c,b,g) and three columns (c,b,g). In each cell, enter the number (frequency count) of the number of internal documents generated by each stakeholder the number of those exchanged with other stakeholders (first order communications). Cells 1,5, and 8 will reflect internal communications. Annotate cell entries so as to provide information on constituent activity.

Now create another matrix with ten rows (c-c (internal), c-b, c-g, b-b, b-c, b-g, g-g, g-c, g-b, total) and twenty-one columns (1971-1991). Amalgamate the annual matrices developed during the preparatory stage into this one cumulative matrix. The row totals will reflect the number of times each dyad engaged in direct and internal communications during the evolution of the policy community. The dyad with the highest total was the most prolific as regards this type of communication. Column totals reveal the annual frequency of direct and internal communications. Examination of these totals should reveal patterns. The sum of the column totals reveals the actual number of direct and internal communications between dyads for the life of the policy community. Scrutiny of the column totals should detect patterns for this activity.

Matrix I1F<sub>1</sub> - Incidence of 9 dyads in second order communications (referrals) (Binary matrix)

Preparatory matrix for I1F matrices: Create another set of yearly matrices with three rows (C,b,g) and three columns (c,b,g). In each cell for each year, enter the count of the number of references to each others work or activities (second order communications or those released to the public at large). Annotate cell entries so as to provide information on constituent activity.

Amalgamate these annual matrices over a twenty one year time span, by creating another matrix with ten rows (c-c (internal), c-b, c-g, b-b, b-c, b-g, g-g, g-c, g-b,

total) and twenty-one columns (1971-1991). Enter a 1 in the cell if there was any evidence of second order communications between each dyad. Enter a 0 if there was not. Row totals provide evidence of which dyad was most inclined to engage in second order communications (refer to each other's works). Column totals reveals the total number of dyads engaging in such activity each year. The sum of the column totals provides evidence of the aggregate incidence referrals during the life of the policy community. Examination of the column totals furnishes evidence of the existence of patterns of dyadic referral activity over the life of the policy community.

Matrix IIF<sub>2</sub> - Frequency of 9 dyads in second order communications (referrals)

Amalgamate the annual IIE preparatory matrices over a twenty one year time span, by creating another matrix with nine rows (c-c (internal), c-b, c-g, b-b, b-c, b-g, g-g, g-c, g-b, total) and twenty-one columns (1971-1991). In each cell enter the number (frequency count) of second order communications between each dyad. The row totals will reflect the number of times each dyad engaged in second order communications during the evolution of the policy community. The dyad with the highest total was the most prolific as regards this type of communication. Column totals reveals the annual frequency of second order communications. The sum of the column totals reveals the actual number of second order communications between dyads for the life of the policy community. Examination of the column totals furnishes evidence of the existence of patterns of dyadic referral activity over the life of the policy community.

Matrix IIG<sub>1</sub> - Incidence of 9 dyads in first and second order communications (Binary matrix).

Create a matrix with nine rows (c-c, c-b, c-g, b-b, b-c, b-g, g-g, g-c, g-b and twenty one columns (1971-1991). Place a 1 in the cell if there was evidence of a direct exchange or a referral between members of each specific dyad. C-b means that consumer referred to or sent to business while b-c means the opposite. Place a 0 in the cell for each year that neither of these activities occurred. Row totals will provide evidence of which dyad has the highest incidence of being in direct contact or making referrals to each other. Row sum totals will reveal the total incidence of network communications comprised of direct contact or referrals. Column totals provide an indication of how many of the nine dyads were in contact in any given year. Examination of the entries in the column totals should reveal patterns of dyadic activity as the policy community evolved.



Note that for this matrix, the c-c communication represents internal CAC contact rather than CAC with another consumer organization.

Matrix I1G<sub>2</sub> - Frequency of 9 dyads in first and second order communications

Create a matrix with nine rows (c-c, c-b, c-g, b-b, b-c, b-g, g-g, g-c, g-b) and twenty one columns (1971-1991). In each cell enter the frequency count if a specific dyad had engaged in either first or second order communications in a given year. The row totals will reflect the number of times each dyad engaged in either first or second order communications during the evolution of the policy community. The dyad with the highest total was the most prolific as regards this type of communication. Column totals reveals the annual frequency of first and second order communications. The sum of the column totals reveals the actual number of first and second order communications between dyads for the life of the policy community. Examination of the column totals furnishes evidence of the existence of patterns of dyadic referral activity over the life of the policy community.

Note that for this matrix, the c-c communication represents internal CAC contact rather than CAC with another consumer organization.

I2 - The directedness of interaction between the stakeholders will vary during the evolution of the policy community.

Preparatory matrices for I2: Create a matrix for each year for each stakeholder. The matrix will have three rows (c,b,g) and three columns (c,b,g). The row is used to indicate the sending of a document and the column is used to indicate the reception of a document. A 1 in cell's 1, 5, or 8 would be an internal communication. A 1 in the other cells means that a communication was sent out to that specific stakeholder during that year (say, c to g) and a 0 means that it wasn't.

Matrix I2B - Incidence of aggregate stakeholder direct communications sent to anyone (outdegree) (Binary matrix, includes b-b and g-g)

To determine the incidence of sending documents out (a further measure of the direction of the flow of information), create a matrix with the three rows (c,b,g) and 21 columns (1971-1991). Enter a 1 the cell if that

aggregate stakeholder sent a document to anyone in that year, regardless of who it was sent to (Outdegree). This matrix contains only direct communications. Row totals provide evidence for which aggregate stakeholder was most likely to send out documents during the life of the policy community. The sum of the column totals show the incidence of outdegree activity for the policy community as a whole. Column totals reveal the number of aggregate stakeholders engaging in such activity each year as the community evolved. Scrutiny of the column totals should detect patterns for this activity.

Matrix I2C - Frequency of aggregate stakeholder direct communications sent to anyone (outdegree) (includes b-b and g-g)

To determine the number of documents sent out (a further measure of the direction of the flow of information), create a matrix with the three rows (c,b,g) and 21 columns (1971-1991). In each cell of the matrix, enter the frequency count (actual number) of documents sent by each stakeholder in each year regardless of who it was sent to (Outdegree). This matrix contain only direct communications. Row totals provide evidence for which aggregate stakeholder was sent out the most documents during the life of the policy community. The sum of the column totals show the incidence of outdegree activity for the policy community as a whole. Column totals reveal the number of aggregate stakeholders engaging in such activity each year as the community evolved. Scrutiny of the column totals should detect patterns for this activity.

Matrix I2D - Frequency of aggregate stakeholder receipt of direct communications (indegree) (does not include b-b and g-g)

To determine the number of documents received (a further measure of the direction of the flow of information), create another matrix with the three rows (c,b,g) and 21 columns (1971-1991). In this matrix, enter the actual number of documents received by each stakeholder in each year (indegree) regardless of who sent it. Count only direct communications not second order or internal documents or those without an intended audience. Row totals provide evidence for which aggregate stakeholder received the most documents during the life of the policy community. The sum of the column totals show the frequency of indegree activity for the policy community as a whole. Column totals reveal the number of aggregate stakeholders engaging in such activity each year as the community evolved. Scrutiny of the column totals should

detect patterns for this activity.

Matrix I2E - Incidence of aggregate stakeholder receipt of direct communications (indegree) (Binary matrix, does not include b-b and g-g)

To determine the incidence of receiving documents (a further measure of the direction of the flow of information), create a matrix with the three rows (c,b,g) and 21 columns (1971-1991). Enter a 1 the cell if that aggregate stakeholder received a document from anyone in that year, regardless of who sent it (indegree). Again, this matrix contain only direct communications. Row totals provide evidence for which aggregate stakeholder was most likely to receive documents during the life of the policy community. The sum of the column totals show the incidence of indegree activity for the policy community as a whole. Column totals reveal the number of aggregate stakeholders engaging in such activity each year as the community evolved. Scrutiny of the column totals should detect patterns for this activity.

I3 - The durability of the relationships between the stakeholders will vary during the evolution of the policy community.

A relationship between stakeholders will be taken to mean there is involvement. Use the graphs for Proposition M1. Based on these, determine whether the stakeholders entered, left and/or reentered the network as the years evolved (at the aggregate and constituent levels). If so, then the proposition is upheld, that is, the durability of the stakeholder's involvement in the policy network varied during the evolution of the network.

Use Matrix I1B<sub>2</sub> to examine this propositions as well. If there are links that formed, lapsed and then reappear later or never again, then the proposition is upheld. This will be revealed by the fluctuations in the presence of 1s and 0s. Row totals will give a rough indication of the number of years the relationship lasted and the presence of 0s will indicate lapses in the contact.

I4 - The intensity of the relationships (level of committment) between the stakeholders will vary during the evolution of the policy community.

Matrix I4A - Incidence of aggregate stakeholder intensity (desire to stay in community) (Binary matrix, includes b-b and g-g)



a 0 if neither of these occurred. The information in the preparatory matrix is now converted to the codes developed to measure intensity. Create another matrix I4B (matrix of the same dimensions) by entering a 1 if there were both first and second order communications (strongly intensive), a 2 if there were referrals only (inferred intensity), a 1 if there were direct communications only (implied intensity) and a 0 if there were no communications. Row totals will give some indication of which dyads were more intense (desire to stay involved) (the higher the row total, the stronger the intensity). Column totals provides evidence of how many dyads were making such comments in any given year. The sum of the row totals provides data relevant to the total incidence of such activity occurring during the life of the policy community. Examination of the column totals should reveal patterns regarding the desire of dyads to stay in the policy community as the years evolved. Manipulation of the cell entries will provide the evidence for degree of intensity.

I5 - The stakeholder's perception of and sentiments towards their role in, access to and contribution to the policy making process relative to others will change during the evolution of the policy community.

I5A<sub>1</sub> - Scope of aggregate stakeholder comments on perceived role (Valued matrix, includes b-b and g-g)

Create a matrix with 3 rows (c,b,g) and 21 columns (1971-1991). In each cell place a 1 if there was any statement concerning their role in the policy process during that year, a 2 if they commented on someone else's role in the policy process, a 3 if they made both types of comments and a 0 if there was no comment on roles. Row totals will give an indication of which aggregate stakeholder was most inclined to voice any perception of roles. To add a qualitative dimension to this measurement, pull out the exact statements made each year and compare the sentiment. Column totals provides the number of stakeholders making comments on role perception in any given year. The sum of the row totals reveals the total number of incidence when such comments were made during the evolution of the policy community. Examination of the column totals should reveal patterns of such activity.

Manipulation of the cell entries will provide the evidence for the scope of perceived roles. Total the column 1s, 2s, 3s and 4s for evidence of the most frequent type of role perception comment for the policy community as a whole. Total the row 1s, 2s, 3s and 4s for evidence of the most frequent type of role perception

comment for each aggregate stakeholder. Again, annotated cell entries reveals the constituent data.

I5A<sub>2</sub> - Incidence of aggregate stakeholders commenting on role perception (Binary matrix, includes b-b and g-g)

To generate a composite picture of role perception split Matrix I5A<sub>1</sub>. To accomplish this enter a 1 in the cell if there was either a 1,2 or 3 in the original cell and place a 0 otherwise. The same interpretation rules for I5A<sub>1</sub> apply for the new matrix, I5A<sub>2</sub>.

Matrix I5B - Incidence and sentiments of aggregate stakeholder comments on their perceived role, contribution to or access to policy process (Valued matrix, includes b-b and g-g)

It would be interesting to have a profile of the sentiment each stakeholders perception of their role in the policy process (positive or negative). Do this create another matrix with three rows (c,b,g) and sufficient columns to accommodate the number of years during which a statement was made. Place a 1 in a cell if the stakeholder indicated pleasure with their role in the policy process, a 2 if they expressed displeasure with their role (not listening to me, want more representation and voice, want a joint effort or more cooperation, and the like). Place a 3 in the cell if they expressed both sentiments in the same year. Place a 0 if not statement was made. For a more complete measure of sentiment, count the references to their role in planning the system as well as the references to role in developing policy. Row totals will provide evidence of the number of years that each stakeholder made such comments. Column totals indicates how many stakeholders each year were making such statements. The sum of the row totals provides the number if incidence that the policy community as a whole engaged in this activity. Examination of the column totals should reveal patterns of expression of role perception. Manipulation of the cell entries will give some indication of which type of statement was made most often. Annotated cell entries provide constituent data.

Matrix I5C - Frequency of aggregate stakeholder comments on their perceived role, contribution to or access to policy process (includes b-b and g-g)

To gain a limited appreciation of the degree of concern for their role, measure the frequency of comments. To do

this, create another matrix with 3 rows (c,b,g) and 21 columns (1971-1991). In each cell place the number of times a statement concerning their role or their anticipated role in the policy process appeared during that year, regardless of the sentiment, and a 0 if there was no such statement. Row totals should provide a limited indication of the overall concern for their role in the process of one stakeholder relative to another. The higher the row total, the more the concern. Again, to add a qualitative dimension to this measurement, pull out the exact statements made each year and compare the sentiment. Column totals will give a rough estimate of the concern expressed about their perceived roles as each year passed by. An increase in any given year would indicate that there was increasing expression of their perceived role in the process. The sum of the row totals reveals the total number of comments on ones own role were made by the network as a whole. Examination of the column totals should reveal patterns of this activity.

Matrix I5D - Incidence of 9 dyads comments regarding another stakeholders perceived role in policy process (Binary matrix)

A finer measure of the concept of perceived roles would be to create a matrix of nine rows (b-g, b-c, c-b, c-g, g-c, g-b, c-c, b-b, g-g) and twenty one columns (1971-1991). Place a 1 in the cell if there was any statement from that stakeholder about the role of the other stakeholder (eg. consumer saying something about the role of government). Place a 0 if no such statement was made. Row totals will provide evidence of the number of years that each dyad made such comments. Column totals indicates how many dyads were making such statements each year. The sum of the row totals provides the number of incidence that the policy community as a whole engaged in this activity. Examination of the column totals should reveal patterns of expression of role perception of others.

Matrix I5E - Frequency of 9 dyads comments regarding another stakeholders perceived role in policy process

In each cell place the number of times a statement concerning the role of another stakeholder in the policy process appeared during that year, regardless of the sentiment, and a 0 if there was no such statement. Row totals should provide a limited indication of which stakeholder was concerned for another's role in the policy process. The higher the row total, the more the

concern. For example, if the row total for b-g was highest then this means that business made the most comments about the role of government in the policy process. Again, to add a qualitative dimension to this measurement, pull out the exact statements made each year and compare the sentiment. Column totals will give a rough estimate of the concern expressed about the perceived role of other stakeholders as each year passed by. An increase in any given year would indicate that there was increasing expression of the perceived role of others in the process. The sum of the row totals reveals the total number of comments on another's role were made by the network as a whole. Examination of the column totals should reveal patterns of this activity.

Matrix I5F            -        Sentiments of 9 dyads comments regarding another stakeholders perceived role in policy process (valued matrix)

The perception of a stakeholder of the other stakeholders role in the policy process sheds more light on the perceived role relative to other stakeholders. To profile this, create a matrix with nine rows (b-g, b-c, c-b, c-g, g-c, g-b, c-c, b-b, g-g) and twenty one columns (1971-1991). Place a 1 in the cell if the stakeholder praised the contribution of another stakeholder in that year and a 2 if they criticized another stakeholder's role in the policy process. Place a 3 in the cell if they made both types of comments in any given year. Place a 0 if there were no statements to this effect. Row totals will give an indication of which dyad was the most verbal in their expression of their perceived roles of others. Column totals provides an indication of how many dyads were making such comment in any given year. Examining the comments made during a specific year will provide a qualitative perspective to the measure. Manipulation of the data in the cells provides information on which type of comment was most common, etc.

#### **N - NETWORK STRUCTURE**

It was proposed that the configuration of the policy community would change as it evolved along the following network dimensions - the size, density, cohesiveness, connectedness, knittedness and stability. Propositions reflecting these variables will all be prefaced with an "N" signifying "network properties". There are six such propositions. Matrices and some graphs were developed to address these series of proposals regarding the snap shot pictures of the evolutionary nature of the policy community:



N1. The number of stakeholders in the network (size) will vary during the evolution of the policy community.

Preparatory matrices - Create 2 matrices with the six rows (b-g, b-c, c-b, c-g, g-c, g-b) and 21 columns (1971-1991). For N1A, each cell will contain a 1 if there was a relationship observed in that year for that dyad (count internal, first and second order communications) and a 0 if there were not any communications. For N1B, each cell will contain a 1 if there was a relationship observed in that year for that dyad (count first and second order communications) and a 0 if there were not any communications.

Matrix N1A            Incidence of aggregate stakeholder being in network (internal communications as well as direct and referrals) (Binary matrix)

By splitting the preparatory matrix for N1A, create a matrix of three rows (C,b,g) and twenty one columns (1971-1991) will provide a profile of the size of the network from an aggregate perspective. Place a 1 in the cell if the stakeholder generated internal documents, wrote any documents during that year or was referred to by someone in that year and a 0 if they did not or were not. Count first and second order communications as well as those with no intended audience and those released to the public. Row totals will marginally reveal which stakeholder was in the network most frequently. Column totals will indicate the size of the network each year from a dyadic perspective (that is, the number of dyadic relationships per year). If there is variation in existence of dyadic relationships (changing size of the network) then the proposition is upheld. That is, if there are a series of 1s then there were relationships.

Matrix N1B            Incidence of aggregate stakeholder being in network (direct and referrals) (Binary matrix)

By splitting the preparatory matrix for N1B, create a matrix of three rows (C,b,g) and twenty one columns (1971-1991) will provide a profile of the size of the network from an aggregate perspective. Place a 1 in the cell if the stakeholder wrote any documents during that year (count public documents) or was referred to by someone in that year and a 0 if they did not or were not. Count first and second order communications as well as those with no intended audience and those released to the public. Row totals will marginally reveal which aggregate stakeholder was in the network most frequently. Column totals will indicate the size of the network each year from a dyadic perspective (that is, the number of dyadic

relationships per year). If there is variation in existence of dyadic relationships (changing size of the network) then the proposition is upheld. That is, if there are a series of 1s then there were relationships.

**Matrix NIC**            Frequency of aggregate stakeholder being in network (internal communications as well as direct and referrals) (Includes b-b and g-g)

Creating a matrix of three rows (C,b,g) and twenty one columns (1971-1991) but with frequency counts in each cell will provide a another profile of the size of the network from an aggregate perspective. Count internal documents, any documents directed to someone during that year or instances of referrals by someone in that year and a 0 if they did not or were not. Count first and second order communications as well as those with no intended audience and those released to the public. Row totals give a measure of which aggregate stakeholder was in the network most often (attendance in the network thereby contributing to the size of the network). Column totals indicate how many of the three aggregate stakeholders were in the network in any given year. The sum of the column totals will reflect the overall frequency aggregate stakeholders being in the network. This matrix does incorporate internal documents generated for the purpose of developing a position with the policy issue. Examination of the yearly column totals should reveal patterns of this activity.

**Matrix NID**            Frequency of aggregate stakeholder being in network (direct and referrals) (Includes b-b and g-g)

Creating a matrix of three rows (C,b,g) and twenty one columns (1971-1991) but with frequency counts in each cell will provide a another profile of the size of the network from an aggregate perspective. Count any documents directed to someone during that year or instances of referrals by someone in that year and a 0 if they did not or were not. Count first and second order communications as well as those with no intended audience and those released to the public. Row totals give a measure of which aggregate stakeholder was in the network most often (attendance in the network thereby contributing to the size of the network). Column totals indicate how many of the three aggregate stakeholders were in the network in any given year. This matrix does not incorporate internal documents generated for the purpose of developing a position with the policy issue. Examination of the yearly column totals should reveal patterns of this activity.

N2. The density of the network (proportion of actual to potential members) will vary during the evolution of the policy community.

Density is the proportion of actual to potential dyadic relations. The potential number of pairs is 6 if there are three aggregate stakeholders ( $3(3-1) = 6$  (c-g, c-b, b-g, b-c, g-c, g-b)). For each year determine how many aggregate stakeholders are actually in the network. Do this by totalling each row and dividing by 6. If one counts the six basic dyadic groups plus the b-b, g-g and c-c, then the possible number of pairs would be nine. In some instances, the c-c link is left out because there was no consumer organization talking to another consumer organization. This resulted in 8 possible dyadic pairs. For the overall aggregate network density (c,b,g), divide the sum of the row totals by 63 (21 years x 3).

Matrix N2A - Incidence of 8 dyads being in network  
(direct and referrals) (binary matrix)

To do this create a matrix of eight rows (b-g, b-c, c-b, c-g, g-c, g-b, b-b, g-g) and 21 columns (1971-1991). Enter a 1 in the cell if the stakeholder generated documents (count no intended audience and public audience documents), exchanged any documents in that year (first order communications), or if they were referred to by someone else in that year (second order communications). Enter a 0 if neither of these occurred. The row totals will provide an estimate of specific dyadic density. The sum of the row totals will reflect the overall network density. The column totals will measure density by year for all eight dyads. The sum of the column totals will provide a measure of the incidence of eight dyads being in the network. Examination of the yearly column totals provides evidence of patterns of this activity.

Matrix N2B Incidence of 6 dyads being in network  
(direct and referrals) (binary matrix)

Create a matrix of six rows (b-g, b-c, c-b, c-g, g-c, g-b) and 21 columns (1971-1991) as with N1B. Enter a 1 in the cell if the stakeholder generated documents (internal, no intended audience and public audience documents), exchanged any documents in that year (first order communications) and if they were referred to by someone else in that year (second order communications). Enter a 0 if neither of these occurred. The row totals will provide an estimate of specific dyadic density. The sum of the row totals will reflect the overall network density. The column totals will measure density by year for all six dyads. Examination of the yearly column



which dyads were in the network (communicating directly, making references, both or no communication). Total the row 1s, 2s, 3s and 4s for evidence of the most prevalent type of communication for each aggregate stakeholder. Again, annotated cell entries reveals the constituent data.

Matrix N2E            Incidence of 3 major dyads being in network (direct and referrals (binary matrix). Does not include b-b or g-g.

Split Matrix N2D and convert it to a binary matrix. That is, collapse the information on 6 dyads into three aggregate dyads. Enter a 1 in the cell if the stakeholder generated documents and exchanged any documents in that year (first order communications) (count documents with no intended audience and public audience documents), if they were referred to by someone else in that year (second order communications) or if both of these activities occurred. Enter a 0 if neither of these occurred. This matrix does not include the activity between b-b and g-g. The row totals will provide an estimate of specific dyadic density. The sum of the row totals will reflect the overall network density. The column totals will measure density by year for all three dyads. Examination of the yearly column totals provides evidence of patterns of this activity.

Matrix N2F            Incidence of 3 major dyads being in network (direct and referrals (valued matrix - extent of communications) Includes b-b and g-g)

Split Matrix N2C and convert it to a valued matrix. That is, collapse the information on 6 dyads into three aggregate dyads. In a matrix with 3 rows (c-b, c-g, b-g) and 21 columns, enter a 1 in the cell if the stakeholder generated and exchanged any documents in that year (count documents with no intended audience and public audience documents) (first order communications), a 2 if they were referred to by someone else in that year (second order communications), a 3 if there was both first and second order communications and a 0 if neither of these occurred. The row totals will provide an estimate of specific dyadic density. The sum of the row totals will reflect the overall network density. The column totals will measure density by year for all three dyads. Examination of the yearly column totals provides evidence of patterns of this activity. Again, annotated cell entries reveals the constituent data.

Matrix N2G            Incidence of 3 major dyads being in network (direct and referrals (binary

matrix). Includes b-b and g-g.

Split Matrix N2C and convert to a binary matrix. That is, collapse the information on 8 dyads into three aggregate dyads. In a matrix with 3 rows (c-b, c-g, b-g) and 21 columns, enter a 1 in the cell if the stakeholder generated documents and exchanged any documents in that year (first order communications) (count documents with no intended audience and public audience documents), if they were referred to by someone else in that year (second order communications) or if both of these activities occurred. Enter a 0 if neither of these occurred. This matrix includes the activity between b-b and g-g.

In the valued matrices, to get a rougher measure of density count just the 1s (just first order communications) to determine column totals. For example, if there were two 1s, the column total would be 2. Carry on and do columns totals for each year and calculate the density for each year (actual number of links divided by the potential (6) to arrive at the density ratio) or divided by the potential 9 if g-g, b-b and c-c are incorporated in the calculations. Did the ratio differ from year to year and if it did, then the proposition is upheld. How different is the second measure of density from that of the first?

N3. The cohesiveness of the network (desire to stay together) will vary during the evolution of the policy community.

This research will measure the desire to stay in the network (maintenance of relationships) on four dimensions. See operationalization.

Matrix N3A            Cohesiveness of network from aggregate perspective. Valued matrix (does not include b-b, g-g)

To capture the concept of cohesiveness, create a preparatory matrix of three rows (c,b,g) and 21 columns (1971-1991). Enter a 1 in the cell if the aggregate stakeholder (c, b or g) generated and exchanged any documents in that year (count documents with no intended audience and public audience documents) (first order communications), a 2 if they were referred to by someone else in that year (second order communications), a 3 if there was both first and second order communications and a 0 if neither of these occurred. Sometimes there is an ongoing participation in the network due a standing obligation (eg. CPA) as a result of government legislation yet no exchange of information to be analyzed

for that year. Each year after 1980, the CPA has an ongoing presence of the CPA in the network. The same holds for the CBA because all banks have to be members of the CPA).

The information in the preparatory matrix is now converted to the codes developed to measure cohesiveness. Create Matrix N3A (matrix of three rows (c,b,g) and 21 columns (1971-1991)) by entering a 1 if there were both first and second order communications (strongly cohesive), a 2 if there were referrals only (inferred cohesiveness), a 1 if there were direct communications only (implied cohesiveness) and a 0 if there were no communications. If, in the rows for each aggregate stakeholder, there are a series of 1,2,3s and some 0s then the proposition is upheld. That is, the cohesiveness of the network fluctuated during the evolution of the network.

To determine the degree of cohesiveness in the network, do column counts. Count the 1s for an indication of strongly cohesive; the 2s for implied cohesiveness; the 3s for inferred cohesiveness. A proliferation of 0s means that the network was diffuse rather than cohesive - not a lot of desire to remain in the network. The closer to one the more cohesive the network. This matrix does not include activities between b-b and g-g.

Matrix N3B            Incidence of aggregate stakeholder being in network (direct and referrals) Binary matrix (does not include b-b, g-g)

An aggregate measure of the incidence of the concept of cohesiveness could be gained by creating a three row (c,b,g) and twenty one column (1971-1991) matrix. This entails splitting the data in Matrix N3A. Some information is lost this way, but a broader measure of cohesiveness is provided. Placement of a 1 in each cell was done to collectively represent the existence of the 1,2,3s from Matrix N3A and '\*'s noted above and a 0 for no communication to or from a stakeholder in that year. Column totals give a measure of network cohesiveness and row totals measure stakeholder cohesiveness. The higher the column total (maximum 3) the more cohesive the network. The higher the row totals the higher the desire of that specific stakeholder to stay in the network. Also, by dividing the column total by the potential column total (3) one could get an indices number (0-1) of the cohesiveness of the network by year. The same holds for the network cohesiveness as a whole (divide the sum of the column totals by 63 (21 years x 3 stakeholders) and multiply by 100) to get an network cohesiveness indices between 0-1. The closer to one the more cohesive

the network. This matrix does not include activities between b-b and g-g.

Matrix N3C            Cohesiveness of 3 major dyads. Valued matrix (does not include b-b, g-g)

One is able to develop a major dyadic perspective for network cohesiveness by splitting Matrix N2D and revaluing it. This entails the creation of a matrix with three rows (c-b, b-g and g-c) and 21 columns (1971-1991). Enter a 1 if there were both first and second order communications (strongly cohesive), a 2 if there were referrals only (inferred cohesiveness), a 1 if there were direct communications only (implied cohesiveness) and a 0 if there were no communications. Row total sums divided by 63 provides an indicator of network cohesiveness. Totals of the numbers of 1s, 2s, 3s and 0s (summarized in the column totals) gives an indication of the degree of cohesiveness according to the extent of communication. For example, if the highest proportion of numbers in the column totals were 0s, the dyads in the network would be diffuse rather than cohesive. Row totals give an indication of which dyadic relationship was most cohesive.

N4. The connectedness of the network (strength of links) will vary during the evolution of the policy community.

Graphs are used to measure the concept of connectedness. This concept refers to "of those who are in the network, to what degree are they linked (strongly, unilaterally, weak or disconnected)"? To measure this concept create a di-graph for each year and place arrows at the end of each link to indicate the directedness of each communication. To create the di-graph, count both first order and second order communications as well as reciprocal and asymmetrical. Determine the degree of connectedness for each year. If all lines are there and there are arrows at the end of each line then the network is strongly connected for that year. If all of the lines are there but some of the arrows are missing, then the network is unilaterally connected. If some of the lines are missing, the network is weakly connected. If one stakeholder is not connected to any others (an isolate) then the network is disconnected. List the years and using one of the adjectives (strongly, unilaterally, weak or disconnected) indicate the connectedness of the network. If there is a change from year to year, then the proposition is upheld. That is, the connectedness of the network structure varied during the evolution of the network.



N5. The knittedness of the network (awareness of each other) will vary during the evolution of the policy community.

USE matrix I1G<sub>1</sub> (Incidence of knittedness) to measure this concept. The more relationships that exist, the more knitted the network and vice versa. Total the columns (for each year). From a 6 dyad perspective, a closely knit network will exist if there are 5-6 dyadic links per year (that is, each dyad was in communication or referring to each others work). An intermediately knitted network will exist if there were 3-4 links per year and a loosely knit network will exist if there were 1-2 ties per year. The network will not be knitted if there are all 0s for that year. From a 9 dyad perspective, a closely knit network will exist if there are 7-9 dyadic links per year (that is, each dyad was in communication or referring to each others work). An intermediately knitted network will exist if there were 4-6 links per year and a loosely knitted network will exist if there were 1-3 dyadic ties per year. The network will not be knitted if there are all 0s for that year. From a 3 dyad perspective, a closely knit network will exist if there are 2-3 dyadic links per year (that is, each dyad was in communication or referring to each others work). An intermediately knitted network will exist if there were 1-2 links per year and a loosely knitted network will exist if there was 1 dyadic tie per year. The network will not be knitted if there are all 0s for that year.

Using this information, make a list of the years and indicate the degree of knittedness for each year (tight/close, intermediate, loose/sparse, not knitted) from each of the dyadic perspectives. If there was variation over the twenty year time span, then the proposition was upheld.

One could also create a second matrix to measure only who is being referred to the most (second order communications only). This can be done by using information in Matrix I1F<sub>1</sub> but excluding the data for g-g and b-b. Using a matrix comprised of six rows ((b-g, b-c, c-b, c-g, g-c, g-b) and 21 columns (1971-1991) enter a 1 in the cell if that stakeholder referred to the works of the other stakeholder during that year and a 0 if they didn't. Row totals give some indication of which dyads were most aware of each others' works and activities. This exercise does not measure direct communications with each other but they (direct communications, internal communications as well as public documents and unintended audience documents) had to be read in order to identify the second order communications.

N6. The stability of the network will vary during the

evolution of the policy community.

#### Restate stability operationalized

To determine the degree of stability for each dyad, use the first matrix created for I1G<sub>1</sub> (incidence of nine dyadic direct and second order communications). For each year (columns) determine which dyadic links actually existed. For example, was there a link between c-g? Follow the link across the row. Is the link there the next year? If not, does it reappear later or ever? To get a finer measure of the constituent stability, make an annotation of the specific government department and business organization for each year and then determine if they remain in the network from year to year. If there is variation, then the proposition is upheld. Row totals may give a rough indication of which type of dyadic link was the most stable. The higher the row total the more stable the link. Column totals provide a profile of degree of stability for dyads as the years evolved. The higher the column total, the more stakeholder dyads in the network for that year. If the column totals are consistently high, the network was stable.

Using matrices M3<sub>1</sub>, M3<sub>2</sub> provides a profile of the stability of the three major dyadic links as the policy community evolved. This concept relies as well on annotated cell entries regarding constituent activity.

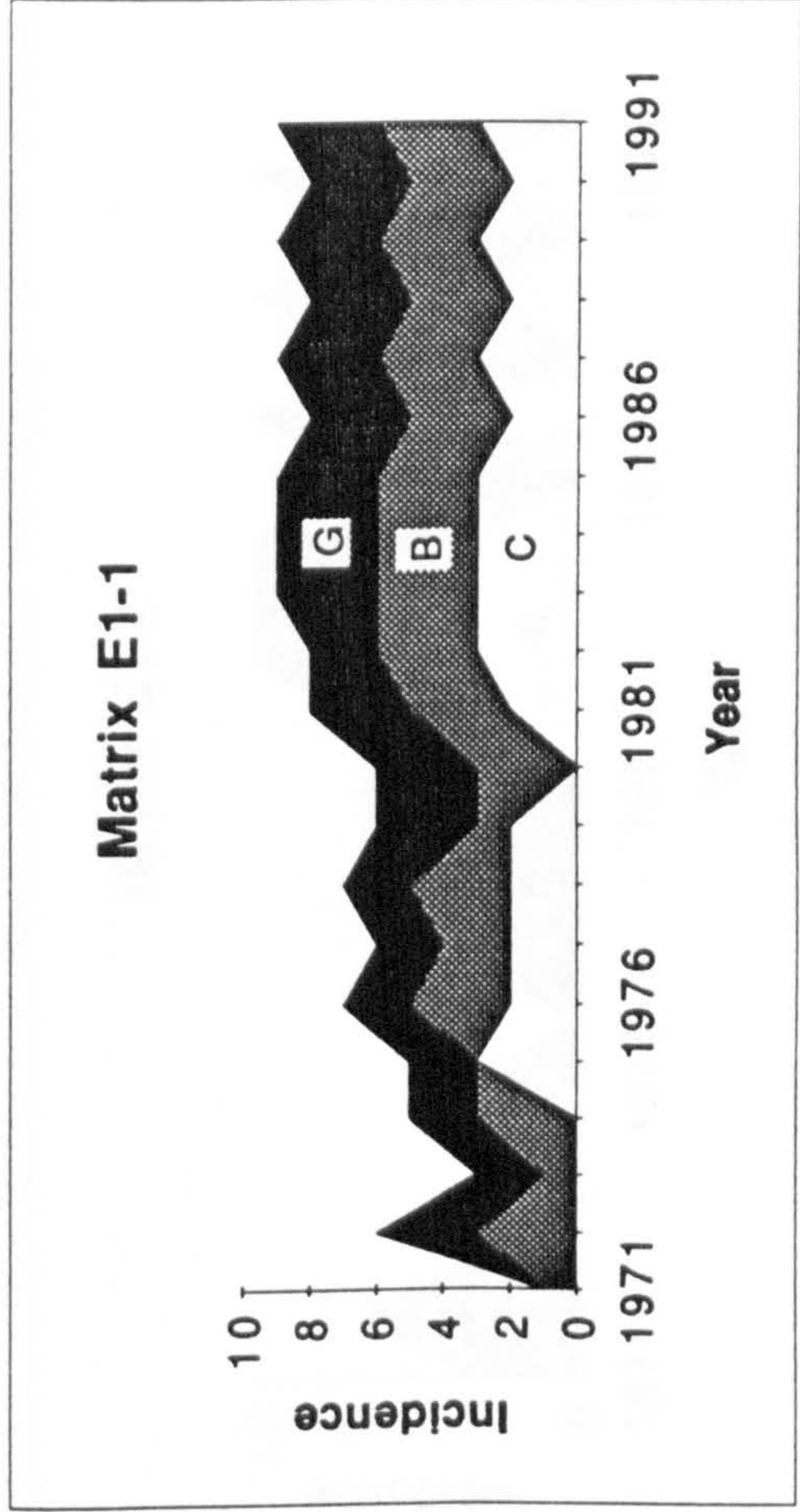
**APPENDIX SIX**  
**MATRICES AND GRAPHS REPRESENTING RELATIONAL DATA**

**PROP E1  
MATRIX E1-1**

**Matrix E1-1**  
**Incidence of aggregate internal activity compared to direct communications or referrals**  
**(Valued Matrix, includes b-b, g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	3	2	2	2	2	0	2	3	3	3	3	2	3	2	3	2	3	16
B	1	3	1	3	0	3	2	3	1	3	3	3	3	3	3	3	3	3	3	3	3	20
G	0	3	2	2	2	2	2	2	3	3	3	2	3	3	3	3	3	3	3	3	3	20
	1	2	2	2	2	3	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3	21

**Key**  
 1 : internal  
 2 : direct and referral (dyadic)  
 3 : internal, direct and referral  
 0 : no activity

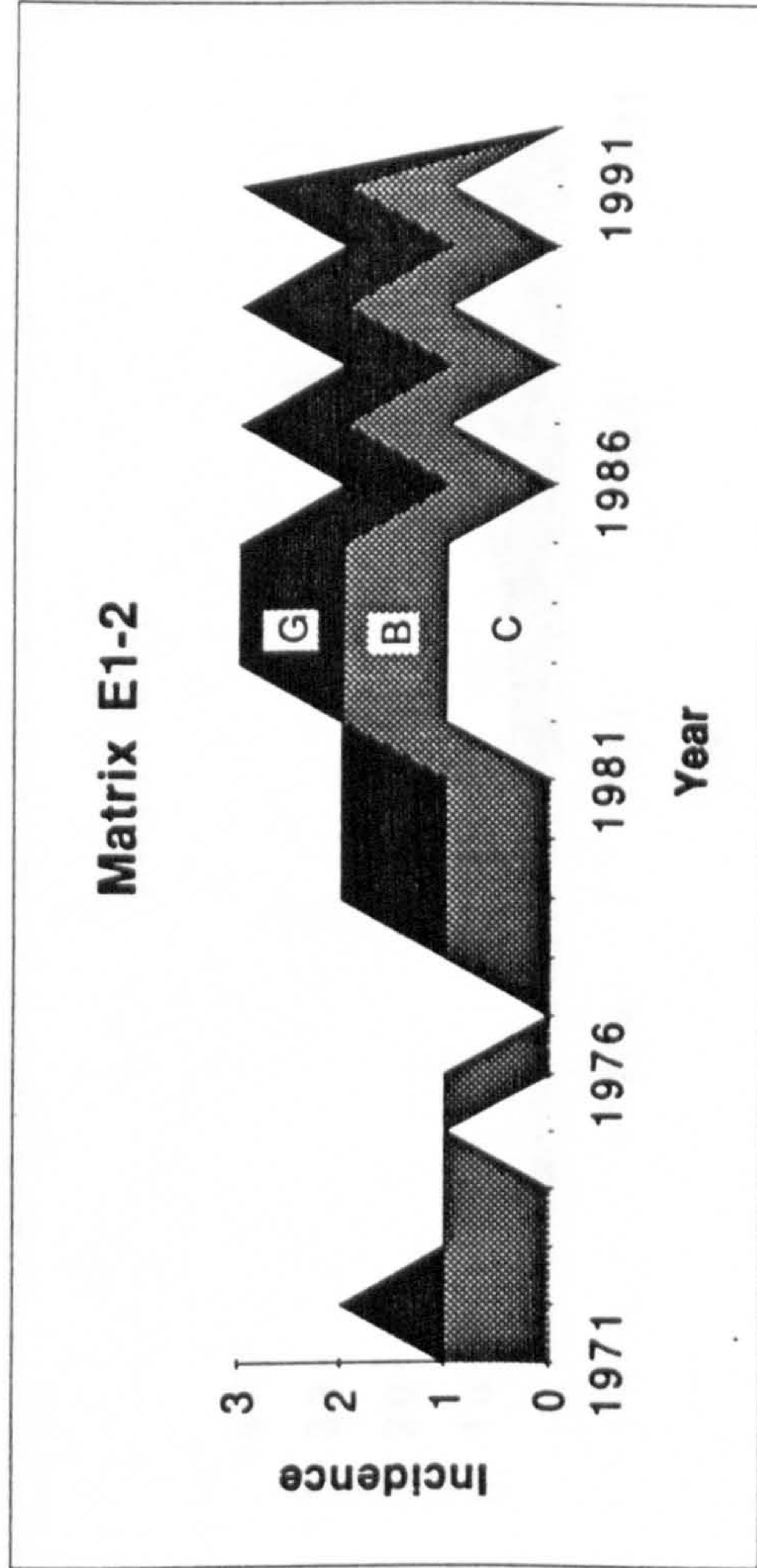


**PROP E1  
MATRIX E1-2**

**Matrix E1-2  
Incidence of egocentric activity  
by aggregate stakeholder  
(Binary Matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	0	0	0	0	0	0	1	1	1	1	0	1	0	1	0	1	8
B	1	1	1	1	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
G	0	1	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	13
	1	2	1	1	1	1	0	1	2	2	2	2	3	3	3	2	3	2	3	2	3	40

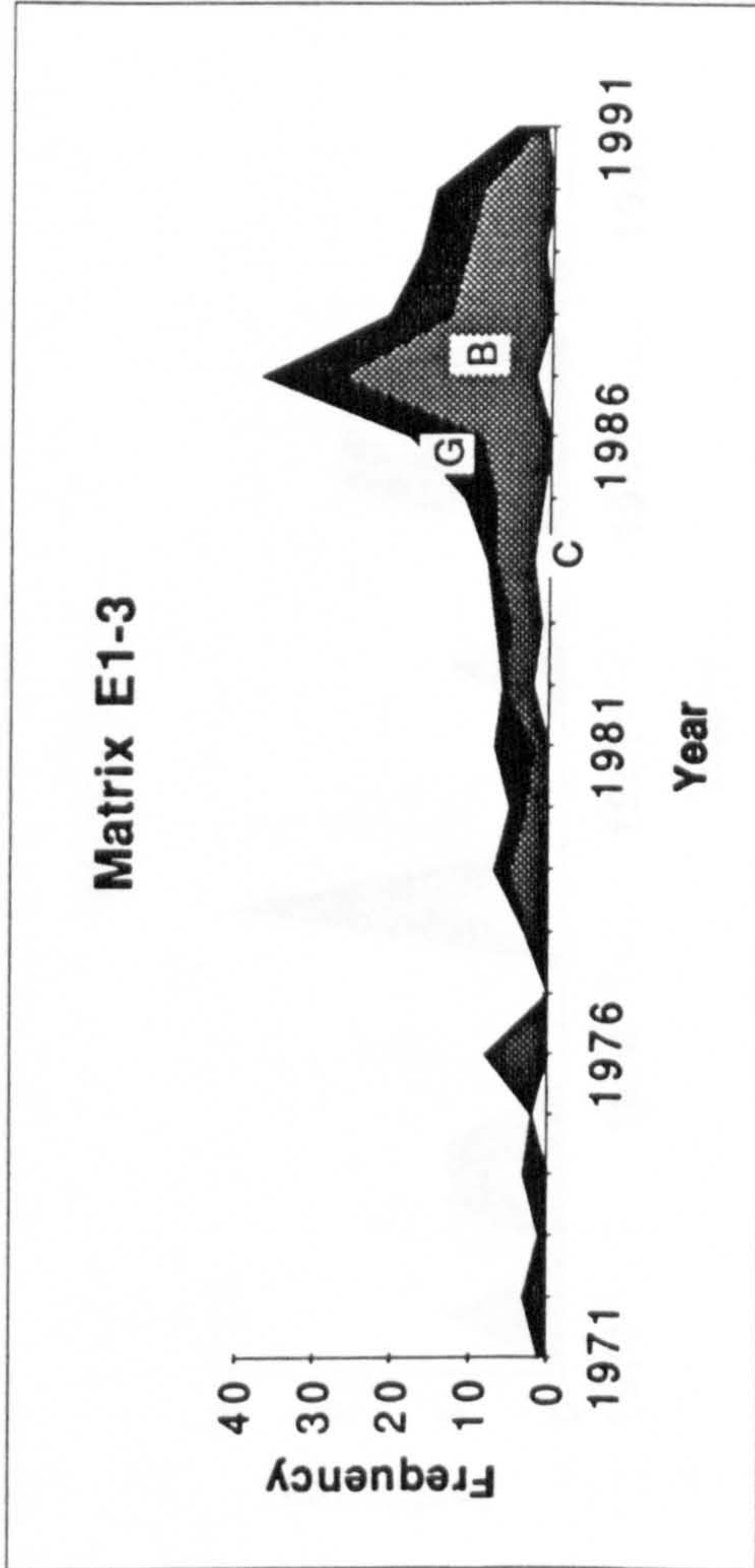
**Key**  
1 : yes  
0 : no



**PROP E1  
MATRIX E1-3**

**Matrix E1-3  
Frequency of egocentric activity  
by aggregate stakeholder**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	2	0	0	0	0	0	0	2	1	2	1	0	2	0	1	0	1	12
B	1	2	1	3	0	8	0	3	5	3	2	4	4	5	6	9	25	13	10	9	1	114
G	0	1	0	0	0	0	0	0	2	2	5	0	2	1	4	9	10	8	6	6	3	59
I	1	3	1	3	2	8	0	3	7	5	7	6	7	8	11	18	37	21	17	15	5	185

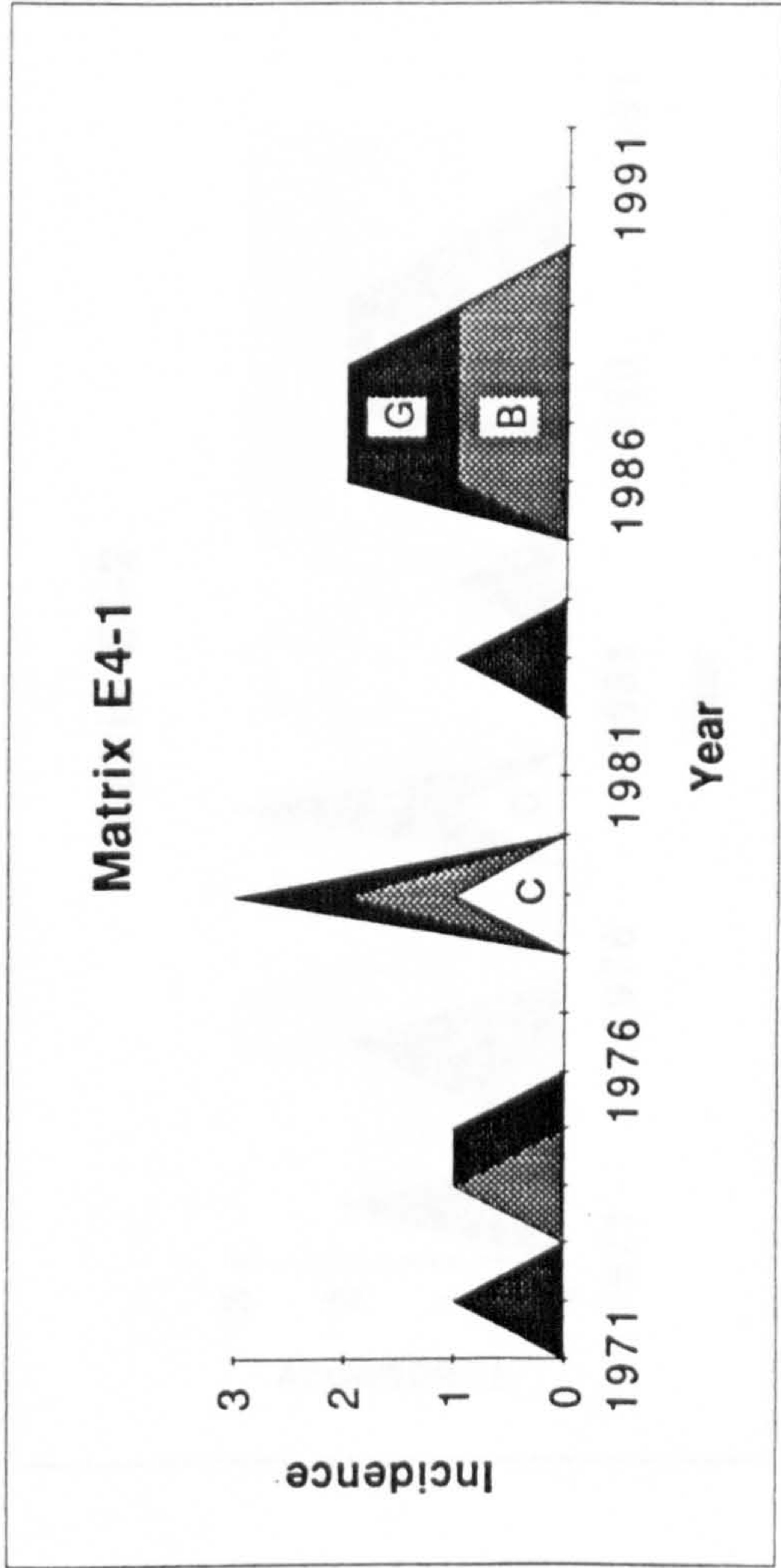


**PROP E4  
MATRIX E4-1**

**Matrix E4-1  
Incidence of formation of intra-organizational  
bodies to deal with EFTS  
(Binary Matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
B	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	1	1	1	0	0	6
G	0	1	0	0	1	0	0	0	1	0	0	1	1	0	0	1	1	1	0	0	0	7
	0	1	0	1	1	0	0	0	3	0	0	0	1	0	0	2	2	2	1	0	0	14

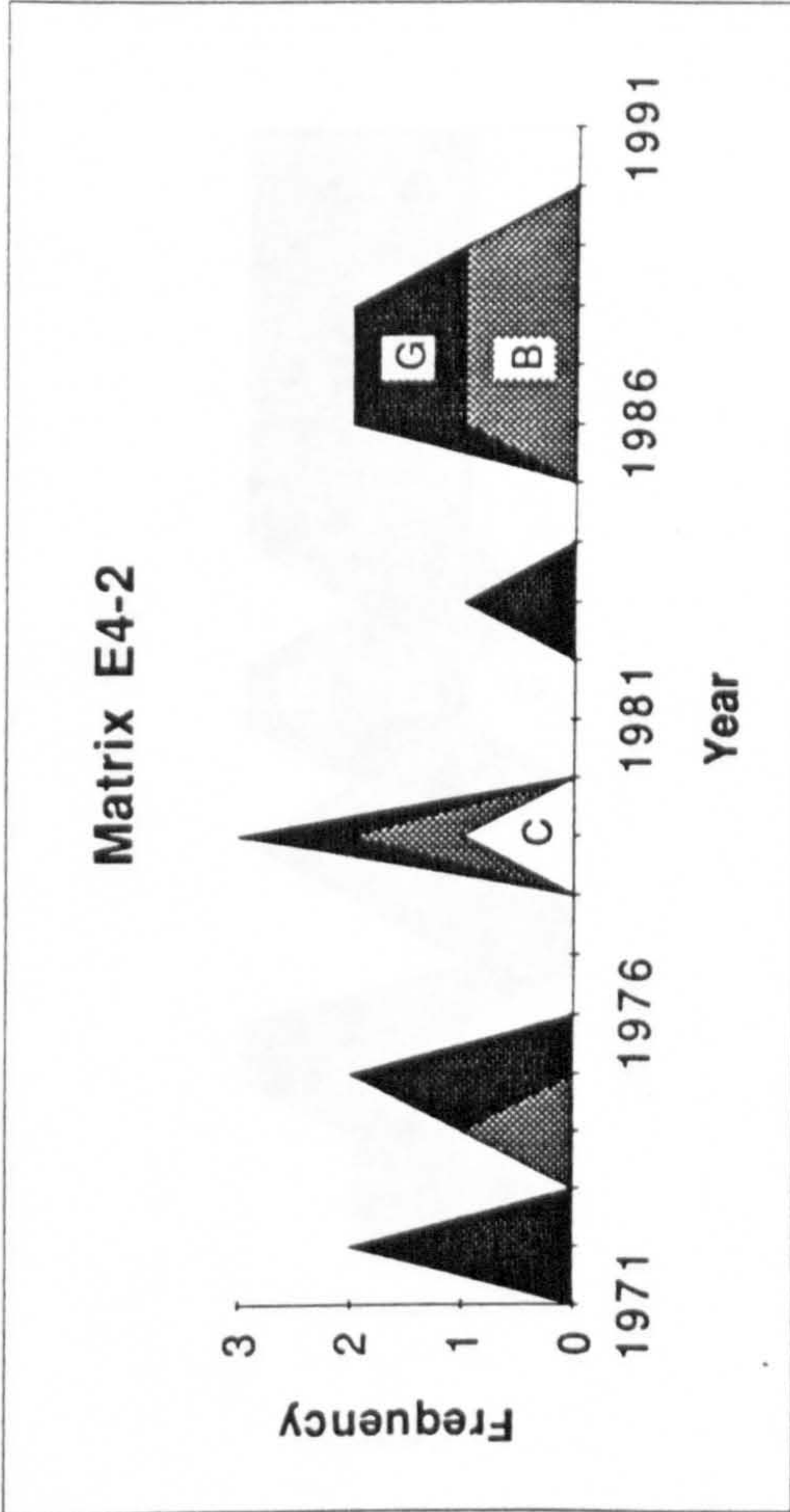
Key  
1 : yes  
0 : no



**PROP E4  
MATRIX E4-2**

**Matrix E4-2  
Frequency of formation of intra-organizational  
bodies to deal with EFTS**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
B	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	1	1	1	0	0	6
G	0	2	0	0	2	0	0	0	1	0	0	0	1	0	0	1	1	1	0	0	0	9
	0	2	0	1	2	0	0	0	3	0	0	0	1	0	0	2	2	2	1	0	0	16



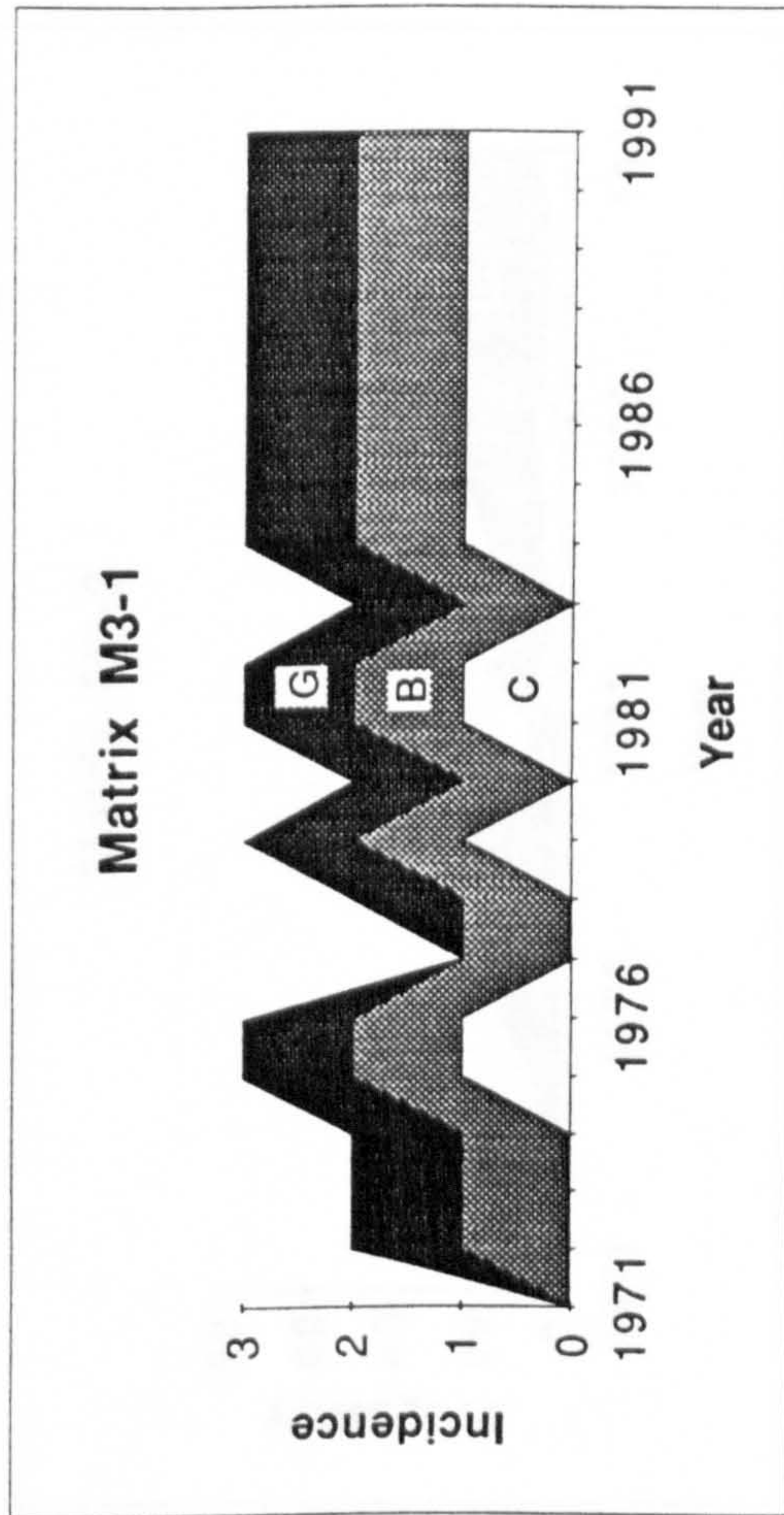


**PROP M3  
MATRIX M3-1**

**Matrix M3-1  
Incidence of 3 major dyadic links  
(First and Second Order)  
(Binary Matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	1	0	0	1	0	1	1	0	1	1	1	1	1	1	1	1	13
B-G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
G-C	0	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
	0	2	2	2	3	3	1	2	3	2	3	3	2	3	3	3	3	3	3	3	3	52

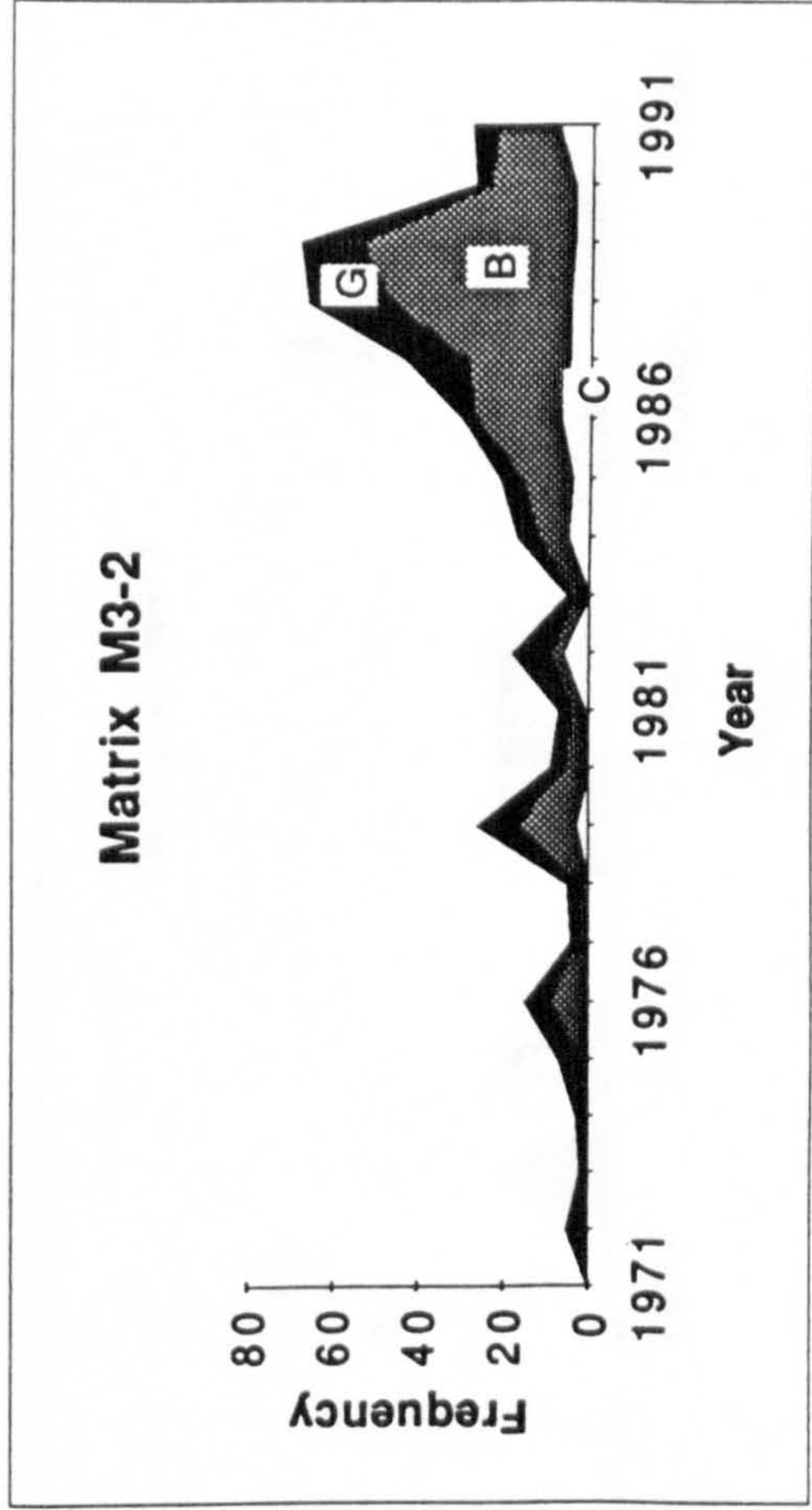
**Key**  
1 : yes  
0 : no



**PROP M3  
MATRIX M3-2**

**Matrix M3-2  
Frequency of 3 major dyadic links  
(First and Second Order)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	1	0	0	3	0	1	6	0	5	4	7	5	5	4	4	8	54
B-G	0	3	1	2	1	8	4	2	14	6	3	3	4	7	12	20	24	42	50	20	14	240
G-C	0	2	1	1	5	6	0	3	9	3	3	9	1	5	5	3	14	19	14	3	6	112
	0	5	2	3	7	15	4	5	26	9	7	18	5	17	21	30	43	66	68	27	28	406

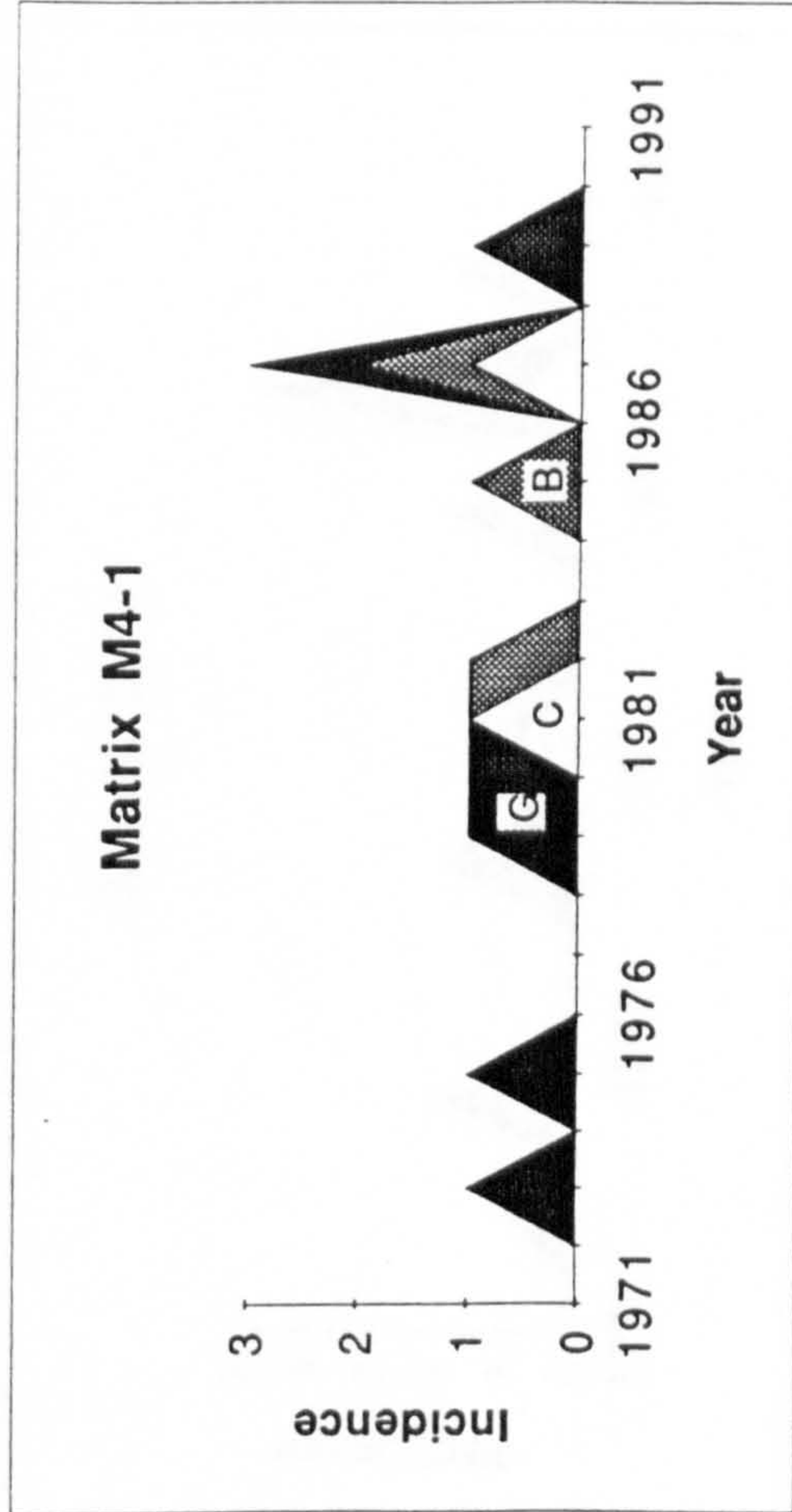


**PROP M4  
MATRIX M4-1**

**Matrix M4-1  
Incidence of creation of inter-organizational  
bodies to deal with EFTS  
(Binary Matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	2
B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0	0	0	3
G	0	0	1	0	1	0	0	0	1	1	0	0	0	0	0	0	1	0	1	0	0	6
	0	0	1	0	1	0	0	0	1	1	1	1	0	0	1	0	3	0	1	0	0	11

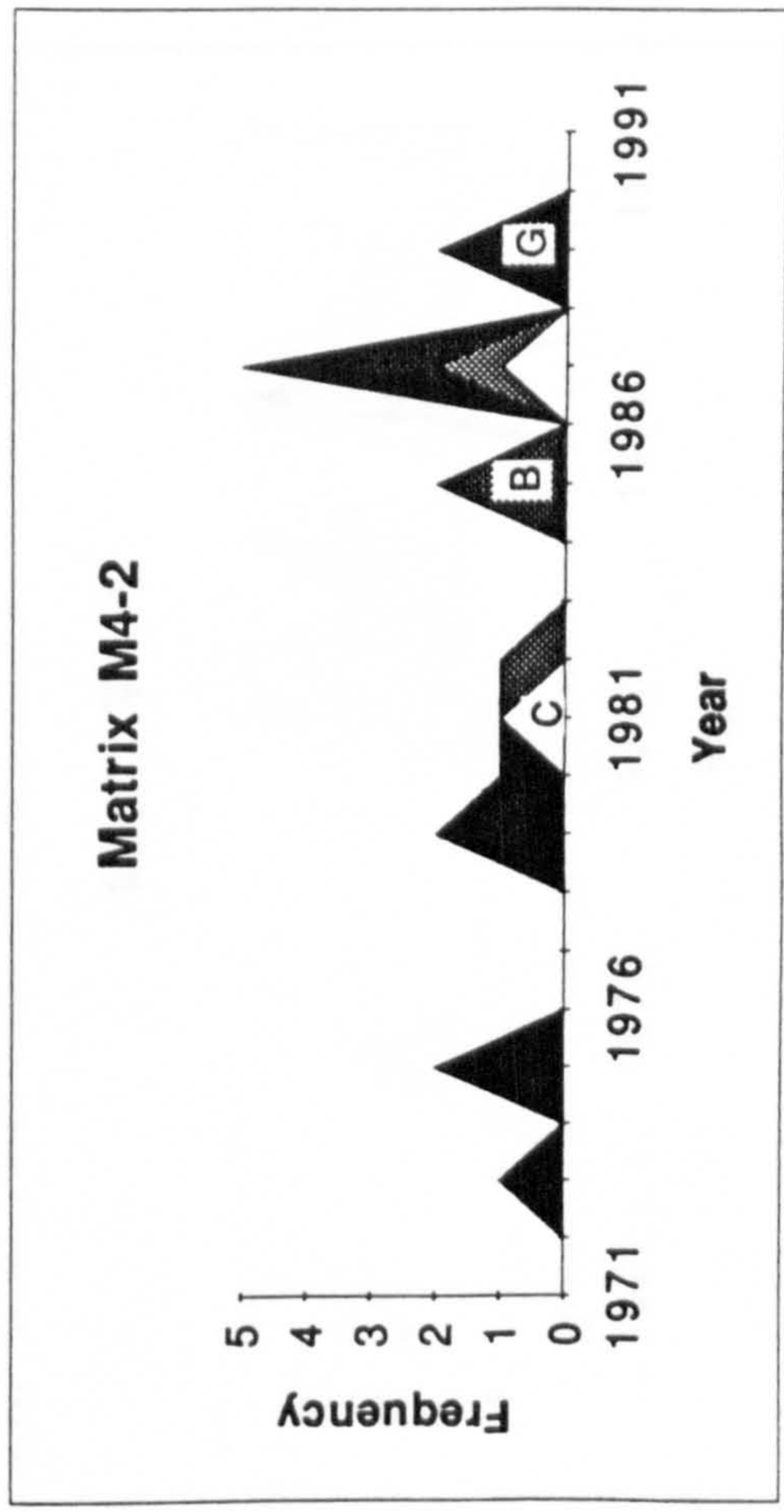
Key  
1 : yes  
0 : no



**PROP M4  
MATRIX M4-2**

**Matrix M4-2  
Frequency of creation of inter-organizational  
bodies to deal with EFTS**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	2
B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	2	0	1	0	0	0	0	4
G	0	0	1	0	2	0	0	0	2	1	0	0	0	0	0	0	3	0	2	0	0	11
	0	0	1	0	2	0	0	0	2	1	1	1	0	0	2	0	5	0	2	0	0	17

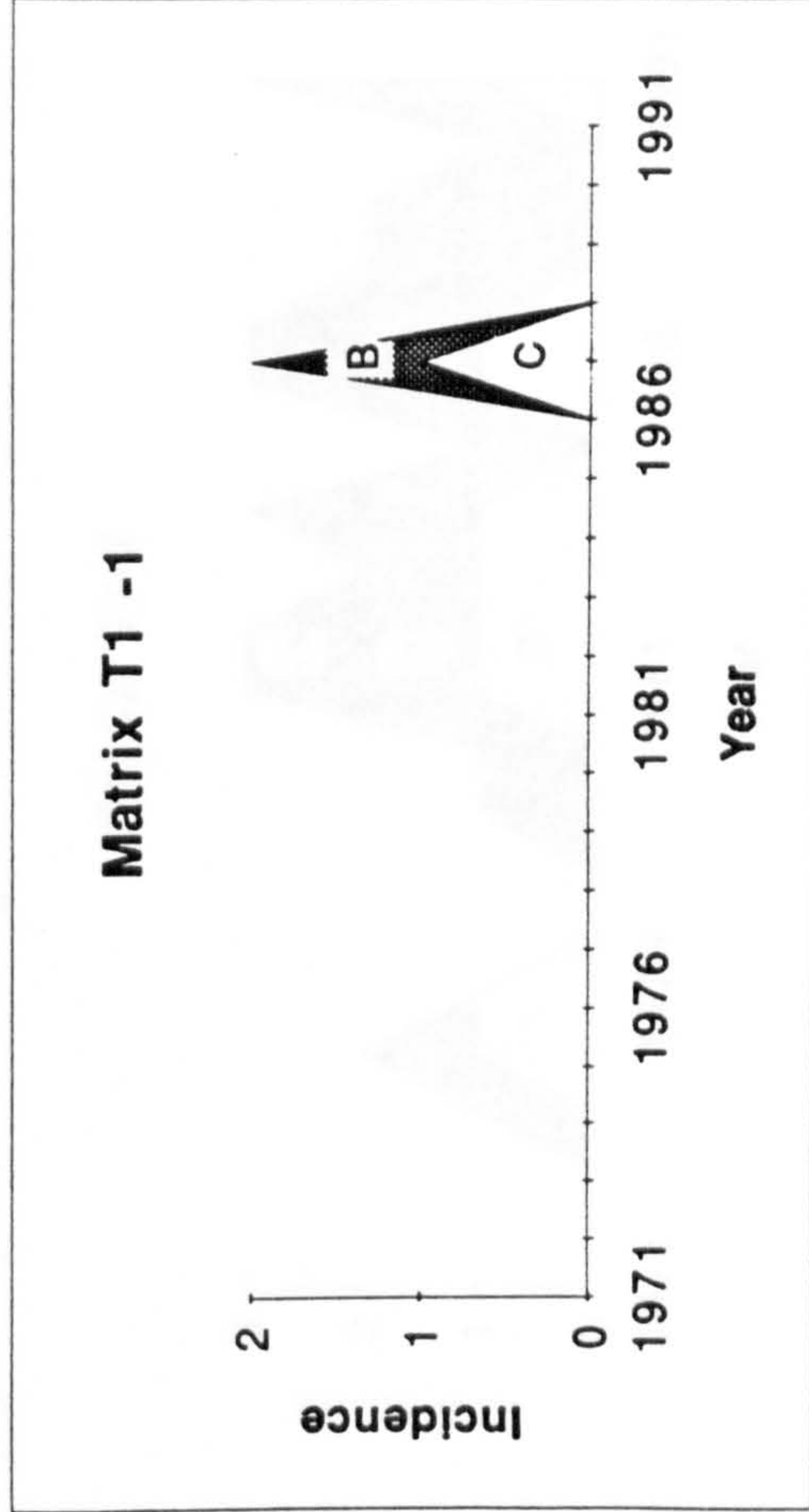


**PROP T1  
MATRIX T1-1**

**Matrix T1-1  
Incidence of aggregate express desire to  
form a triad of stakeholders  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	2

**Key**  
1 : yes  
0 : no

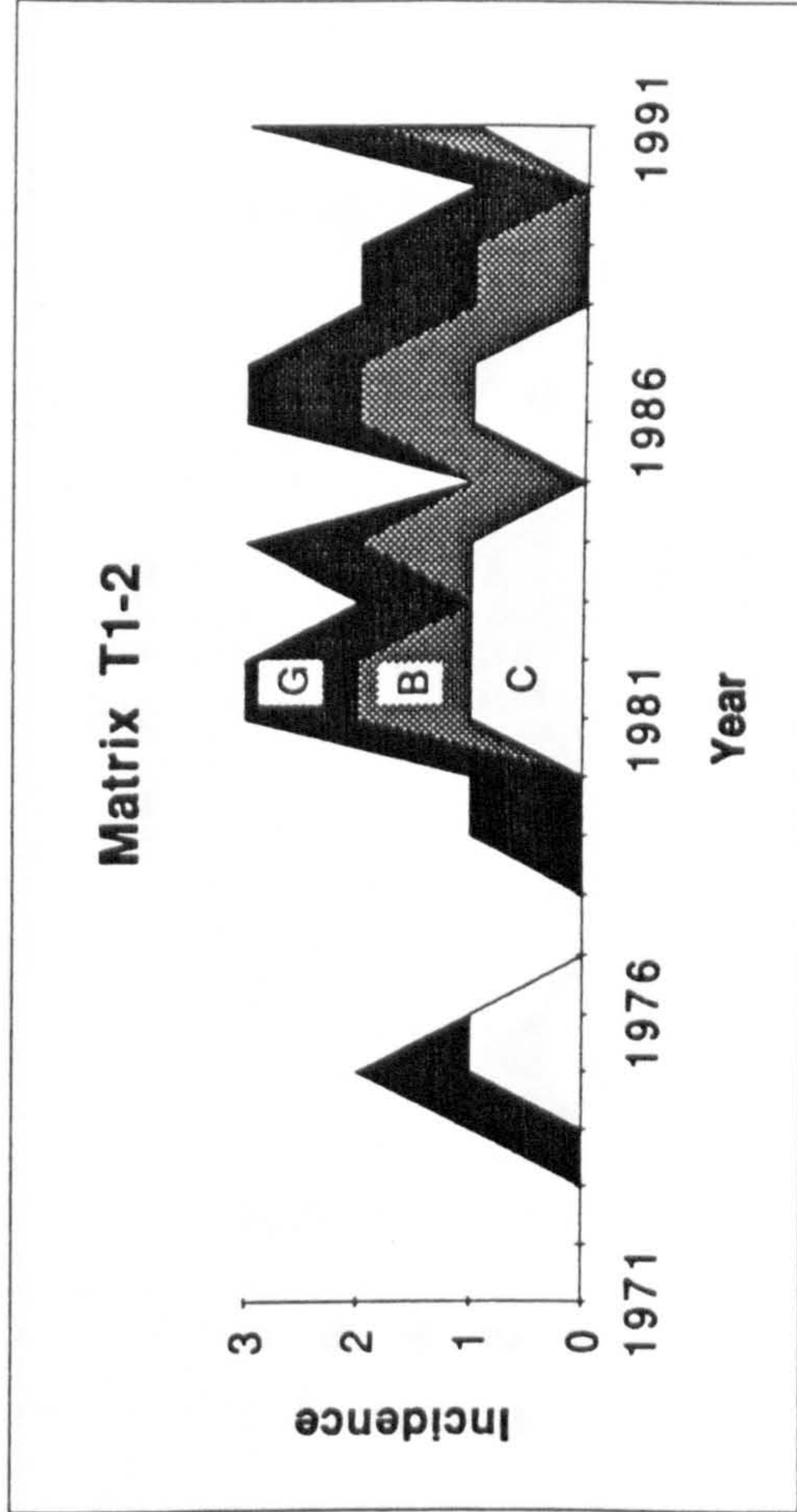


**PROP T1  
MATRIX T1-2**

**Matrix T1-2  
Incidence of aggregate statements regarding  
desire to work together  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	0	0	0	1	1	1	1	0	1	1	0	0	0	1	9
B	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1	1	1	1	1	0	1	9
G	0	0	0	1	1	0	0	0	1	1	1	1	1	1	0	1	1	1	1	1	1	14
	0	0	0	1	2	1	0	0	1	1	3	3	2	3	1	3	3	2	2	1	3	32

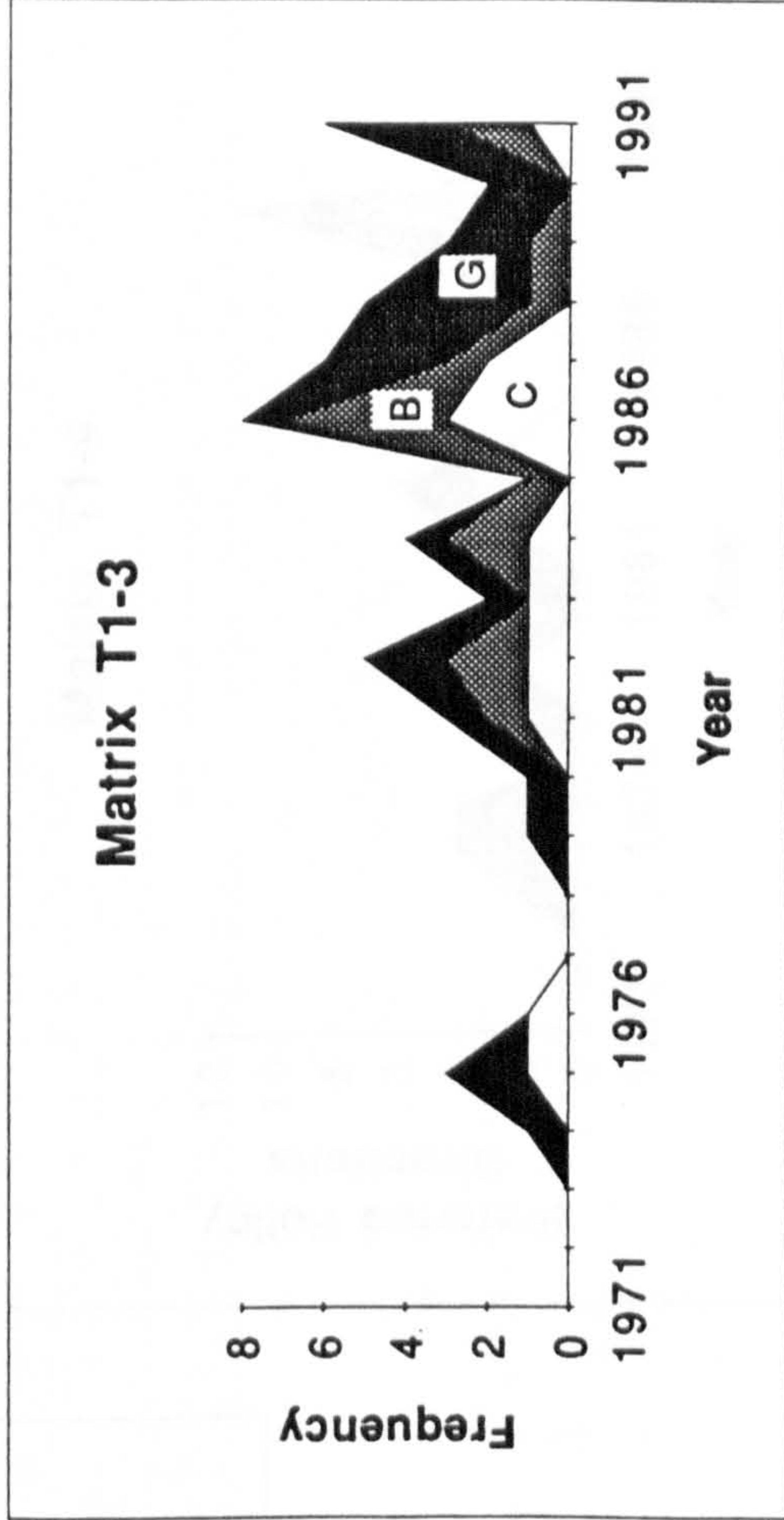
**Key**  
1 : yes  
0 : no



**PROP T1  
MATRIX T1-3**

**Matrix T1-3  
Frequency of aggregate statements regarding  
desire to work together**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	0	0	0	1	1	1	1	0	3	2	0	0	0	1	12
B	0	0	0	0	0	0	0	0	0	1	1	2	0	2	1	4	1	1	1	0	2	15
G	0	0	0	1	2	0	0	0	1	1	1	2	1	1	0	1	3	4	2	2	3	25
	0	0	0	1	3	1	0	0	1	3	5	2	2	4	1	8	6	5	3	2	6	52

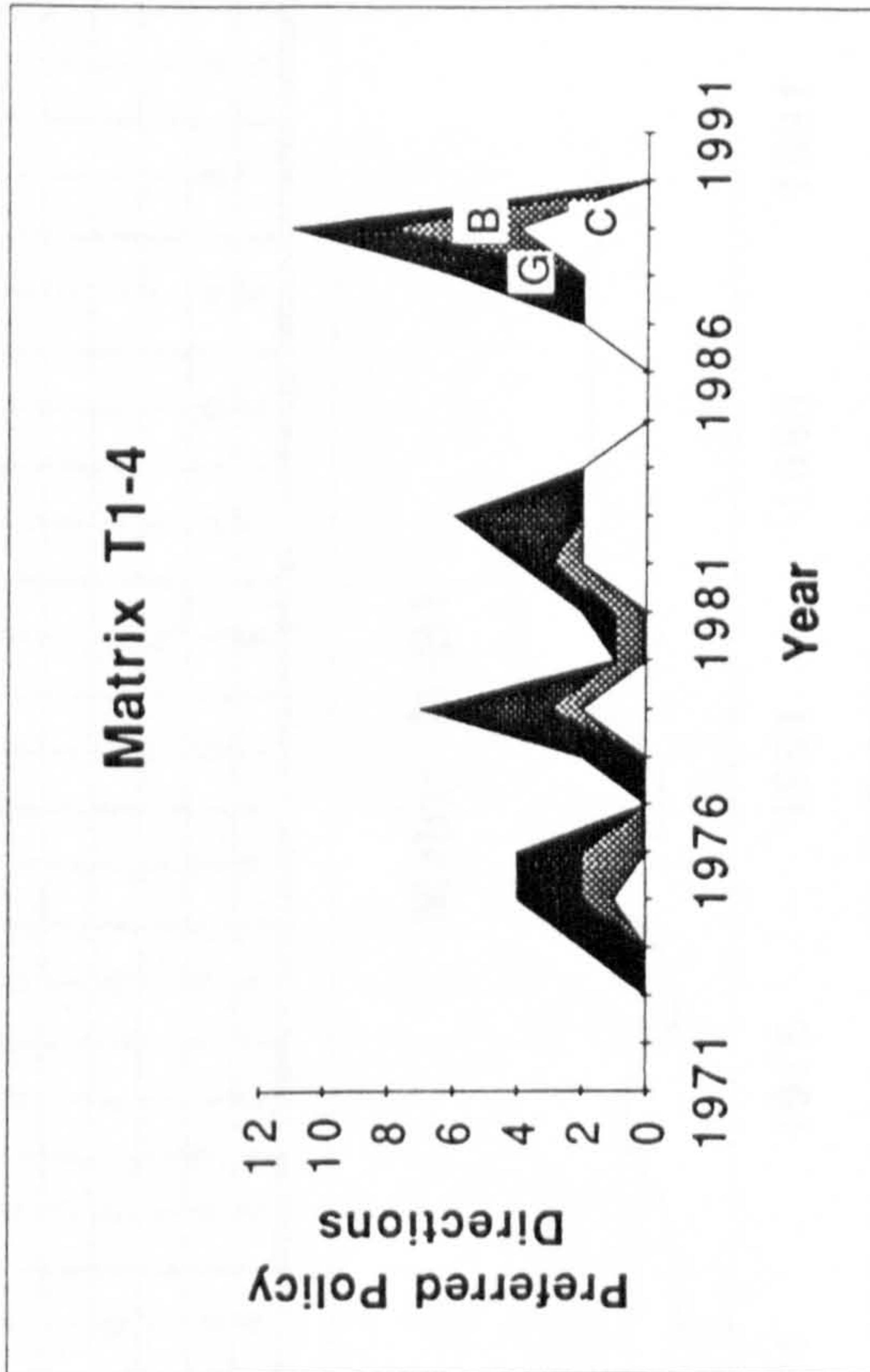


**PROP T1  
MATRIX T1-4**

**Matrix T1-4  
Aggregate inclinations regarding  
preferences for policy direction  
(Valued matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	0	0	0	2	0	0	2	2	2	0	0	2	2	4	0	0	8
B	0	0	0	0	1	2	0	0	1	1	1	1	0	0	0	0	0	0	4	0	0	7
G	0	0	0	2	2	2	0	2	4	0	1	1	4	0	0	0	0	4	3	0	0	10
	0	0	0	1	3	2	0	1	3	1	2	3	2	1	0	0	1	2	3	0	0	25

**Key**  
 1 : market based solution  
 2 : regulatory solution or legislative review  
 3 : voluntary solution  
 4 : combinations  
 0 : none



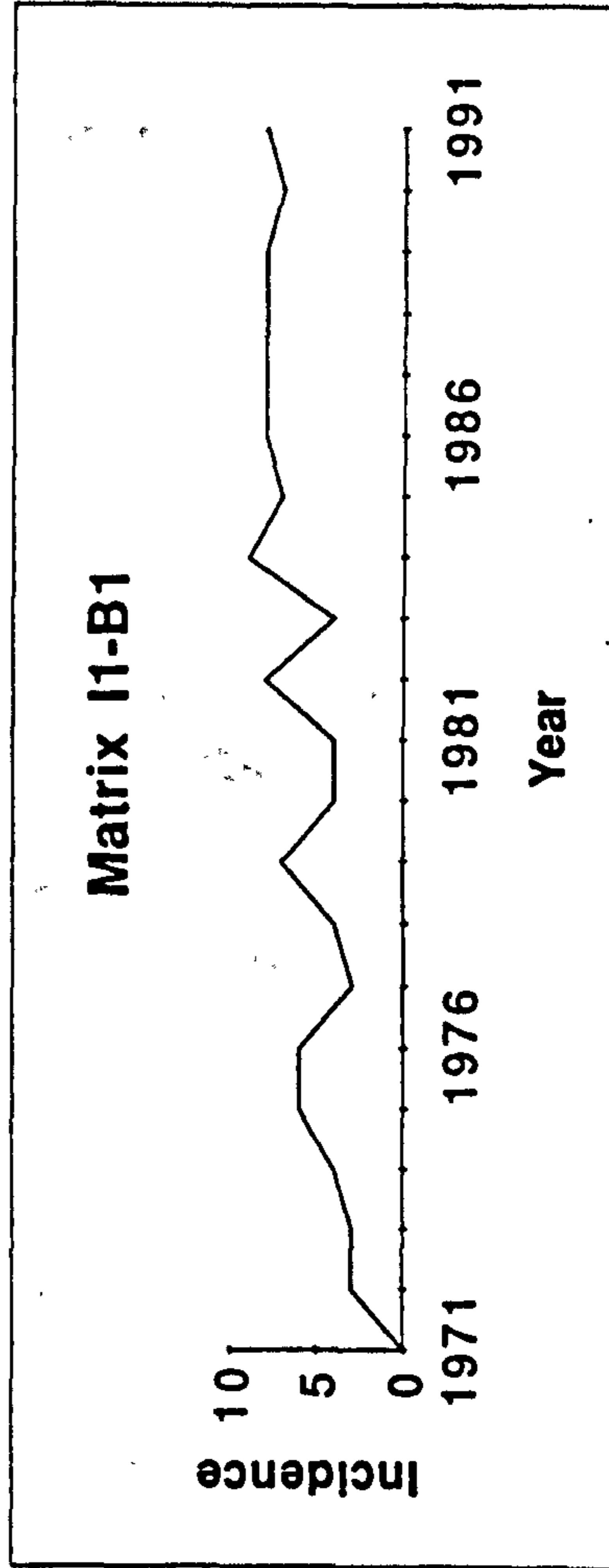


**PROP II  
MATRIX I1-B1**

**Matrix I1-B1  
Incidence of 8 dyadic contact  
(first and second order)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	0	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	11
C-G	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B-C	0	0	0	0	0	1	0	0	1	0	0	1	0	1	1	1	1	1	1	1	1	11
B-G	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G-C	0	1	1	1	1	1	0	1	1	1	0	0	1	1	1	1	1	1	1	1	1	16
G-B	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	19
B-B	0	0	0	1	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	10
G-G	0	0	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	1	1	1	1	17
C-C	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0	4
	0	3	3	4	6	6	3	4	7	4	4	8	4	9	7	8	8	8	8	7	8	119

**Key**  
1 : yes  
0 : no

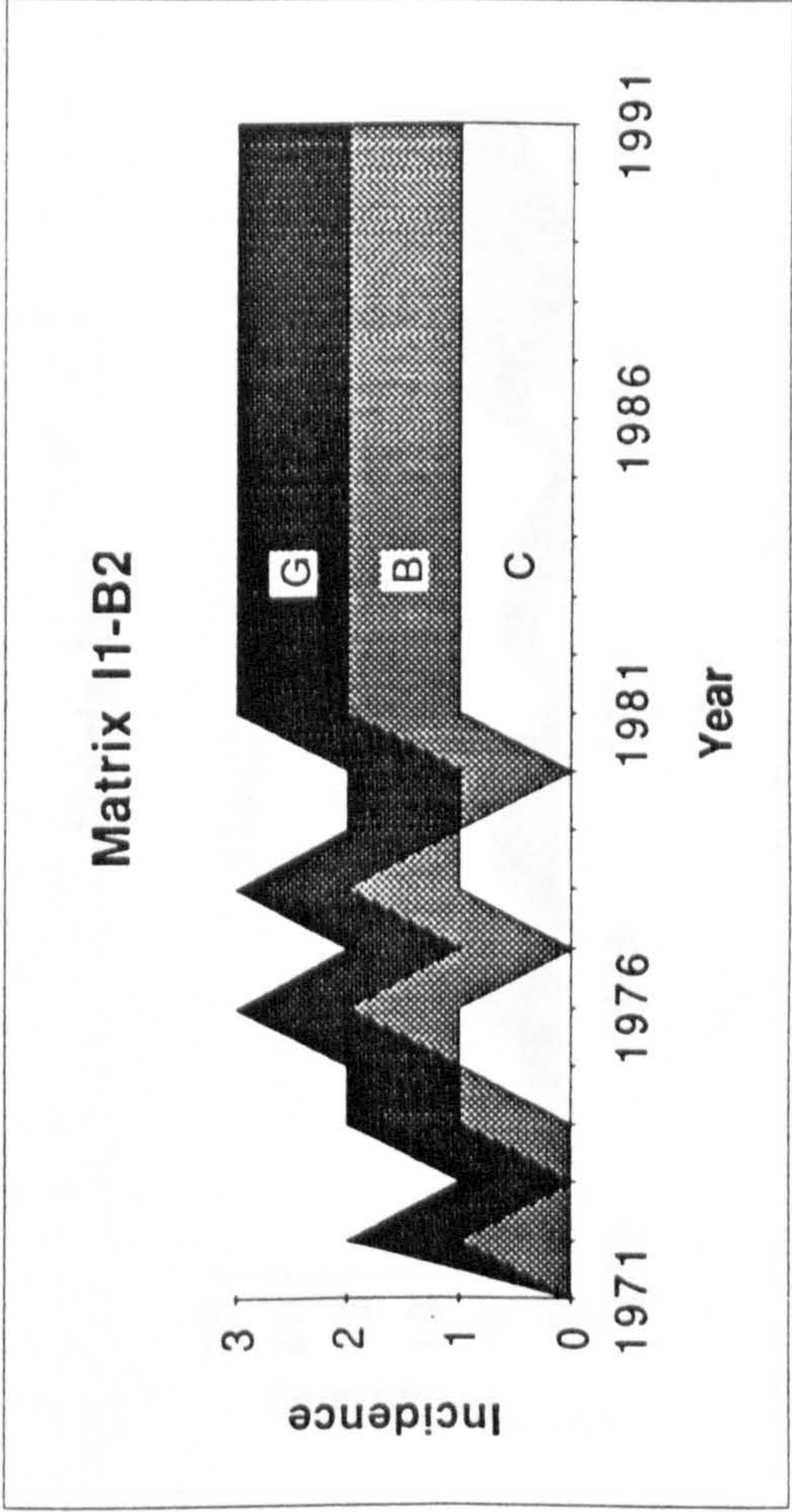


**PROP I1  
MATRIX I1-B2**

**Matrix I1-B2  
Incidence of aggregate stakeholder contact  
(first and second order), (includes g-g and b-b)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B	0	1	0	1	0	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	17
G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
	0	2	1	2	2	3	2	3	2	2	3	3	3	3	3	3	3	3	3	3	3	52

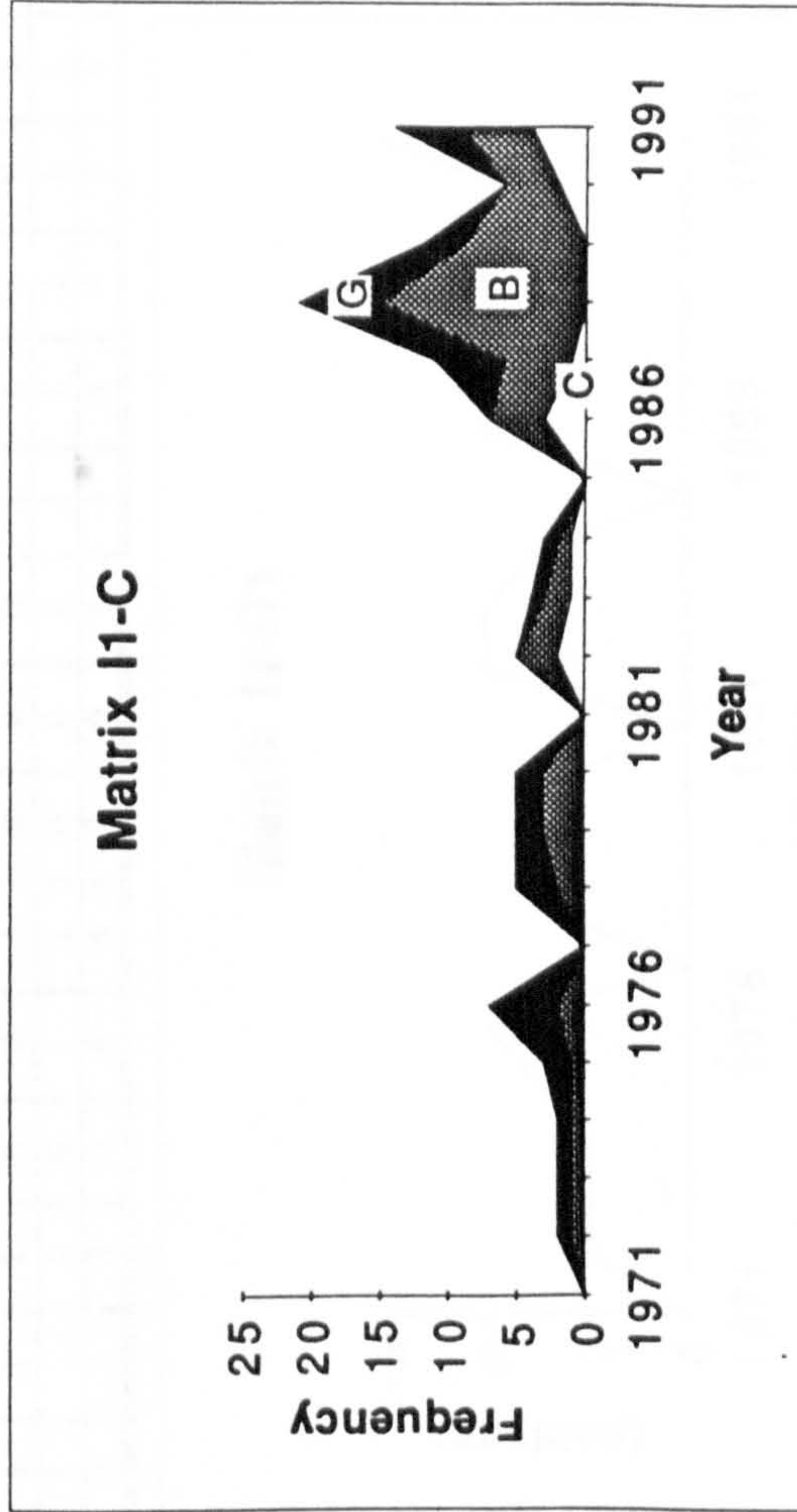
Key  
1 : yes  
0 : no



**PROP II  
MATRIX II-C**

**Matrix II-C  
Frequency of 3 major dyads directly communicating  
(includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	0	0	0	0	0	0	0	2	1	1	0	3	1	0	0	2	4	14
B	0	1	1	1	1	2	0	2	3	3	0	3	2	1	0	4	5	15	9	4	5	62
G	0	1	1	1	2	5	0	3	2	2	0	0	1	1	0	0	5	6	3	0	5	38
	0	2	2	2	3	7	0	5	5	5	0	5	4	3	0	7	11	21	12	6	14	114



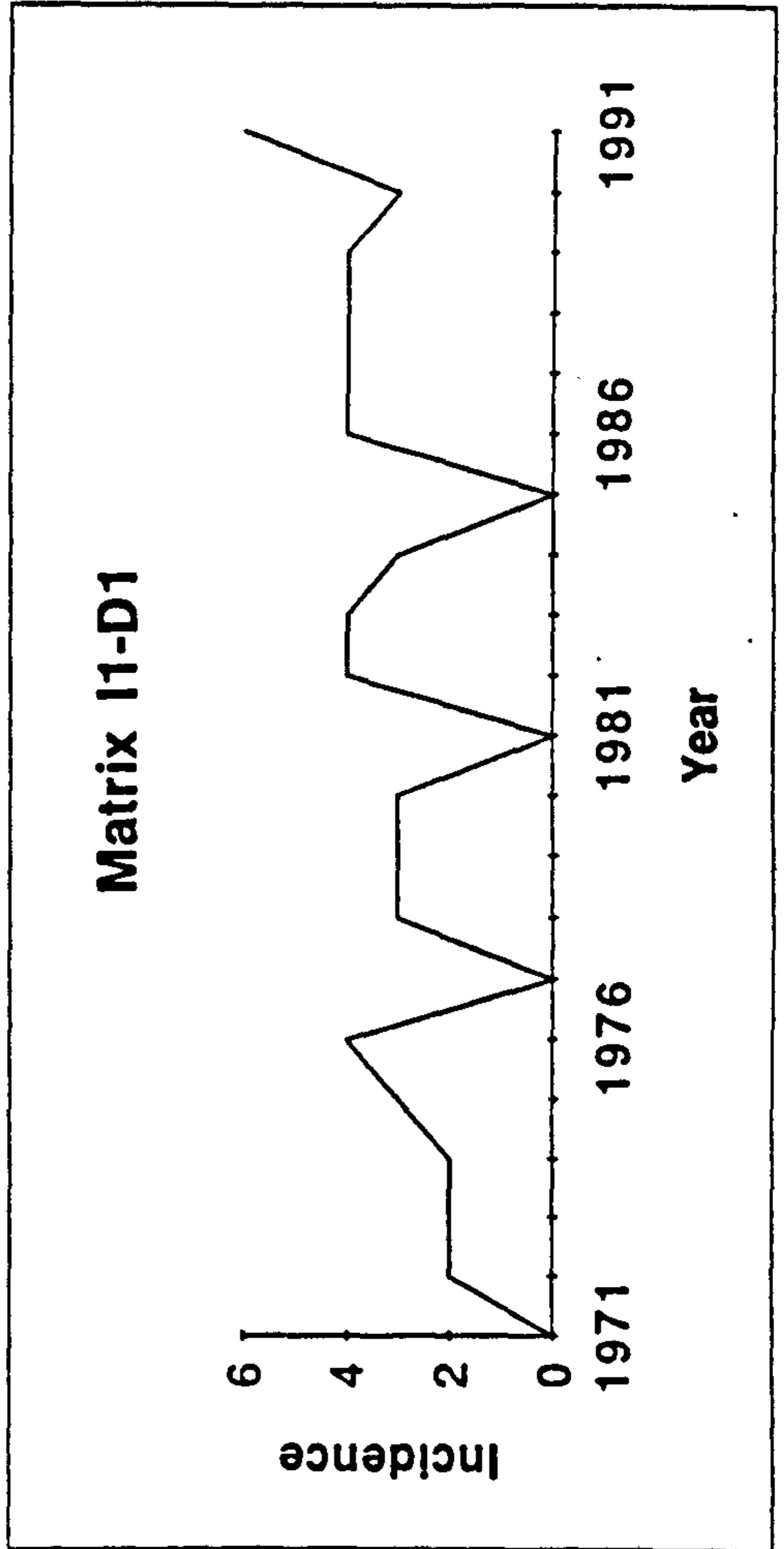
**PROP II  
MATRIX I1-D1**

**Matrix I1-D1**

**Incidence of 6 dyads in direct communication  
(Binary matrix, does not include b-b or-g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	3
C-G	0	0	0	0	1	1	0	1	0	0	0	0	0	1	0	0	0	1	1	0	1	7
B-C	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	1	1	0	0	1	1	7
B-G	0	0	0	0	0	1	0	0	1	1	0	1	1	1	0	1	1	1	1	1	1	12
G-C	0	1	1	1	1	1	0	1	1	1	0	0	1	0	0	0	1	1	1	0	1	13
G-B	0	1	1	1	1	1	0	1	1	1	0	1	1	0	1	1	1	1	1	1	1	16
	0	2	2	2	3	4	0	3	3	3	0	4	4	3	0	4	4	4	4	3	6	58

**Key**  
1 : yes  
0 : no



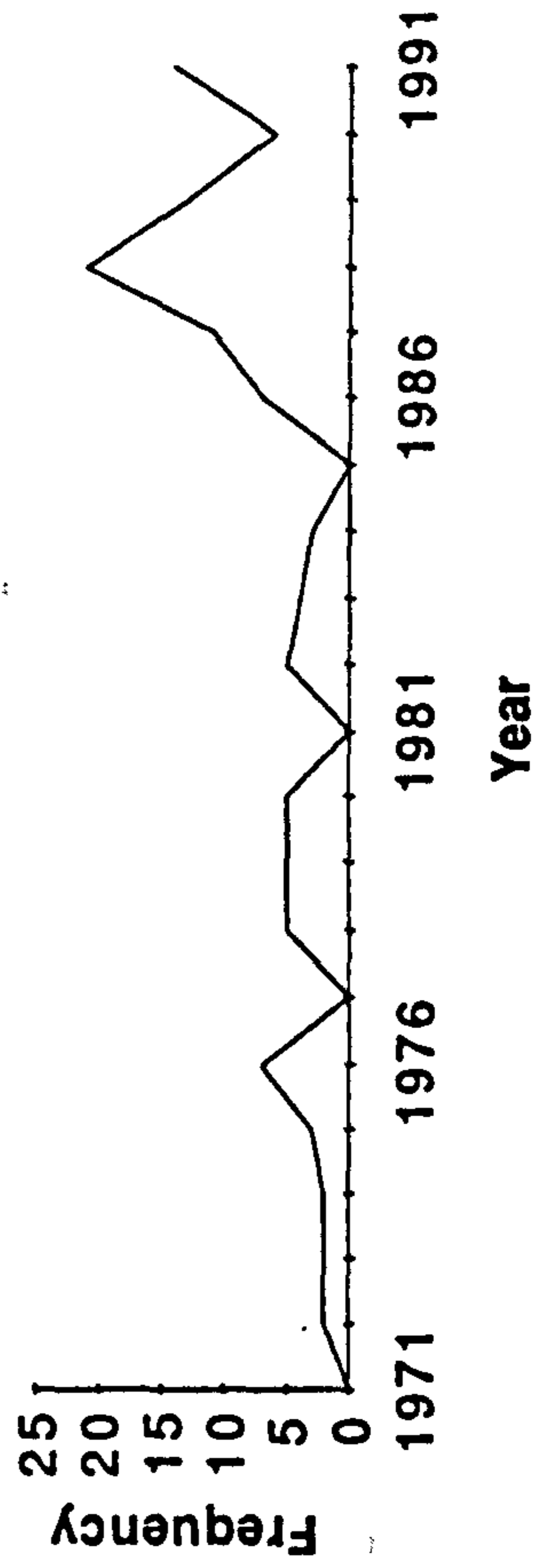
**PROP II  
MATRIX I1-D2**

**Matrix I1-D2**

**Frequency of 6 dyads in direct communication  
(does not include b-b or g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	0	0	0	0	1	4
C-G	0	0	0	1	1	4	0	1	0	0	0	0	0	1	0	0	0	1	1	0	2	11
B-C	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	1	1	0	0	2	3	10
B-G	0	0	0	0	0	1	0	0	1	1	0	2	1	1	0	2	2	4	4	2	1	22
G-C	0	1	1	1	1	1	0	2	2	2	0	0	1	0	0	0	4	5	2	0	3	26
G-B	0	1	1	1	1	1	0	2	2	2	0	1	1	0	0	2	4	11	6	2	4	42
	0	2	2	3	3	7	0	5	5	5	0	5	4	3	0	7	11	21	13	6	14	115

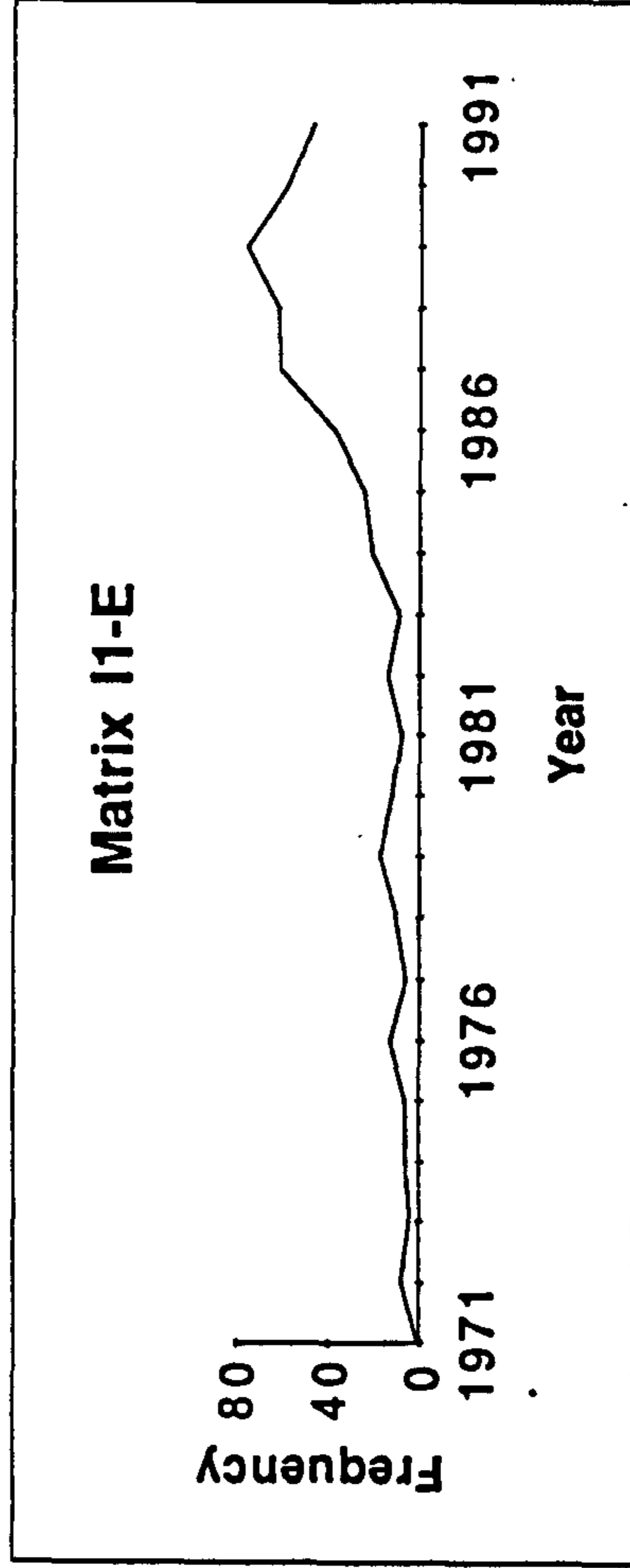
**Matrix I1-D2**



**PROP II  
MATRIX II-E**

**Matrix II-E  
Frequency of 9 dyads in direct and internal communication**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	0	0	0	0	2	5
C-G	0	0	0	0	1	3	0	1	0	0	0	0	1	1	2	0	3	3	3	1	3	20
B-C	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1	1	0	1	4	2	11
B-G	0	0	0	0	0	1	1	0	0	1	0	1	0	2	3	4	7	7	12	11	8	58
G-C	0	2	1	1	1	2	0	2	3	2	0	0	0	1	1	1	4	6	4	1	2	34
G-B	0	2	1	1	1	1	1	2	3	2	0	1	0	1	2	2	4	10	12	5	2	53
B-B	1	2	1	3	0	5	0	3	4	3	2	6	4	9	9	17	25	16	16	15	3	144
G-G	0	2	1	1	1	1	4	2	6	4	5	0	3	3	6	10	15	19	27	21	23	154
C-C	0	0	0	0	2	0	0	0	1	0	1	4	1	3	1	0	2	1	1	0	2	19
	1	8	4	6	6	13	6	10	17	12	8	14	9	21	24	37	61	62	76	58	47	500

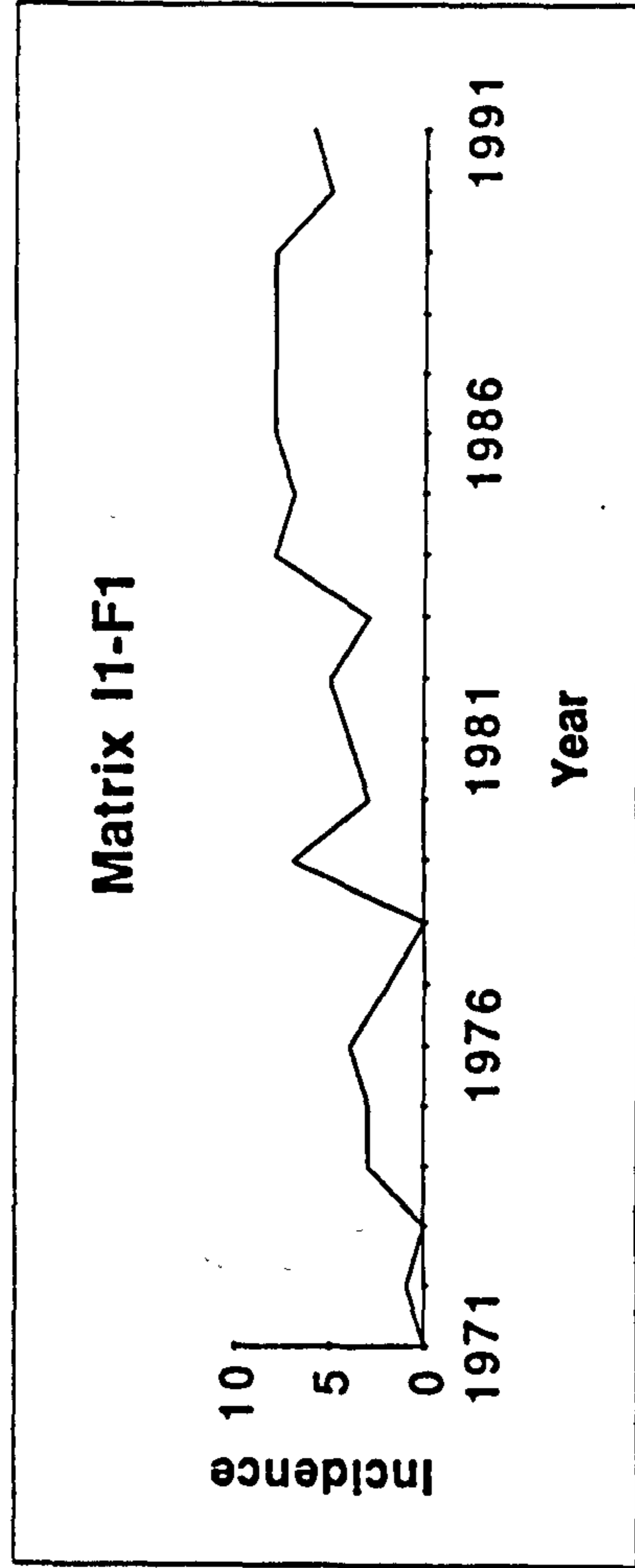


**PROP II  
MATRIX II-F1**

**Matrix II-F1  
Incidence of 9 dyads in second order communications  
(referrals)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-C	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0	4
C-B	0	0	0	0	1	0	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	11
C-G	0	0	0	0	1	1	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	12
B-B	0	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	9
B-C	0	0	0	0	0	1	0	0	1	0	0	0	0	1	1	1	1	1	1	0	1	9
B-G	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G-G	0	0	0	1	0	1	1	0	1	1	1	1	1	0	0	0	1	1	1	1	1	13
G-C	0	0	0	0	0	0	0	0	1	1	0	0	0	1	1	1	1	1	1	1	0	9
G-B	0	0	0	1	0	0	0	0	1	0	0	0	1	1	1	1	1	1	1	1	0	10
	0	1	0	3	3	4	2	0	7	3	4	5	3	8	7	8	8	8	8	5	6	93

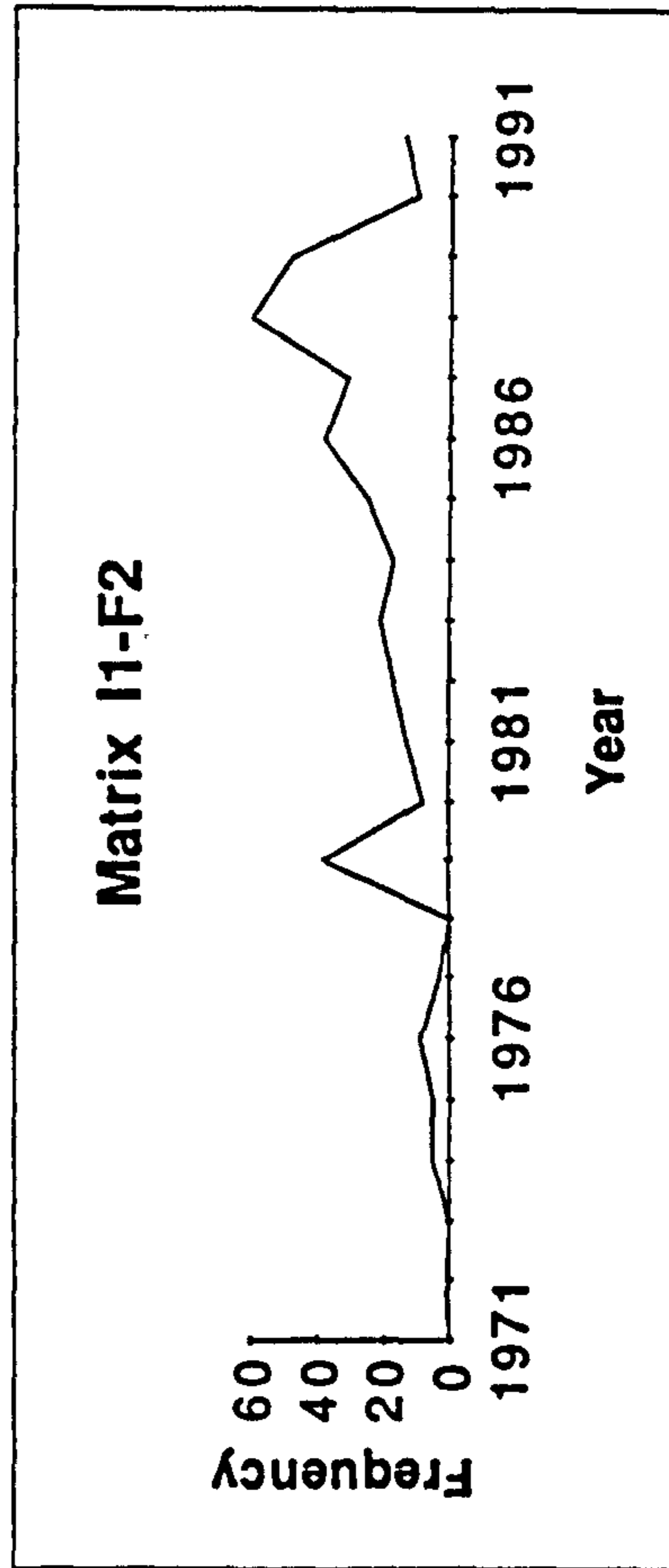
**Key**  
1 : yes  
0 : no



**PROP II  
MATRIX II-F2**

**Matrix II-F2  
Frequency of 9 dyads in second order communications  
(referrals)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	0	0	0	1	0	1	4	0	2	2	2	3	2	2	0	2	22
C-G	0	0	0	0	3	1	0	0	4	0	3	9	0	2	1	1	5	2	2	0	1	34
B-C	0	0	0	0	0	1	0	0	2	0	0	0	0	2	2	2	1	3	1	0	2	16
B-G	0	1	0	0	0	6	2	0	9	3	3	1	1	2	5	6	4	2	3	2	4	54
G-C	0	0	0	0	0	0	0	0	2	1	0	0	0	1	1	1	2	8	5	1	0	22
G-B	0	0	0	1	0	0	0	0	2	0	0	0	3	2	2	8	9	23	2	2	0	75
B-B	0	0	0	1	0	0	0	0	0	0	0	0	0	5	12	17	4	10	6	4	4	63
G-G	0	0	0	3	0	1	1	0	18	4	6	2	17	0	0	0	3	10	6	1	1	73
C-C	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0	4
	0	1	0	5	5	9	3	0	38	8	13	17	21	17	25	38	31	60	48	10	14	363



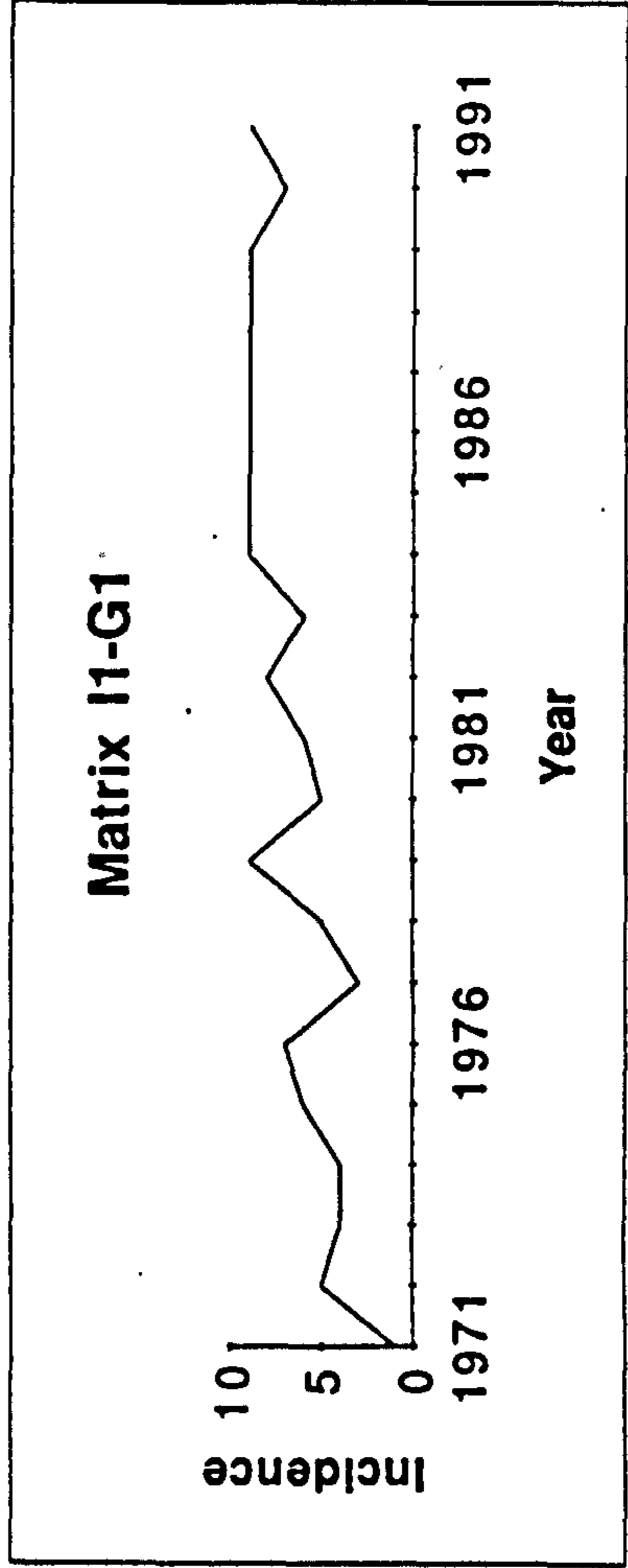


**PROP II  
MATRIX II-G1**

**Matrix II-G1  
Incidence of 9 dyads in first and second order communications  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-C	0	0	0	0	1	0	0	0	1	0	1	1	1	1	1	1	1	1	1	0	1	12
C-B	0	0	0	0	1	0	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	11
C-G	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B-B	1	1	1	1	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
B-C	0	0	0	0	0	1	0	0	1	0	0	1	0	1	1	1	1	1	1	1	1	11
B-G	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G-G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
G-C	0	1	1	1	1	1	0	1	1	1	0	0	0	1	1	1	1	1	1	1	1	16
G-B	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	19
	1	5	4	4	6	7	3	5	9	5	6	8	6	9	9	9	9	9	7	9	9	139

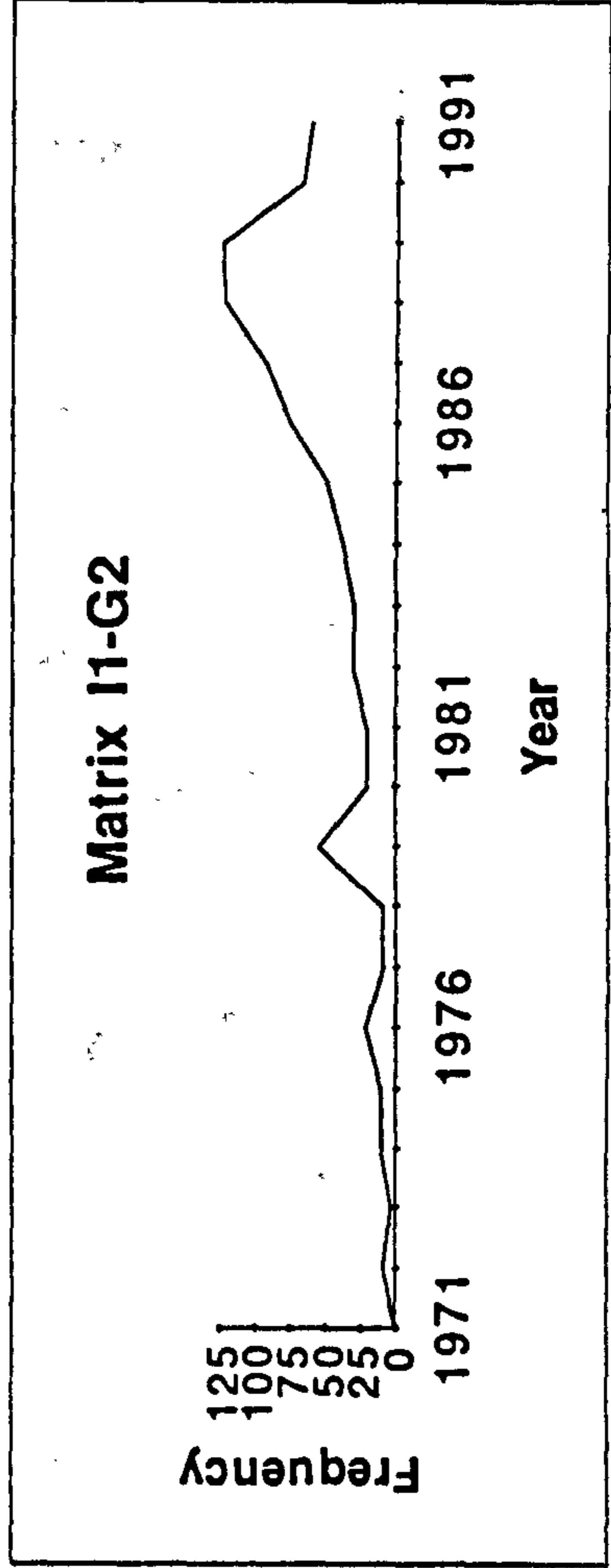
**Key**  
1 : yes  
0 : no



**PROP II  
MATRIX II-G2**

**Matrix II-G2  
Frequency of 9 dyads in first and second order communications**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-C	0	0	0	0	3	0	0	0	1	0	1	5	1	4	1	1	2	1	1	0	2	23
C-B	0	0	0	0	1	0	0	0	1	0	1	5	0	2	2	4	3	2	2	0	4	27
C-G	0	0	0	0	4	4	0	1	4	0	3	9	1	3	3	1	8	5	5	1	4	56
B-B	1	2	1	4	0	5	0	3	4	3	2	6	4	14	21	34	30	26	22	19	7	207
B-C	0	0	0	0	0	1	0	0	2	0	0	1	0	3	2	3	2	3	2	4	4	27
B-G	0	1	0	0	0	7	3	0	9	4	3	2	1	4	8	10	11	9	15	13	12	112
G-G	0	2	1	4	1	2	5	2	24	8	11	2	20	3	6	10	18	29	33	22	24	227
G-C	0	2	1	1	1	2	0	2	5	3	0	0	0	2	2	2	6	14	9	2	2	56
G-B	0	2	1	2	1	1	1	2	5	2	0	1	3	3	4	10	13	33	35	7	2	128
	1	9	4	11	11	22	9	10	55	20	21	31	30	38	49	75	93	122	124	68	61	863

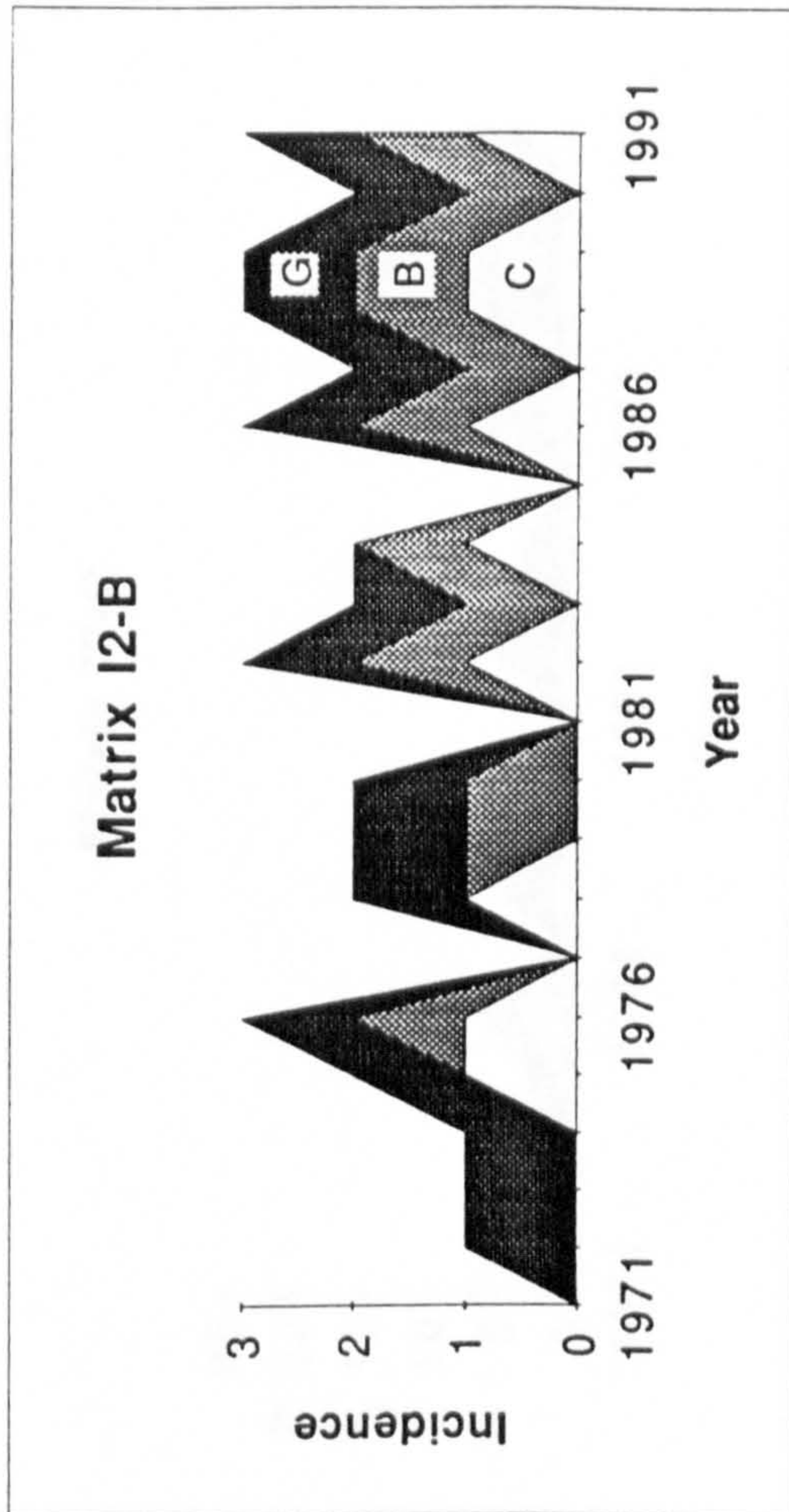


**PROP I2  
MATRIX I2-B**

**Matrix I2-B  
Incidence of aggregate stakeholder direct communications  
sent to anyone (out degree)  
(Binary matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	0	0	0	1	0	1	0	1	0	1	1	0	1	9
B	0	0	0	0	0	1	0	0	1	1	0	1	1	1	0	1	1	1	1	1	1	12
G	0	1	1	1	1	1	0	1	1	1	0	1	1	0	0	1	1	1	1	1	1	16
	0	1	1	1	2	3	0	2	2	2	0	3	2	2	0	3	2	3	3	2	3	37

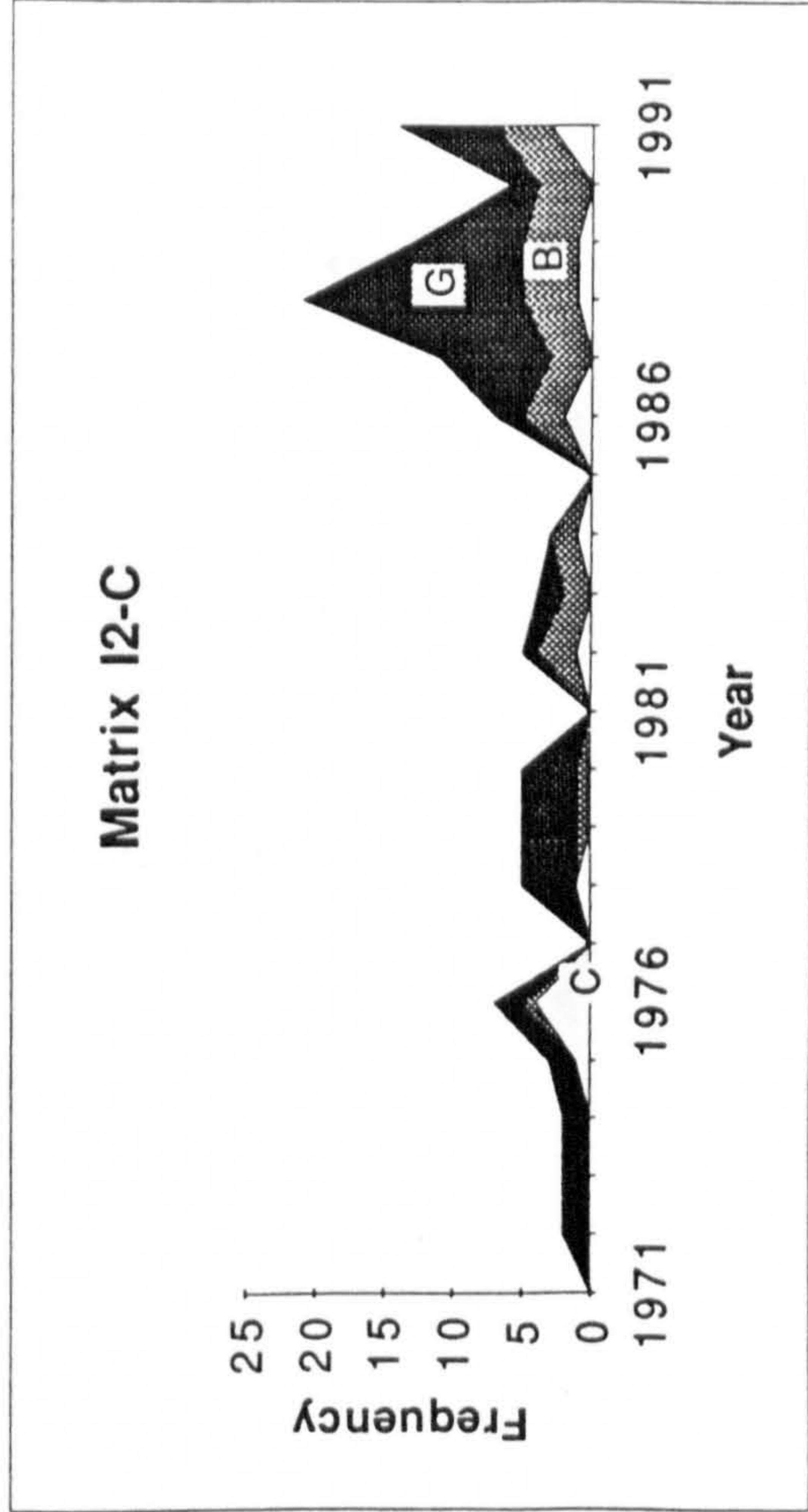
Key  
1 : yes  
0 : no



**PROP I2  
MATRIX I2-C**

**Matrix I2-C  
Frequency of aggregate stakeholder direct communications  
sent to anyone (out degree)  
(includes b-b and g-g)**

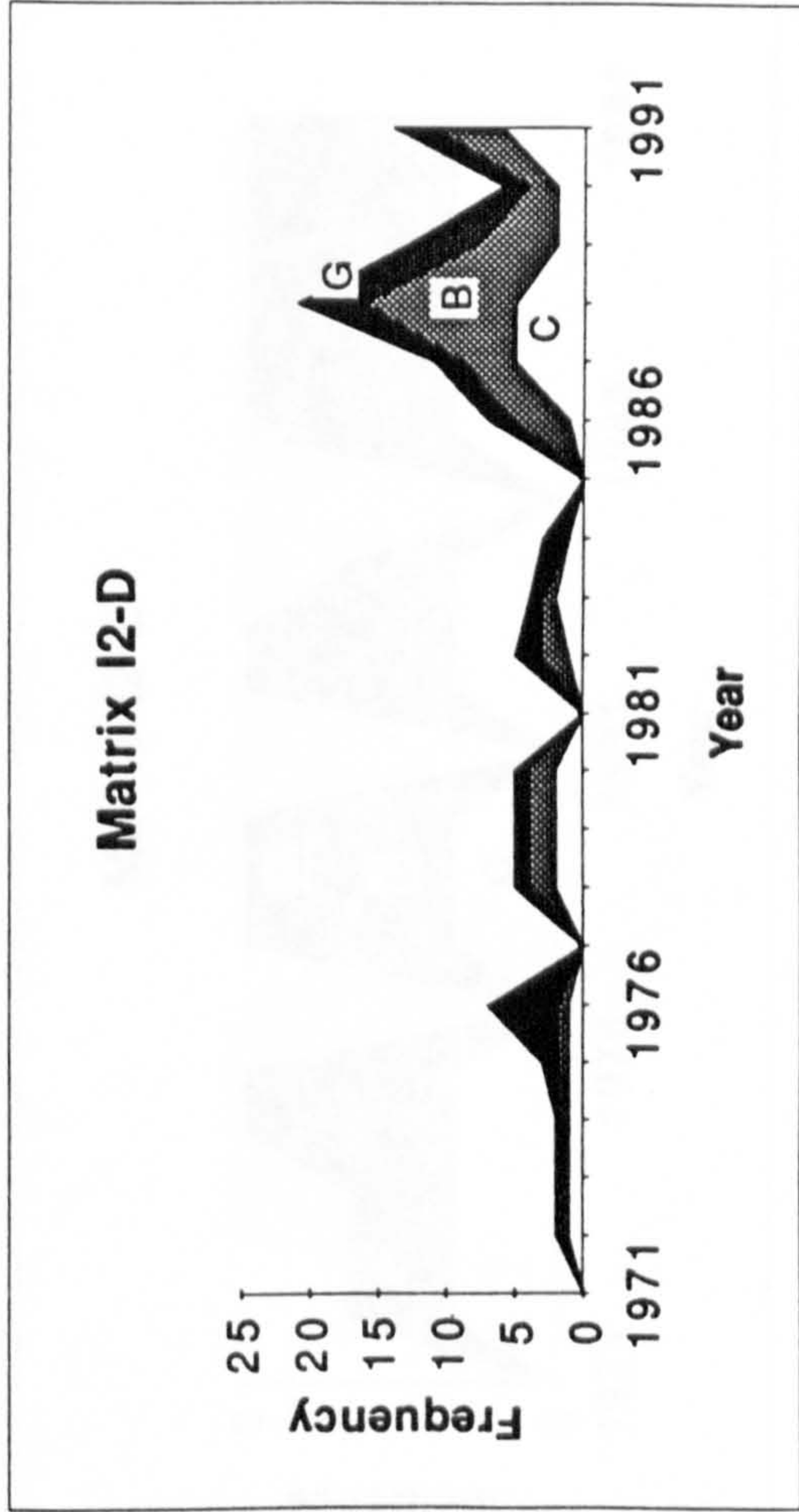
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	4	0	1	0	0	0	1	0	1	0	2	0	1	1	0	3	15
B	0	0	0	0	0	1	0	0	1	1	0	3	2	2	0	3	3	4	4	4	4	32
G	0	2	2	2	2	2	0	4	4	4	0	1	2	0	2	2	8	16	8	2	7	68
	0	2	2	2	3	7	0	5	5	5	0	5	4	3	0	7	11	21	13	6	14	115



**PROP I2  
MATRIX I2-D**

**Matrix I2-D**  
**Frequency of aggregate stakeholder receipt  
of direct communications (in degree)**  
**(does not include b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	1	1	1	1	1	0	2	2	2	0	1	2	1	0	1	5	5	2	2	6	36
B	0	1	1	1	1	1	0	2	2	2	0	2	1	0	0	4	4	11	6	2	5	46
G	0	0	0	0	1	5	0	1	1	1	0	2	1	2	0	2	2	5	5	2	3	33
	0	2	2	2	3	7	0	5	5	5	0	5	4	3	0	7	11	21	13	6	14	115

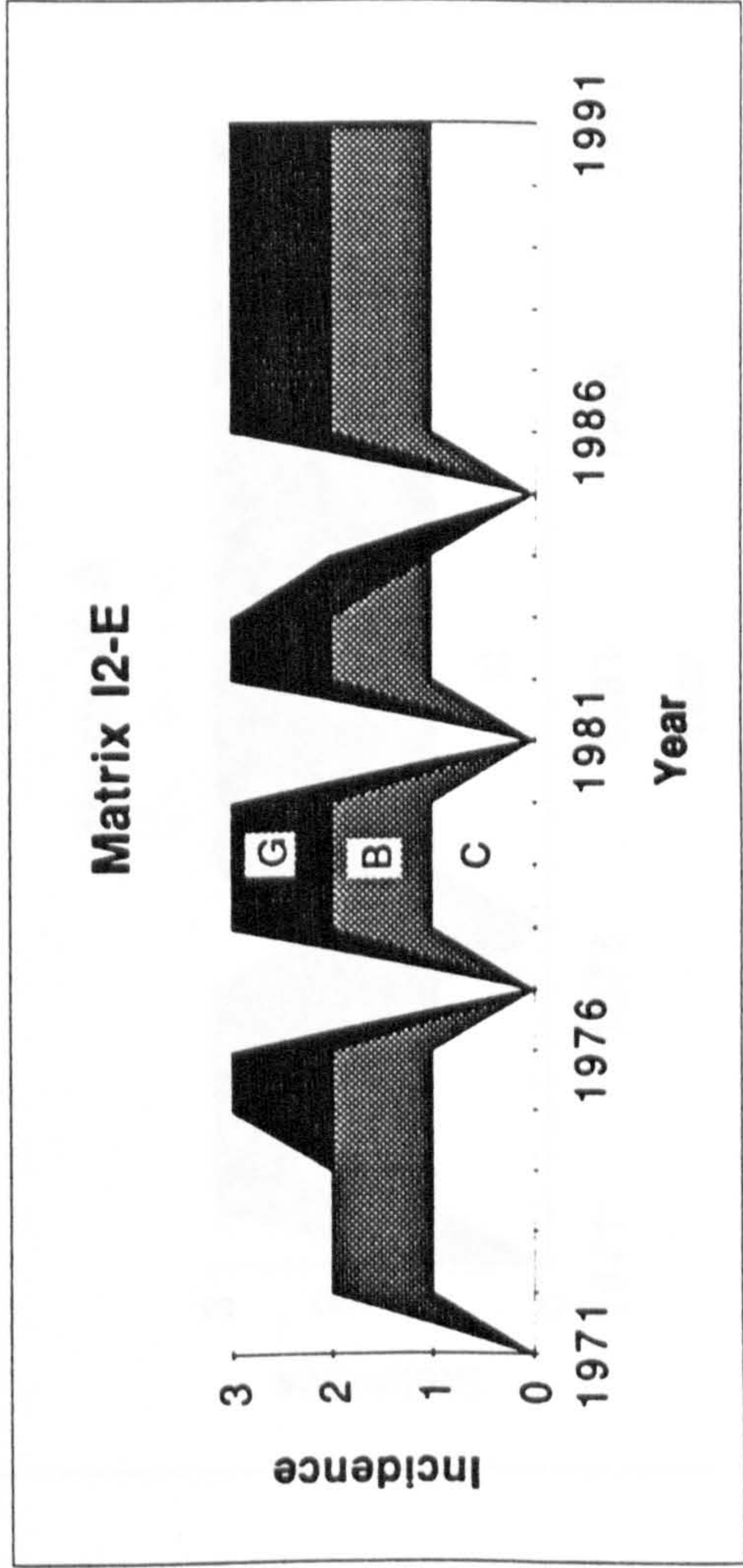


**PROP I2  
MATRIX I2-E**

**Matrix I2-E**  
**Incidence of aggregate stakeholder receipt  
of direct communications (in degree)**  
**(Binary matrix, does not include b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	1	1	1	1	1	0	1	1	1	0	1	1	1	0	1	1	1	1	1	1	17
B	0	1	1	1	1	1	0	1	1	1	0	1	1	0	0	1	1	1	1	1	1	16
G	0	0	0	0	1	1	0	1	1	1	0	1	1	1	0	1	1	1	1	1	1	14
	0	2	2	2	3	3	0	3	3	3	0	3	3	2	0	3	3	3	3	3	3	47

**Key**  
1 : yes  
0 : no

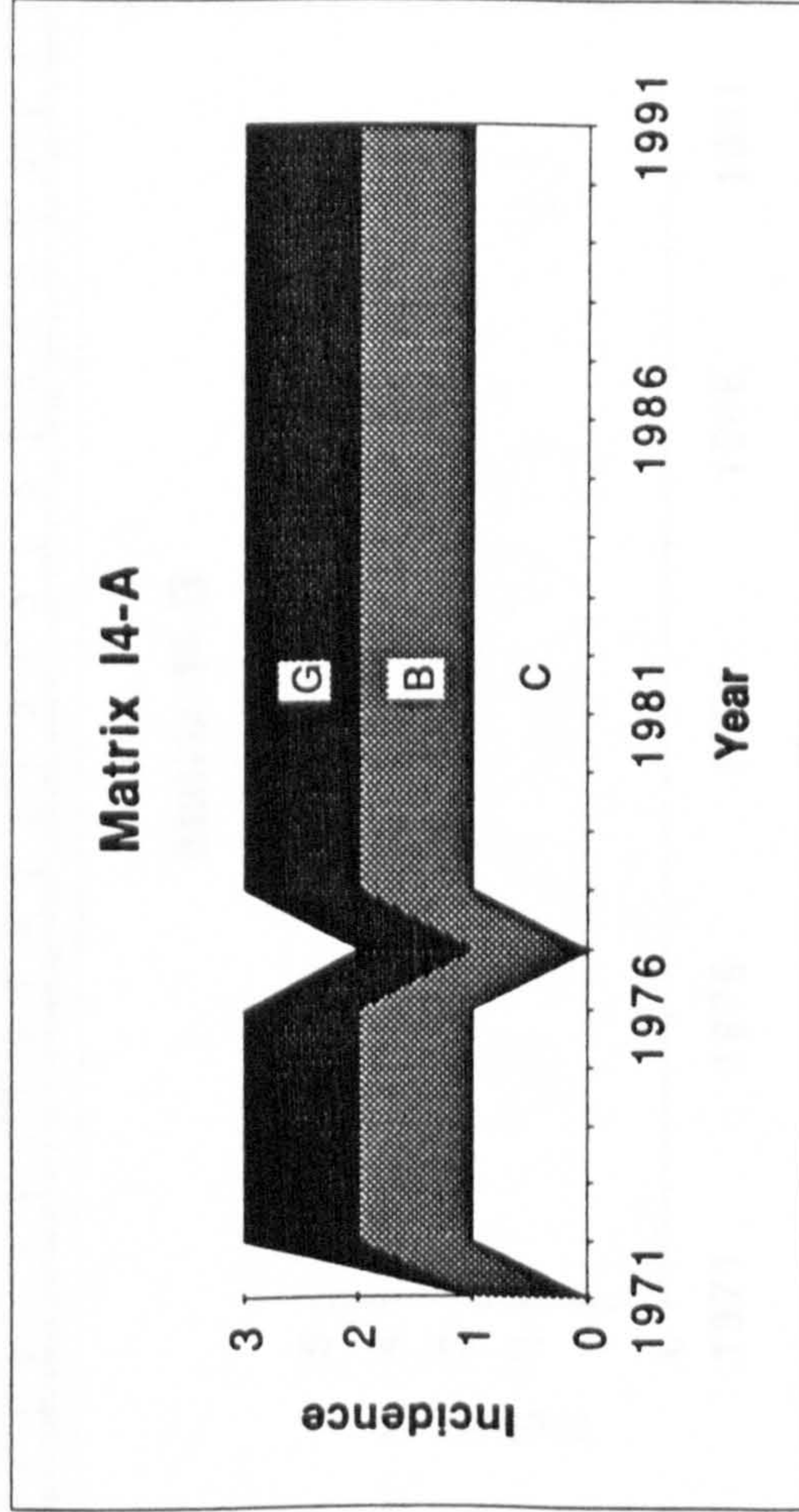


**PROP I4  
MATRIX I4-A**

**Matrix I4-A**  
**Incidence of aggregate stakeholder intensity**  
**(desire to stay in community)**  
**(Binary matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
B	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	21
G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
	1	3	3	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	60

**Key**  
 1 : ycs  
 0 : no

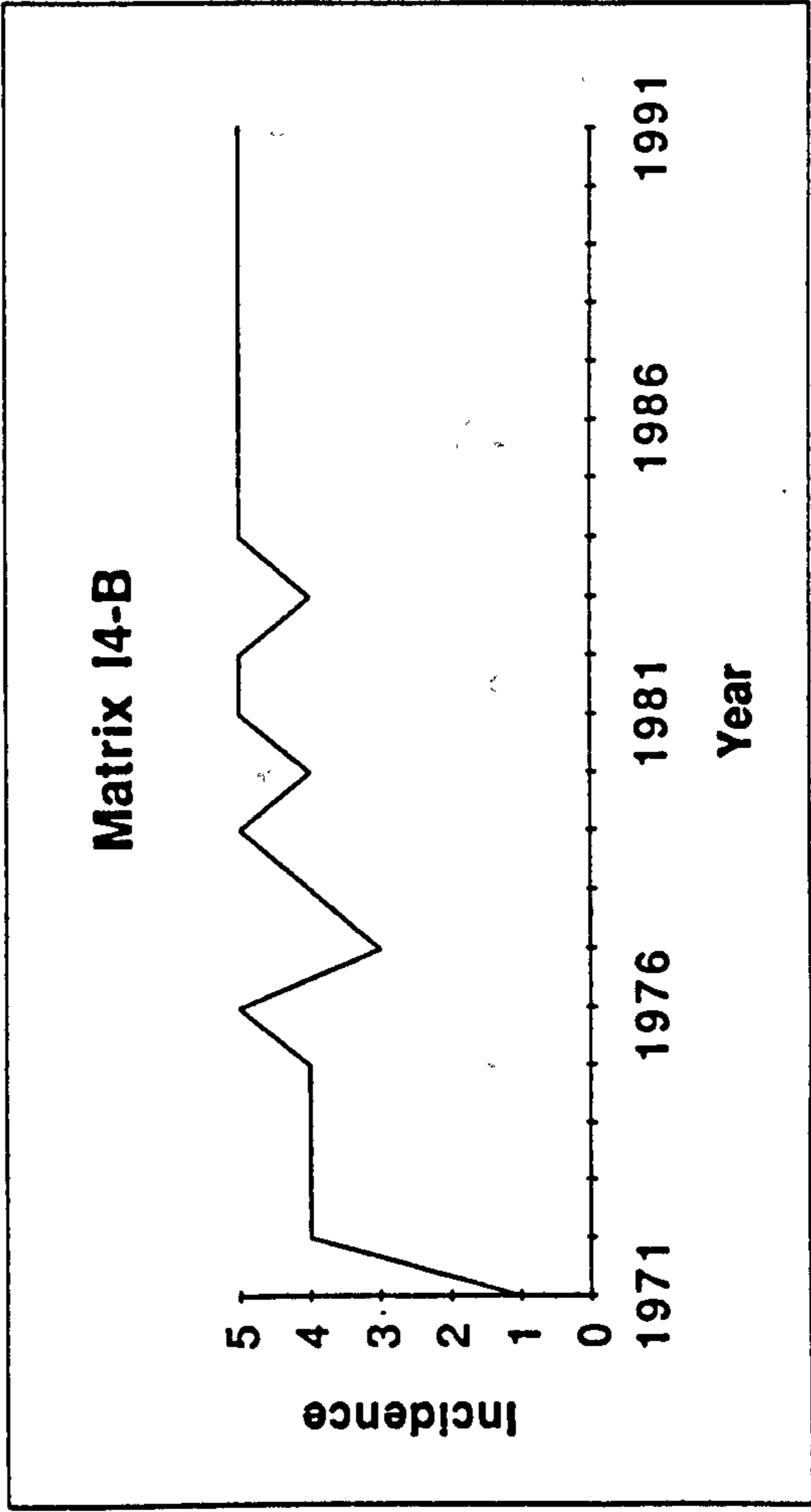


**PROP I4  
MATRIX I4-B**

**Matrix I4-B  
Intensity of 5 dyads communications  
(desire to stay in community)  
(Incidence, valued matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	2	2	0	0	2	0	2	3	0	3	2	3	3	2	3	1	3	13
B-G	0	2	1	3	1	3	3	1	3	3	2	3	2	3	3	3	3	3	3	3	3	20
G-C	0	1	1	1	3	3	0	1	3	3	2	2	1	3	3	3	3	3	3	3	3	19
B-B	1	1	1	3	0	1	1	1	1	1	1	1	1	3	3	3	3	3	3	3	3	20
G-G	0	1	1	2	1	3	3	1	3	3	3	2	3	1	1	1	3	3	3	3	3	20
	1	4	4	4	4	5	3	4	5	4	5	5	4	5	5	5	5	5	5	5	5	90

**Key**  
 1 : strong intensity  
 2 : inferred intensity  
 3 : implied intensity  
 0 : no link



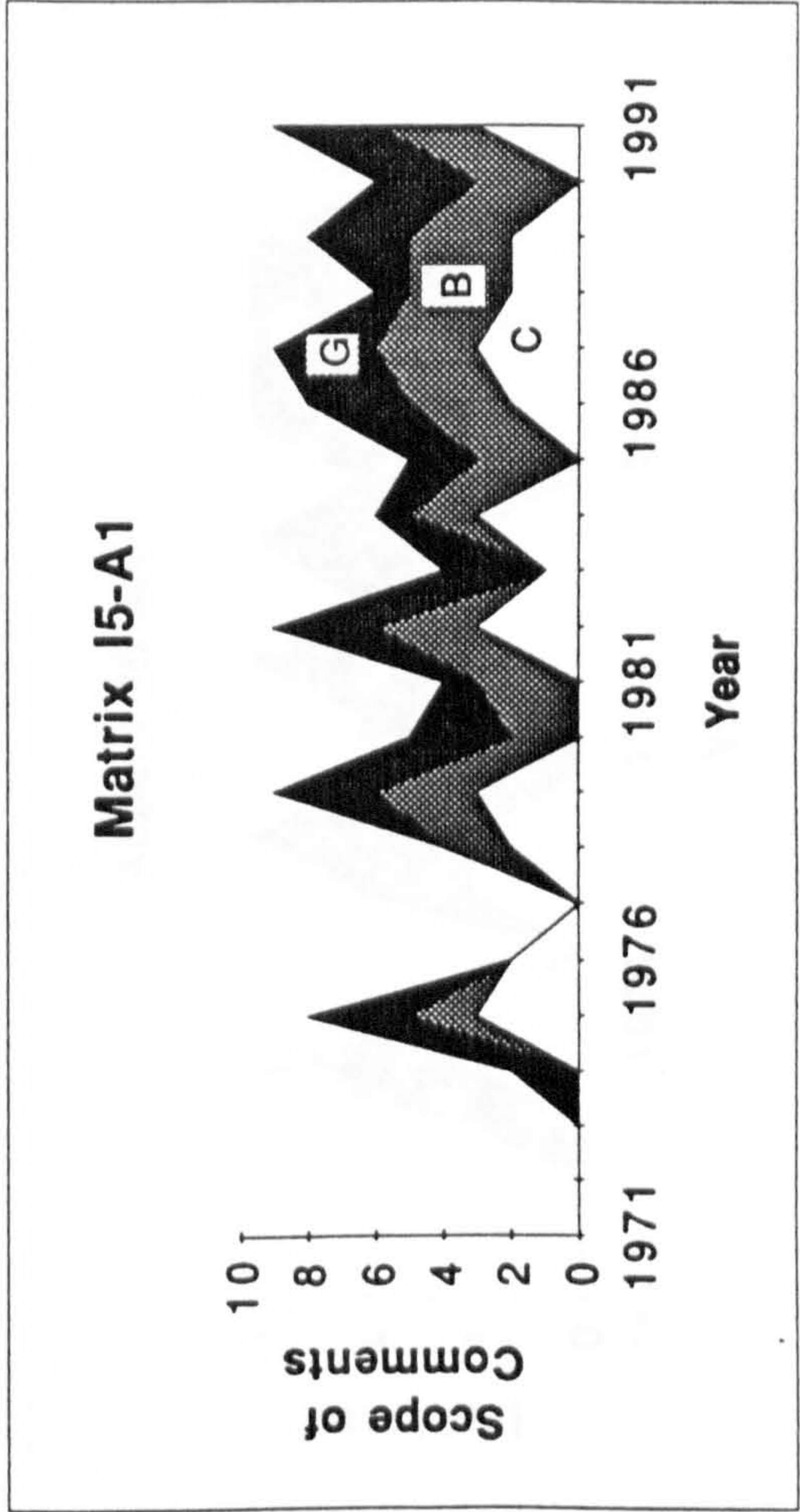


**PROP I5  
MATRIX I5-A1**

**Matrix I5-A1  
Scope of aggregate stakeholder comments  
on perceived role  
(Valued matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	3	2	0	2	3	0	0	3	1	3	0	2	3	2	2	0	3	12
B	0	0	0	0	2	0	0	2	3	2	3	3	0	2	3	3	3	3	3	3	3	14
G	0	0	0	2	3	0	0	0	3	3	1	3	3	1	2	3	3	1	3	3	3	15
	0	0	0	1	3	1	0	2	3	2	2	3	2	3	2	3	3	3	3	2	3	41

**Key**  
 1 : their role/contribution  
 2 : other's role  
 3 : both roles  
 0 : no statement

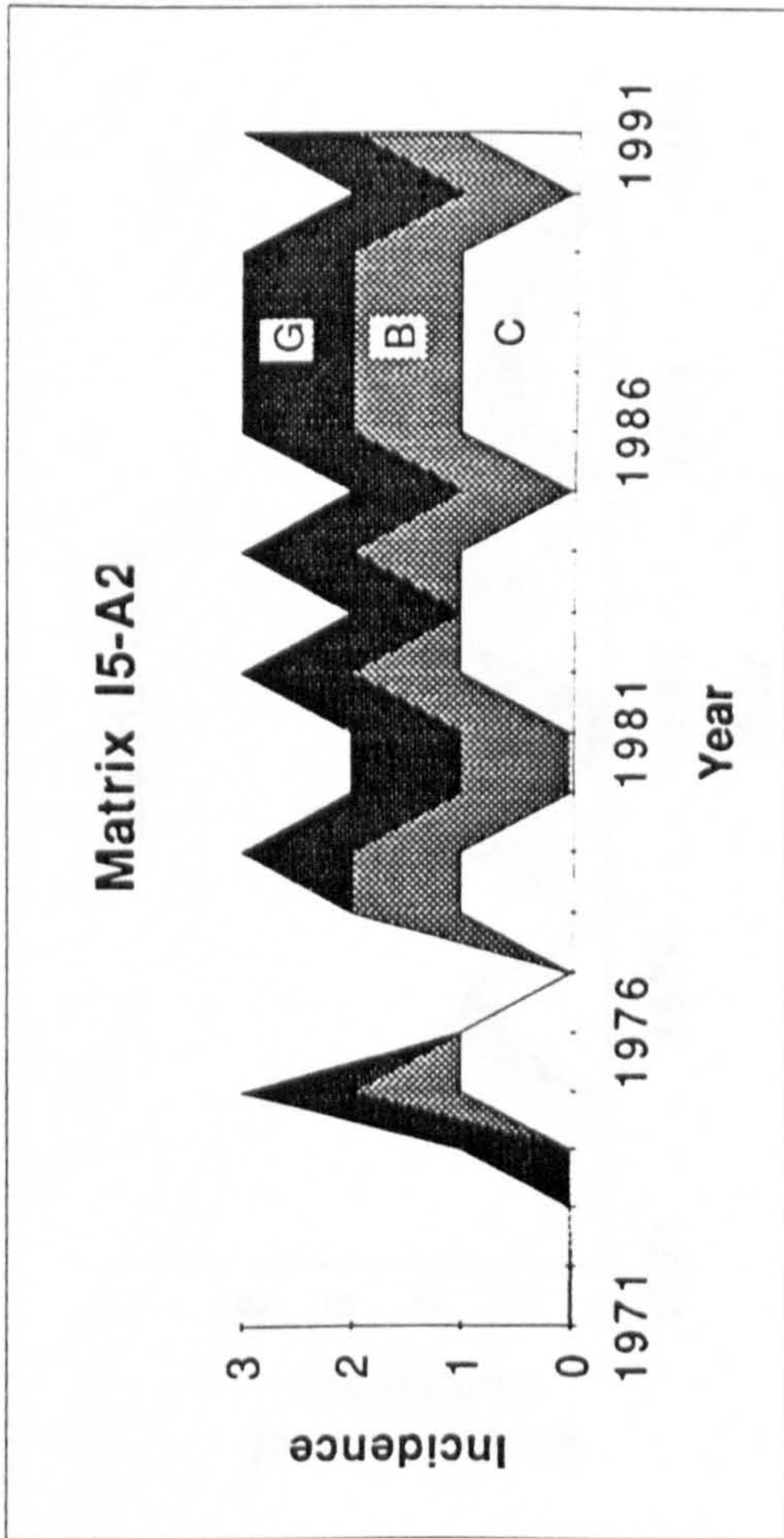


**PROP I5  
MATRIX I5-A2**

**Matrix I5-A2  
Incidence of aggregate stakeholders commenting  
on role perception  
(Binary matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	1	0	0	1	1	1	0	1	1	1	1	0	1	12
B	0	0	0	0	1	0	0	1	1	1	1	0	1	1	1	1	1	1	1	1	1	14
G	0	0	0	1	1	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
	0	0	0	1	3	1	0	2	3	2	2	3	2	3	2	3	3	3	3	2	3	41

Key  
1 : yes  
0 : no



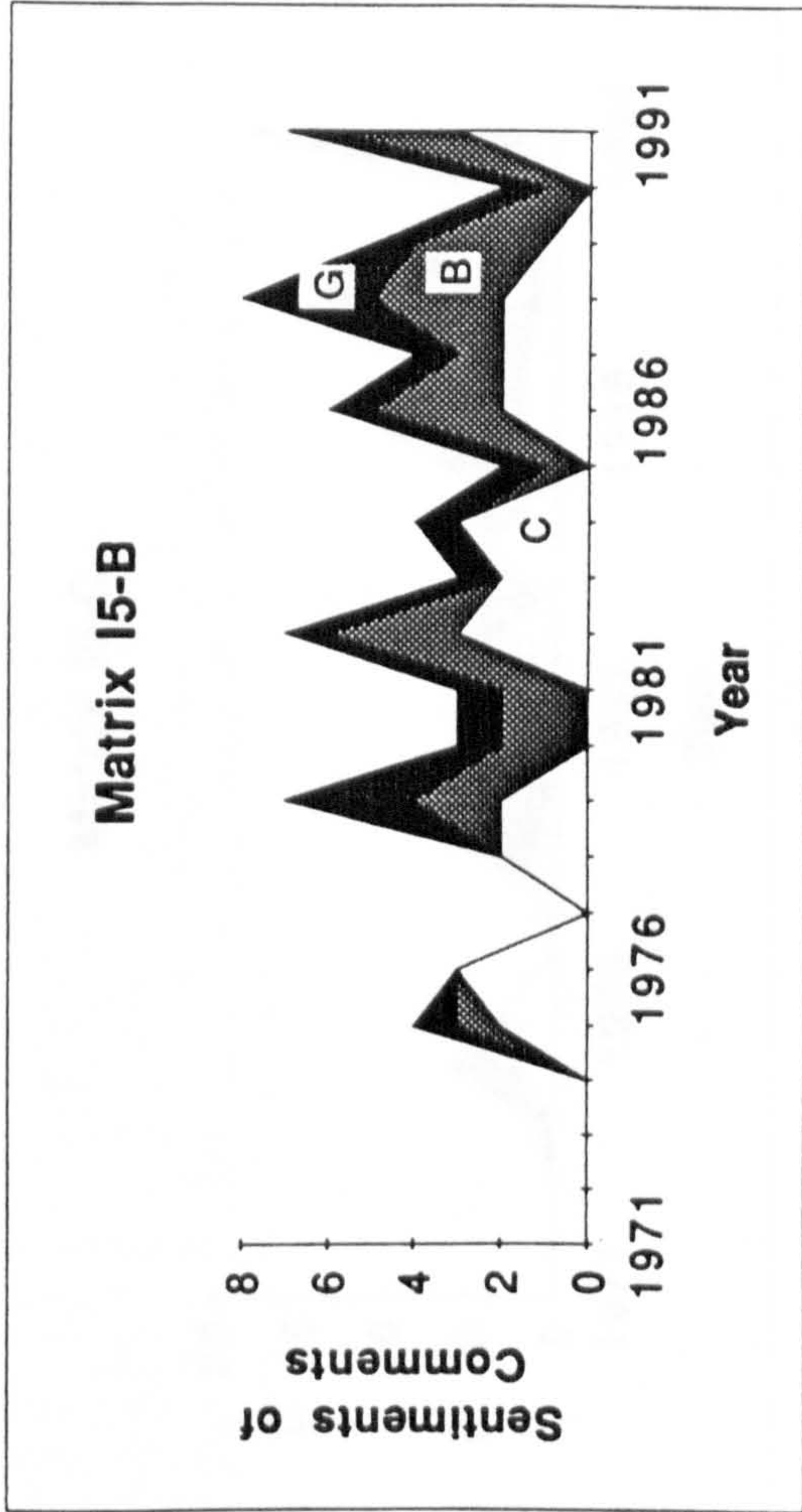
**PROP I5  
MATRIX I5-B**

**Matrix I5-B**

**Incidence and sentiments of aggregate stakeholder comments on their perceived role, contribution to or access to policy process  
(Valued matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	2	3	0	2	2	0	0	3	2	3	0	2	2	2	1	0	3	12
B	0	0	0	0	1	0	0	0	2	2	2	3	0	0	1	3	1	3	3	1	3	12
G	0	0	0	0	1	0	0	0	3	1	1	1	1	1	1	1	1	3	1	1	1	14
	0	0	0	0	3	1	0	1	3	2	2	3	2	2	2	3	3	3	3	2	3	38

**Key**  
 1 : pleased  
 2 : displeased  
 3 : both sentiments  
 0 : no statement

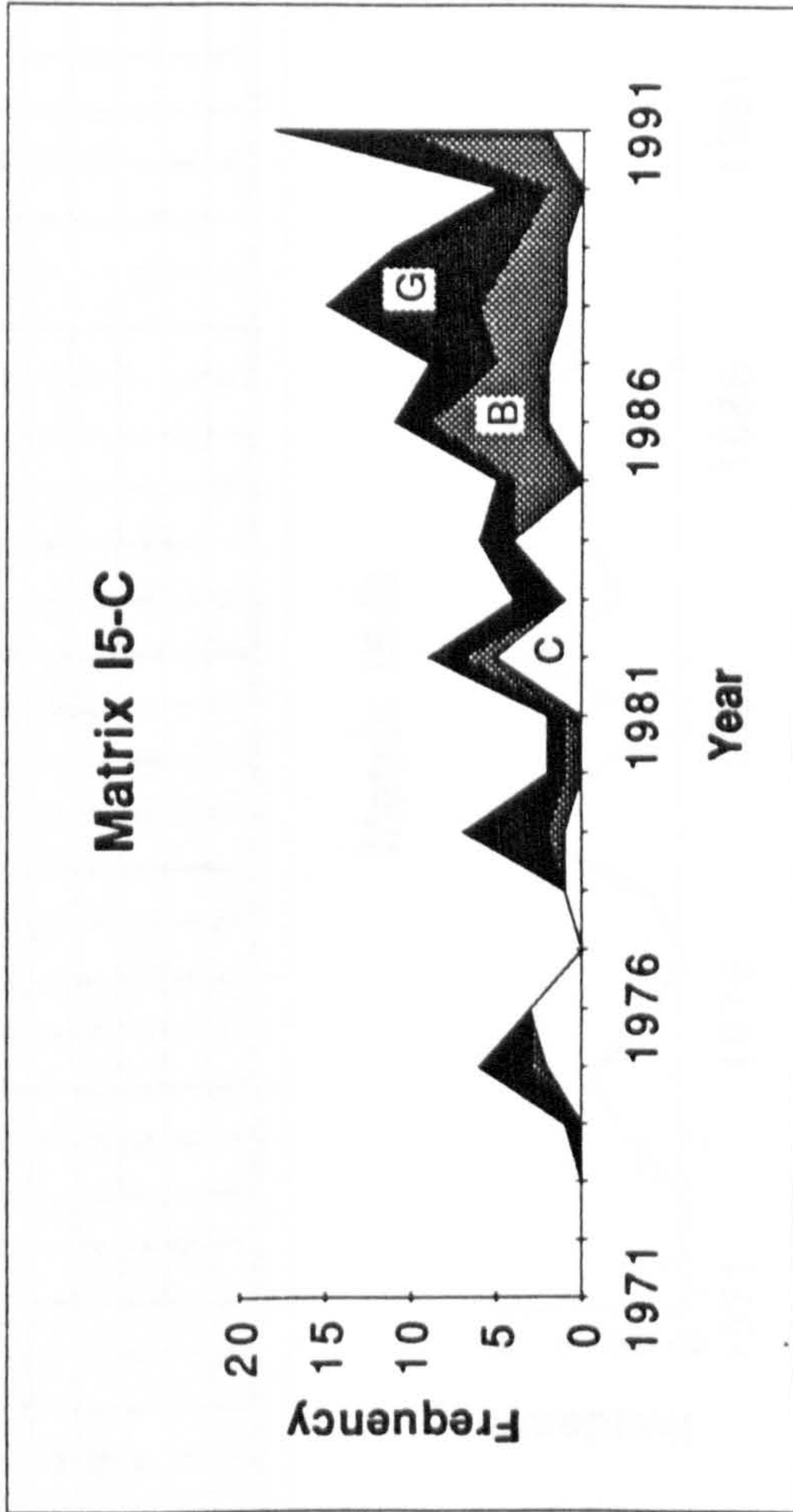


**PROP I5  
MATRIX I5-C**

**Matrix I5-C**

**Frequency of aggregate stakeholder comments on their perceived role, contribution to or access to policy process (includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	2	3	0	1	1	0	0	5	1	4	0	2	2	1	1	0	2	25
B	0	0	0	0	1	0	0	0	1	1	1	2	0	0	4	7	3	5	3	2	9	40
G	0	0	0	1	3	0	0	0	5	1	1	2	3	2	1	2	4	9	7	3	7	51
	0	0	0	1	6	3	0	1	7	2	2	9	4	6	5	11	9	15	11	5	18	116

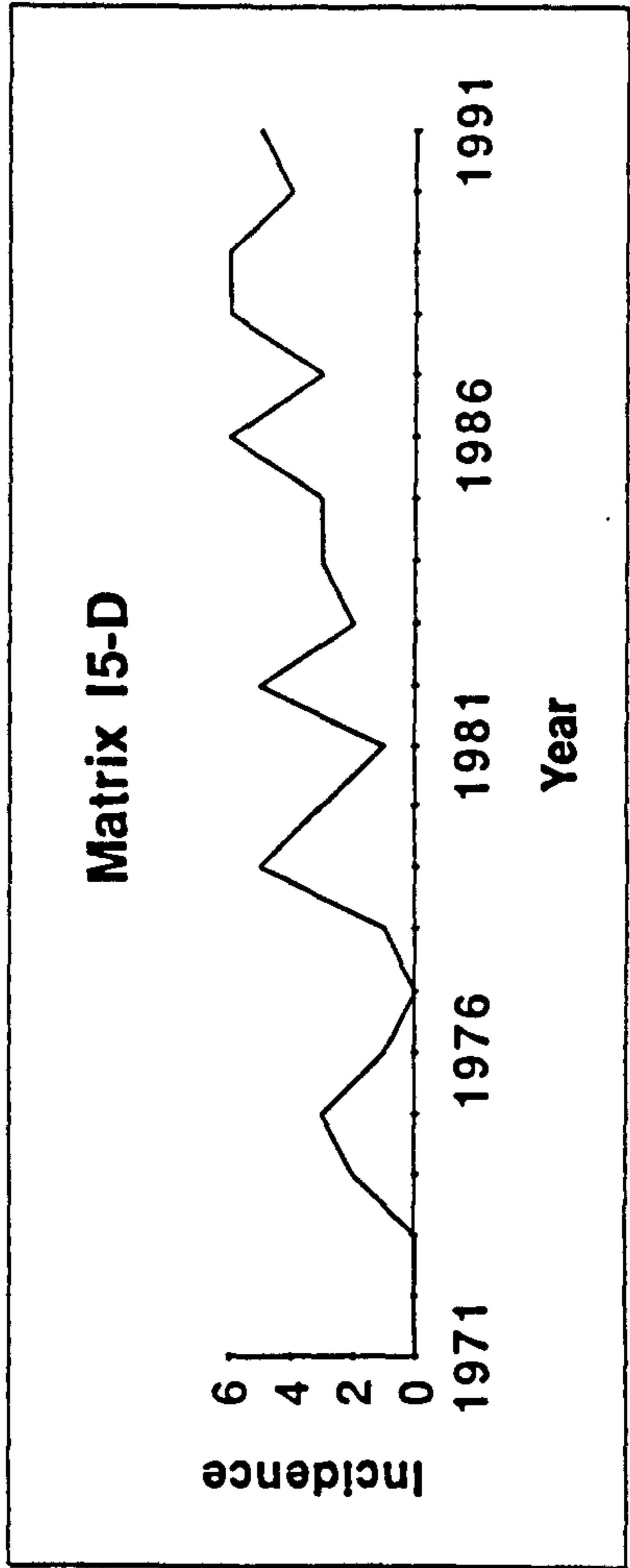


**PROP I5  
MATRIX I5-D**

**Matrix I5-D  
Incidence of 9 dyads comments regarding another  
stakeholders perceived role in policy process  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total	
C-C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C-B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	0	0	1	0	4
C-G	0	0	0	0	1	1	0	0	1	0	0	1	0	1	0	0	0	1	1	0	0	0	7
B-B	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	0	1	1	0	0	0	5
B-C	0	0	0	0	0	0	0	1	1	0	0	0	0	0	1	1	0	0	0	0	0	0	4
B-G	0	0	0	0	1	0	0	0	1	1	1	1	0	1	0	1	1	1	1	1	1	1	12
G-G	0	0	0	1	1	0	0	0	1	0	0	0	1	0	0	0	0	0	1	1	1	1	7
G-C	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	1	1	1	1	1	1	1	9
G-B	0	0	0	1	0	0	0	0	1	0	0	1	1	0	1	1	1	1	1	1	1	1	11
	0	0	0	2	3	1	0	1	5	3	1	5	2	3	3	6	3	6	6	4	5	5	59

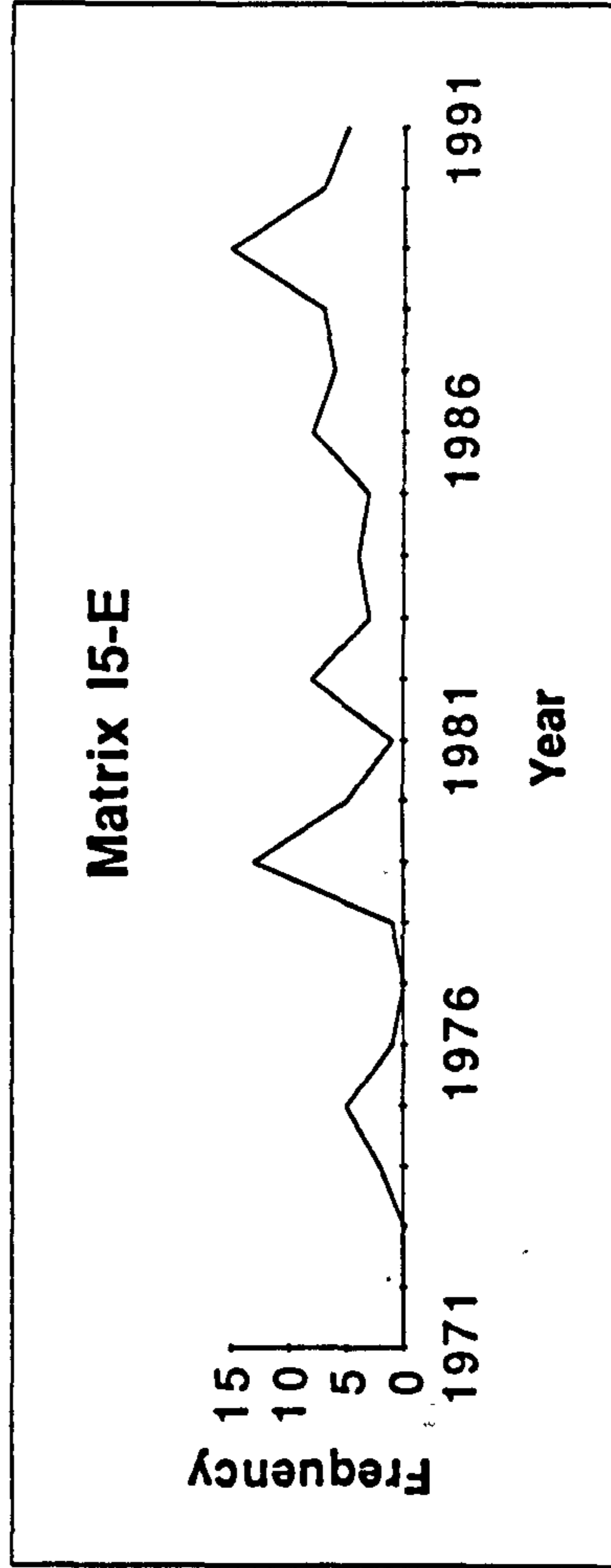
**Key**  
1 : yes  
0 : no



**PROP I5  
MATRIX I5-E**

**Matrix I5-E  
Frequency of 9 dyads comments regarding perceptions of another  
stakeholders role in policy process**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total	
C-C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C-B	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	0	0	1	0	4
C-G	0	0	0	0	2	1	0	0	3	0	0	3	0	1	0	0	0	1	2	0	0	0	13
B-B	0	0	0	0	0	0	0	0	0	2	0	0	0	2	0	2	0	1	1	0	0	0	8
B-C	0	0	0	0	0	0	0	1	2	0	0	0	0	0	1	1	0	0	0	0	0	0	5
B-G	0	0	0	0	1	0	0	0	3	2	1	1	0	1	0	2	2	1	2	1	1	1	18
G-G	0	0	0	1	2	0	0	0	1	0	0	0	1	0	0	0	0	0	1	2	1	1	9
G-C	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	1	2	1	2	1	1	1	11
G-B	0	0	0	1	0	0	0	0	4	0	0	2	2	0	1	1	2	2	7	3	1	26	
	0	0	0	2	5	1	0	1	13	5	1	8	3	4	3	8	6	7	15	7	5	94	

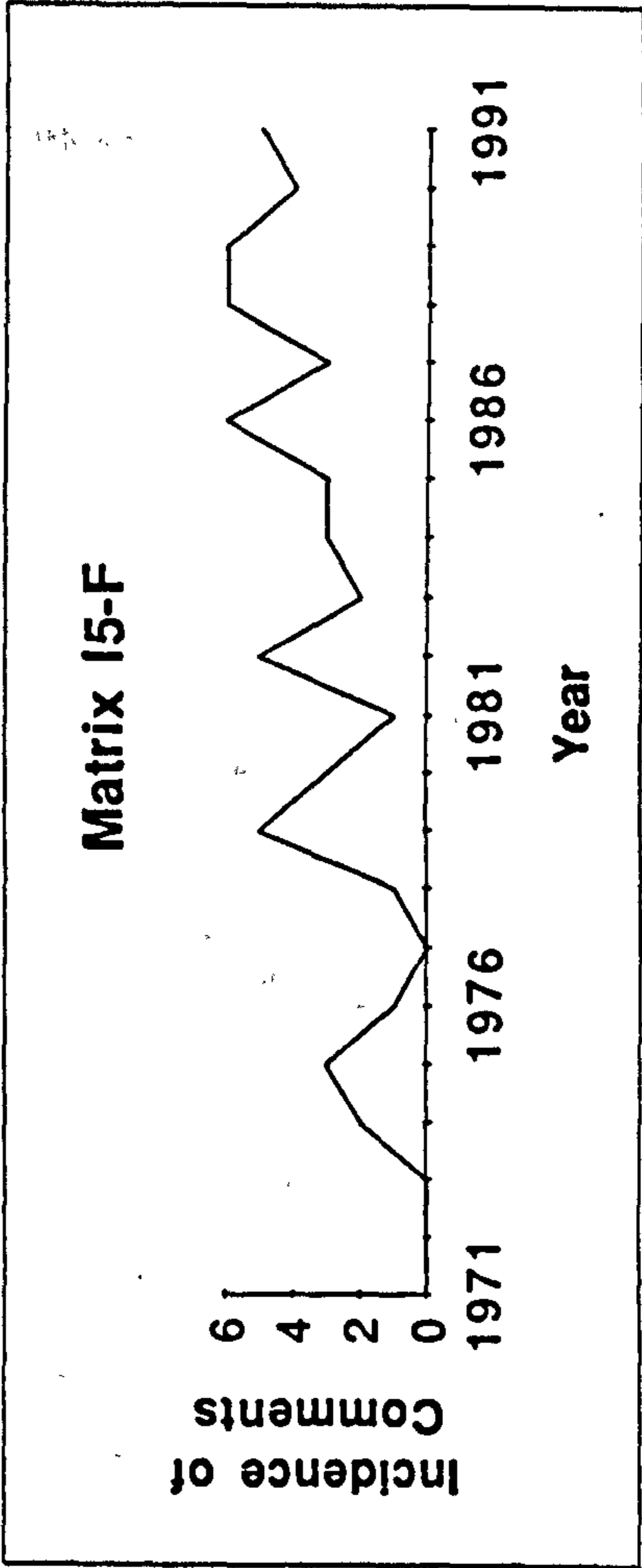


**PROP I5  
MATRIX I5-F**

**Matrix I5-F**  
**Sentiments of 9 dyads comments regarding another**  
**stakeholders perceived role in policy process**  
**(Valued matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total	
C-C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C-B	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	2	0	2	0	0	2	0	4
C-G	0	0	0	0	2	2	0	0	2	0	0	2	0	1	0	0	0	2	3	0	0	0	7
B-B	0	0	0	0	0	0	0	0	0	2	0	0	0	1	0	3	0	2	2	0	0	0	5
B-C	0	0	0	0	0	0	0	2	2	0	0	0	0	0	1	2	0	0	0	0	0	0	4
B-G	0	0	0	0	2	0	0	0	1	2	2	1	0	1	0	2	2	2	3	1	1	1	12
G-G	0	0	0	1	1	0	0	0	2	0	0	0	1	0	0	0	0	0	1	1	1	1	7
G-C	0	0	0	0	0	0	0	0	0	2	0	1	0	0	1	1	1	1	1	1	1	1	9
G-B	0	0	0	1	0	0	0	0	3	0	0	1	1	0	1	1	1	1	1	1	1	1	11
	0	0	0	2	3	1	0	1	5	3	1	5	2	3	3	6	3	6	6	4	5	5	59

**Key**  
 1 : praise  
 2 : criticism  
 3 : both sentiments  
 0 : no comment

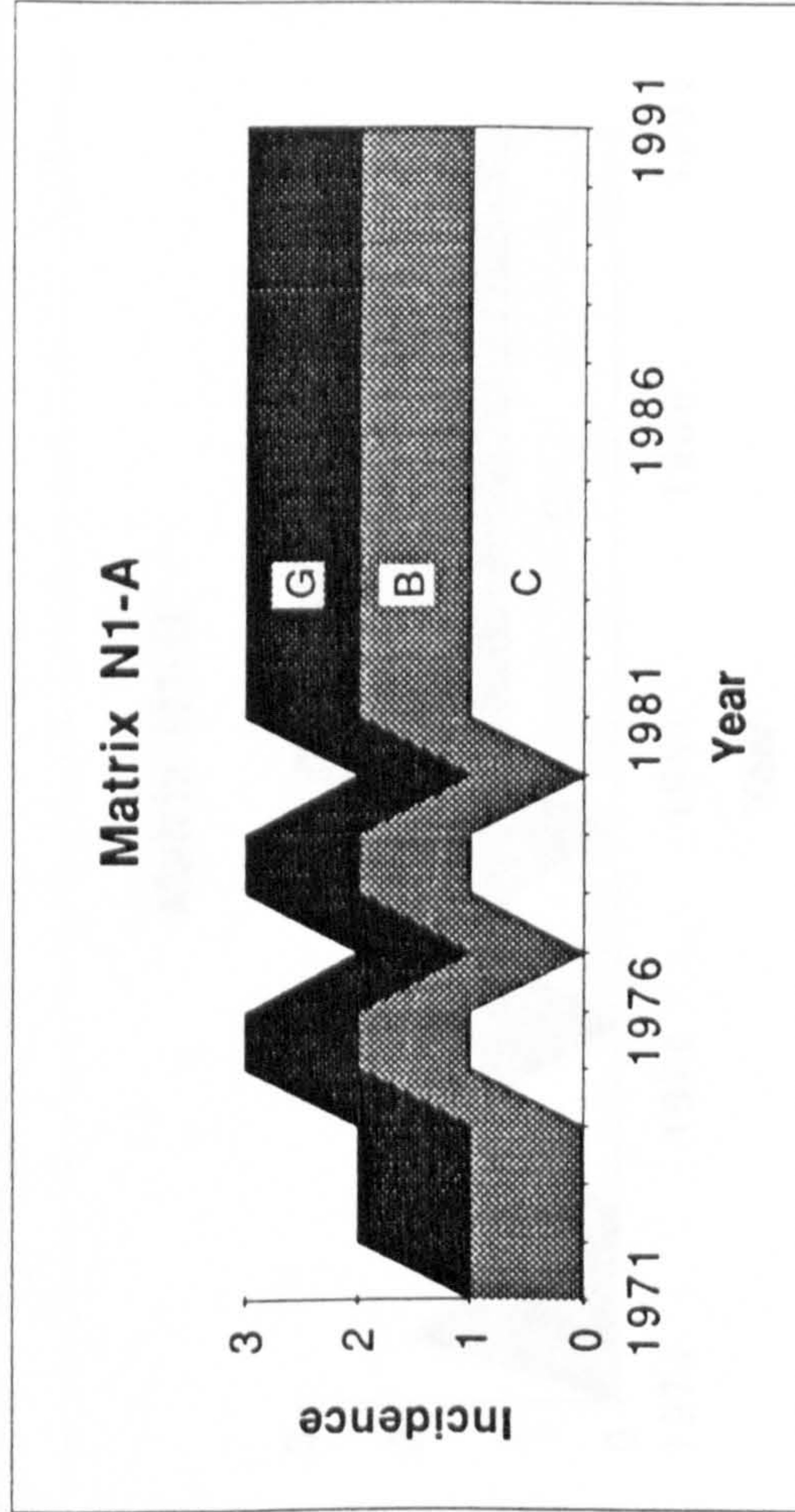


**PROP N1  
MATRIX N1-A**

**Matrix N1-A  
Incidence of aggregate stakeholder being in network  
(internal communications as well as direct and referrals)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	21
G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
	1	2	2	2	3	3	2	3	3	2	3	3	3	3	3	3	3	3	3	3	3	56

Key  
1 : yes  
0 : no



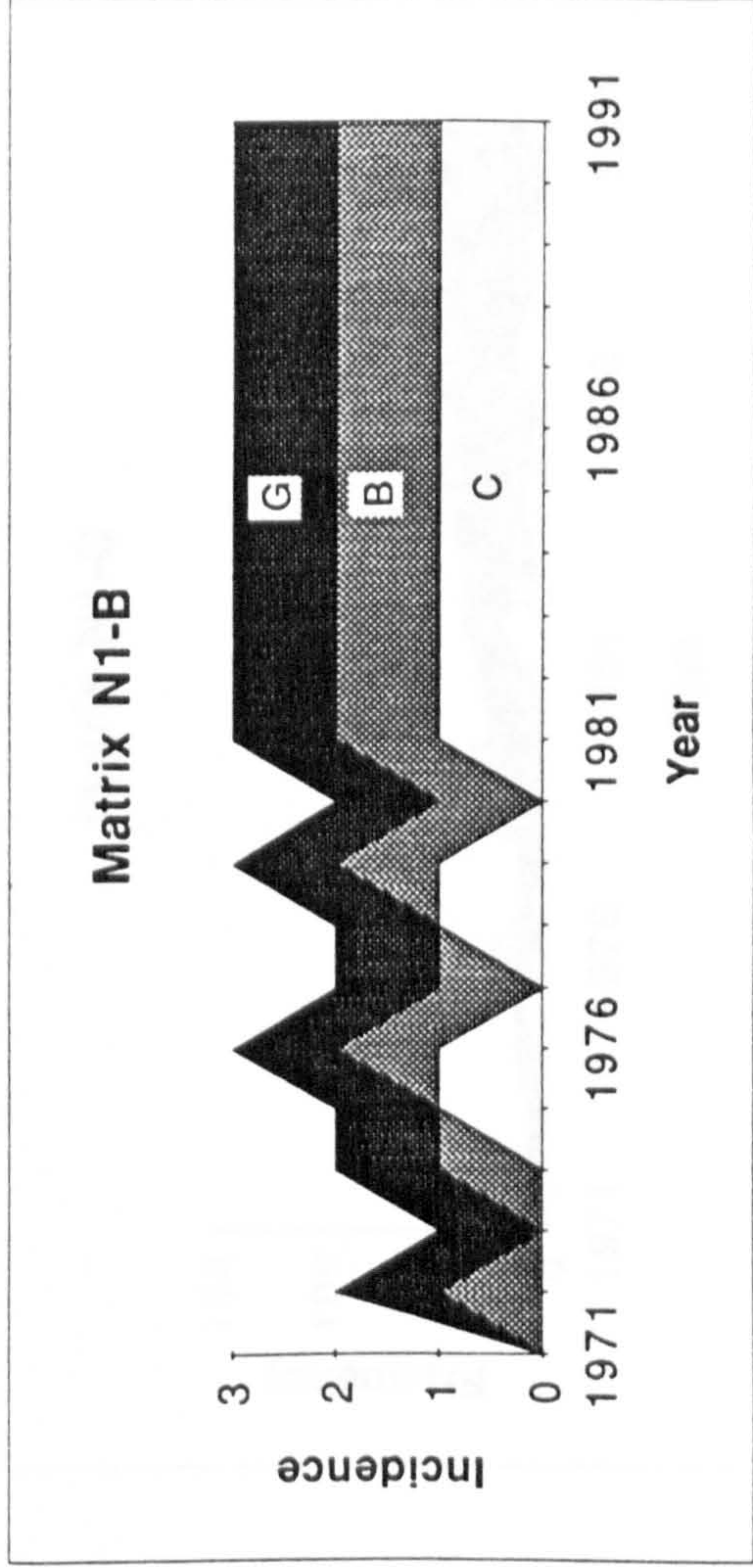


**PROP N1  
MATRIX N1-B**

**Matrix N1-B  
Incidence of aggregate stakeholder being in network  
(direct and referrals)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B	0	1	0	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	17
G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
	0	2	1	2	2	3	2	2	3	2	3	3	3	3	3	3	3	3	3	3	3	52

**Key**  
1 : yes  
0 : no

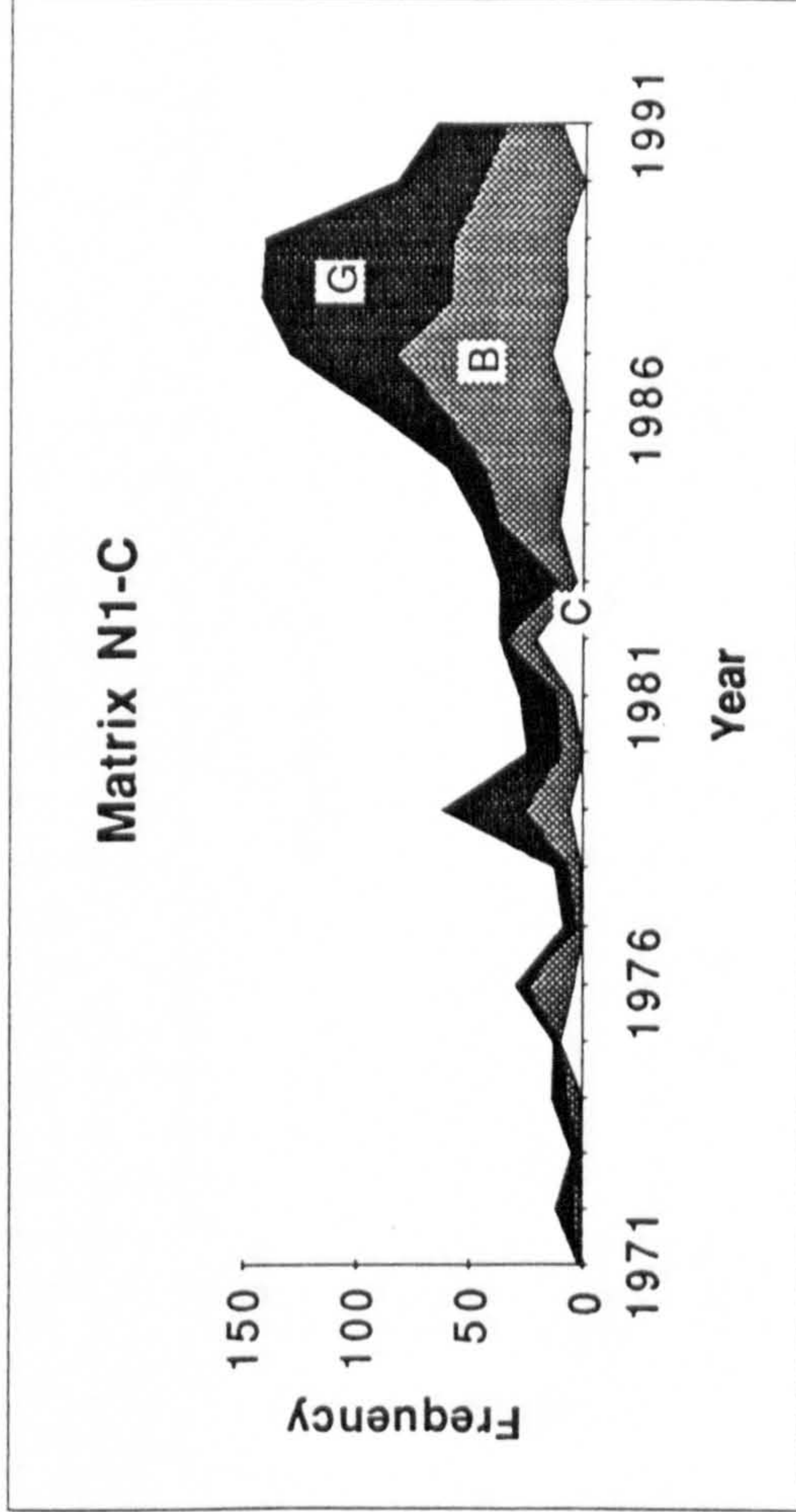


**PROP N1  
MATRIX N1-C**

**Matrix N1-C**

**Frequency of aggregate stakeholder being in network  
(internal communications as well as direct and referrals)  
(Includes b-b and g-g)**

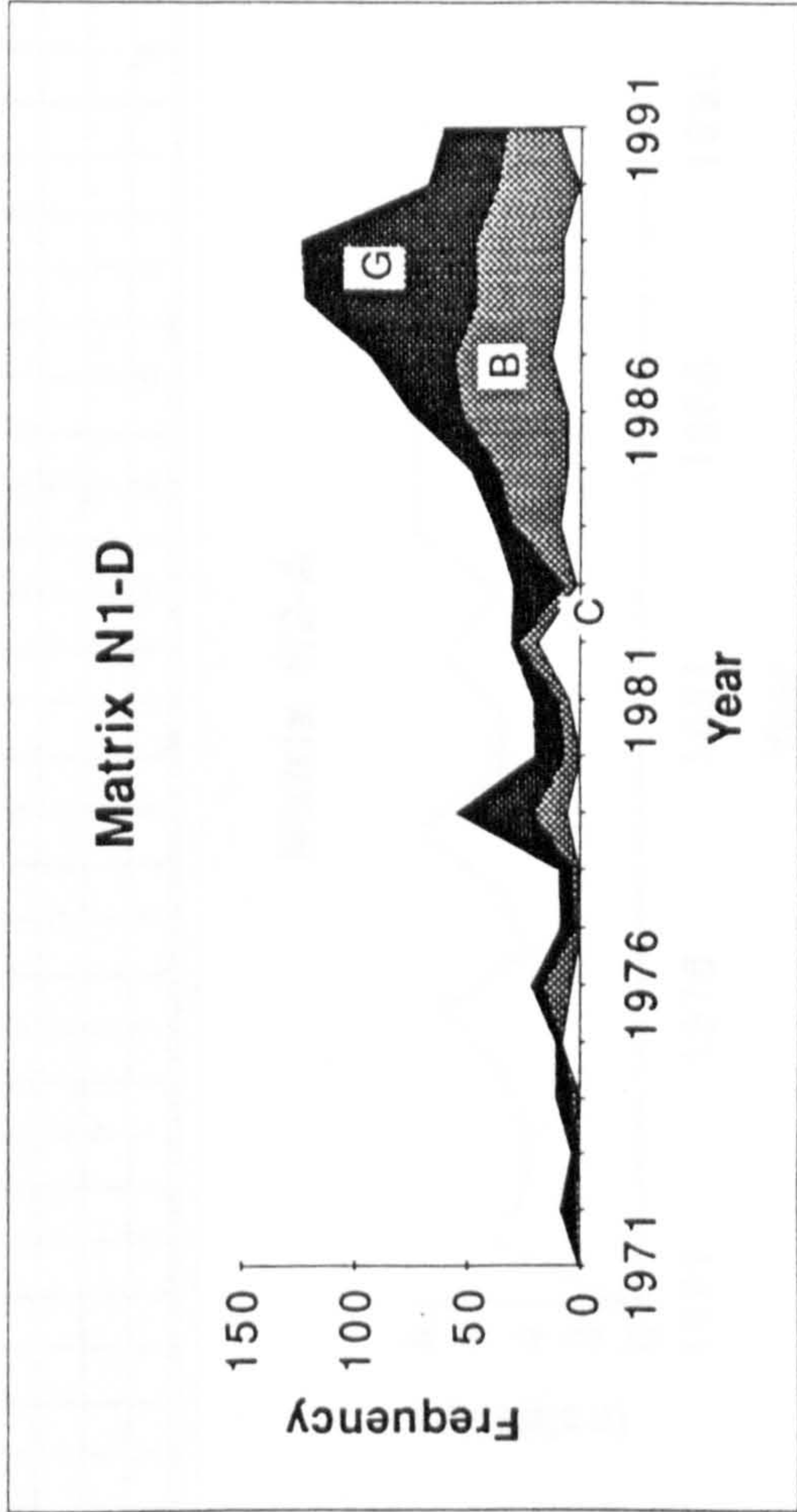
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	10	4	0	1	6	0	5	21	3	11	7	6	15	8	9	1	11	118
B	2	5	2	7	0	21	3	6	20	10	7	13	9	26	37	56	68	51	49	45	24	460
G	0	7	3	7	3	5	6	6	36	15	16	3	25	9	16	31	47	84	83	37	31	470
Total	2	12	5	14	13	30	9	13	62	25	28	37	37	46	60	93	130	143	141	83	66	1049



**PROP N1  
MATRIX N1-D**

**Matrix N1-D**  
**Frequency of aggregate stakeholder being in network**  
**(direct and referrals)**  
**(Includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	8	4	0	1	6	0	5	19	2	9	6	6	13	8	8	1	10	106
B	1	3	1	4	0	13	3	3	15	7	5	9	5	21	31	47	43	38	39	36	23	346
G	0	6	3	7	3	5	6	6	34	13	11	3	23	8	12	22	37	76	77	31	28	411
	1	9	4	11	11	22	9	10	55	20	21	31	30	38	49	75	93	122	124	68	61	863

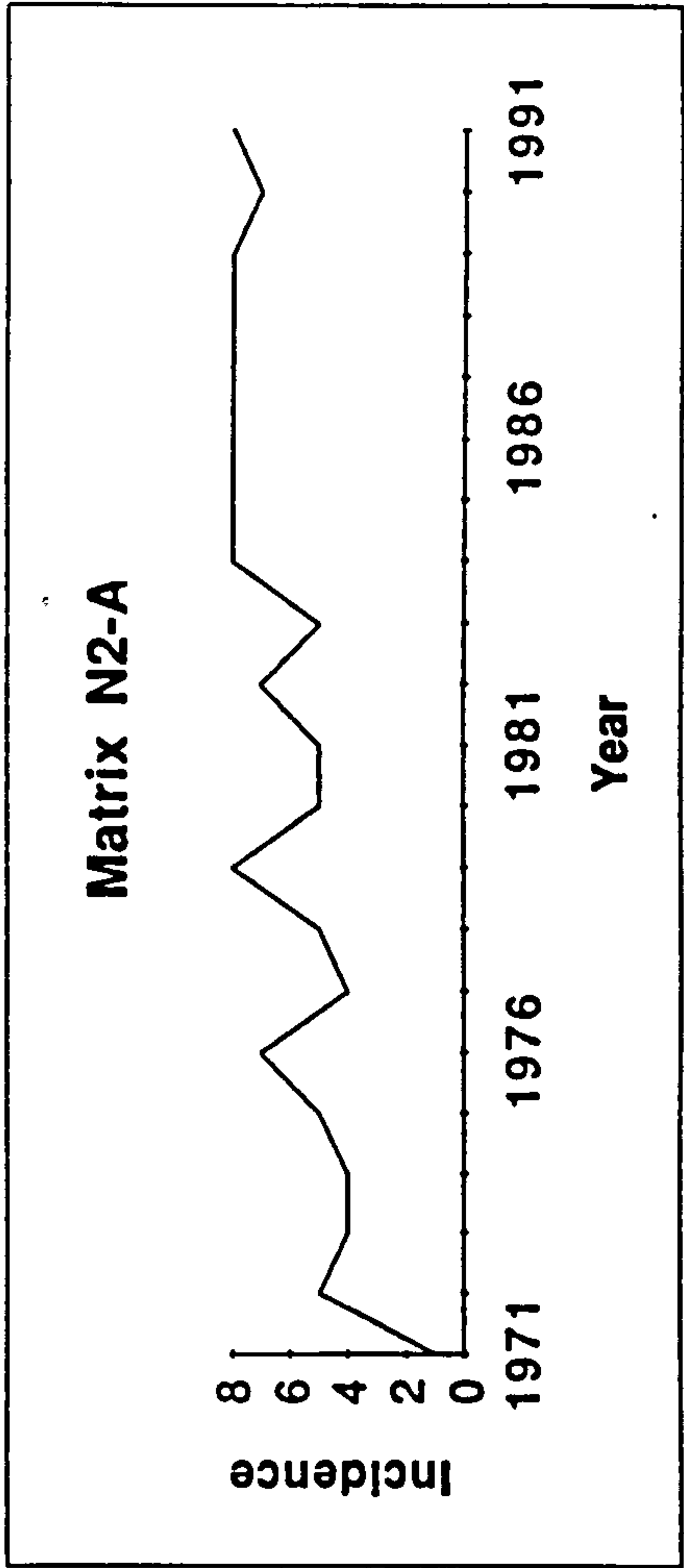


**PROP N2  
MATRIX N2-A**

**Matrix N2-A  
Incidence of 8 dyads being in network  
(direct and referrals)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	0	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	11
C-G	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B-B	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
B-C	0	0	0	0	0	1	0	0	1	0	0	1	0	1	1	1	1	1	1	1	1	11
B-G	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G-G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
G-C	0	1	1	1	1	1	0	1	1	0	0	0	1	1	1	1	1	1	1	1	1	16
G-B	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	19
	1	5	4	4	5	7	4	5	8	5	5	7	5	8	8	8	8	8	8	7	8	128

**Key**  
1 : yes  
0 : no

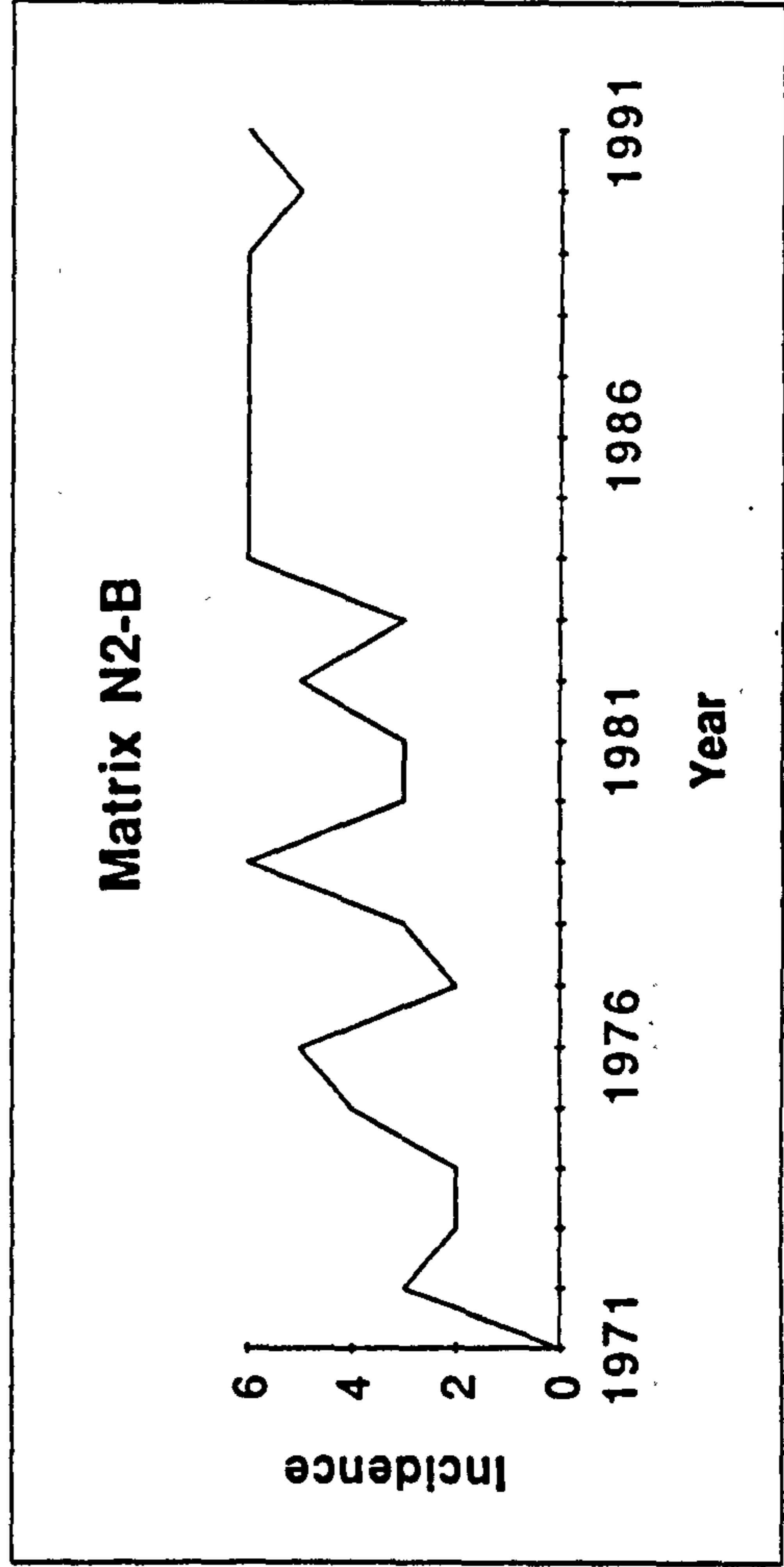


**PROP N2  
MATRIX N2-B**

**Matrix N2-B  
Incidence of 6 dyads being in network  
(direct and referrals)  
(Binary matrix)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	0	0	0	1	0	1	1	0	1	1	1	1	1	1	0	1	11
C-G	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B-C	0	0	0	0	0	1	0	0	1	0	0	1	0	1	1	1	1	1	1	1	1	11
B-G	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G-C	0	1	1	1	1	1	0	1	1	0	0	0	0	1	1	1	1	1	1	1	1	16
G-B	0	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	19
	0	3	2	2	4	5	2	3	6	3	3	5	3	6	6	6	6	6	6	5	6	88

**Key**  
1 : yes  
0 : no

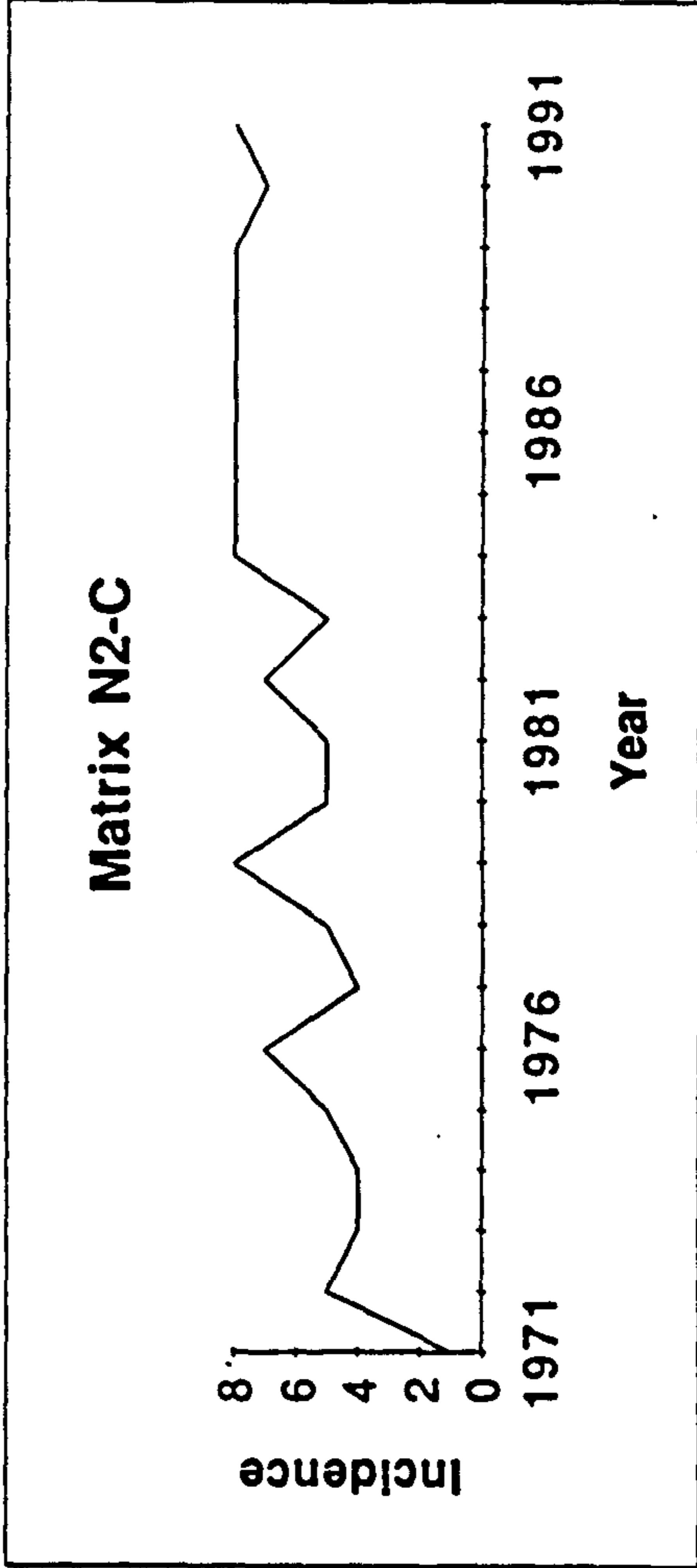


**PROP N2  
MATRIX N2-C**

**Matrix N2-C  
Incidence of 8 dyads being in network  
(direct and referrals)  
(Valued matrix, extent of communications)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	2	0	0	0	2	0	2	3	0	2	2	3	2	2	2	0	3	11
C-G	0	0	0	0	3	3	0	1	2	0	2	2	1	3	3	2	3	3	3	1	3	15
B-B	1	1	1	3	0	1	1	1	1	1	1	1	1	3	3	3	3	3	3	3	3	20
B-C	0	0	0	0	0	2	0	0	2	0	0	1	0	3	2	3	3	2	3	1	3	11
B-G	0	2	0	0	0	3	3	0	2	3	2	3	2	3	3	3	3	3	3	3	3	16
G-G	0	1	1	2	1	3	3	1	3	3	3	2	3	1	1	1	3	3	3	3	3	20
G-C	0	1	1	1	1	1	0	1	3	3	0	0	0	3	3	3	3	3	3	3	1	16
G-B	0	1	1	3	1	1	1	1	3	1	0	1	2	3	3	3	3	3	3	3	1	19
I	5	4	4	4	5	7	4	5	8	5	5	7	5	8	8	8	8	8	8	7	8	128

**Key**  
 1 : just direct  
 2 : just referral  
 3 : both direct and referral  
 0 : none

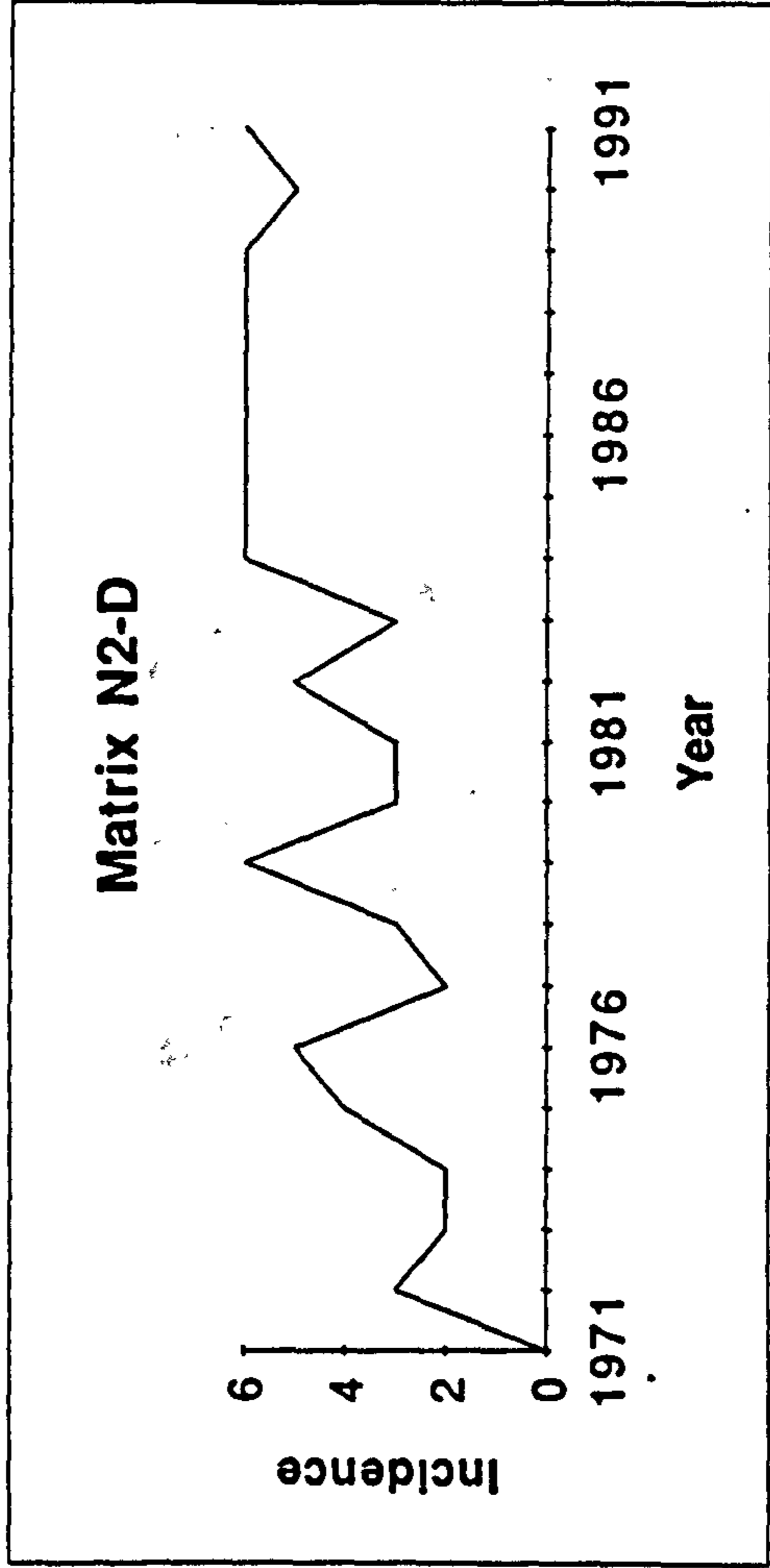


**PROP N2  
MATRIX N2-D**

**Matrix N2-D  
Incidence of 6 dyads being in network  
(direct and referrals)  
(Valued matrix, extent of communications)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	2	0	0	0	2	0	2	3	0	2	2	3	2	2	2	0	3	11
C-G	0	0	0	0	3	3	0	1	2	0	2	2	1	3	3	2	3	3	3	1	3	15
B-C	0	0	0	0	0	2	0	0	2	0	0	1	0	3	2	3	3	2	3	1	3	11
B-G	0	2	0	0	0	3	3	0	2	3	2	3	2	3	3	3	3	3	3	3	3	16
G-C	0	1	1	1	1	1	0	1	3	3	0	0	0	3	3	3	3	3	3	3	1	16
G-B	0	1	1	3	1	1	1	1	3	1	0	1	2	3	3	3	3	3	3	3	1	19
	0	3	2	2	4	5	2	3	6	3	3	5	3	6	6	6	6	6	6	5	6	88

**Key**  
 1 : just direct  
 2 : just referral  
 3 : both direct and referral  
 0 : none

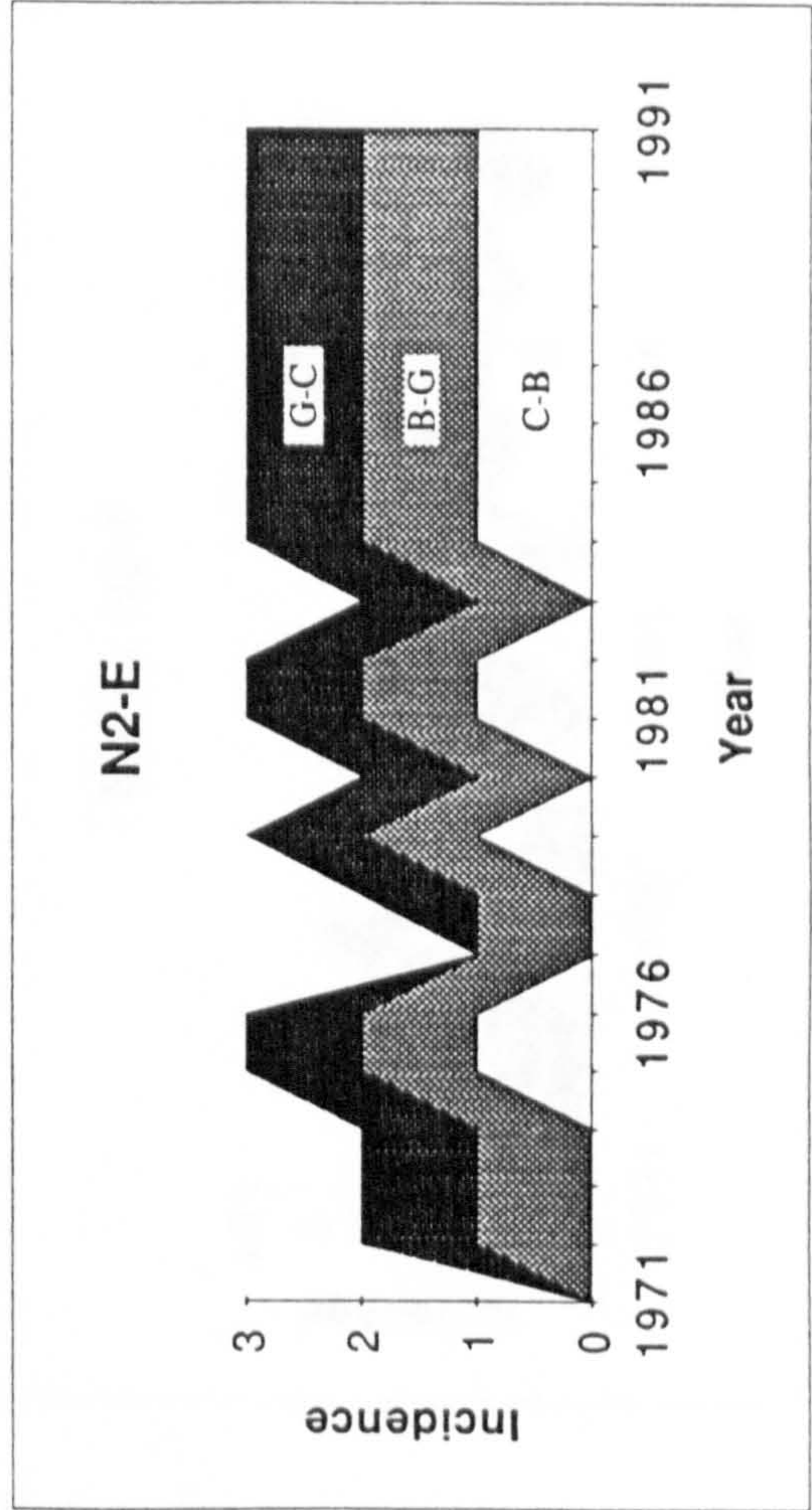


**PROP N2  
MATRIX N2-E**

**Matrix N2-E  
Incidence of 3 major dyads being in network  
(direct and referrals)  
(Binary matrix, does not include b-b or g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	1	0	0	1	0	1	1	0	1	1	1	1	1	1	1	1	13
B-G	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	20
G-C	0	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
	0	2	2	2	3	3	1	2	3	2	3	3	2	3	3	3	3	3	3	3	3	52

**Key**  
1 : yes  
2 : no



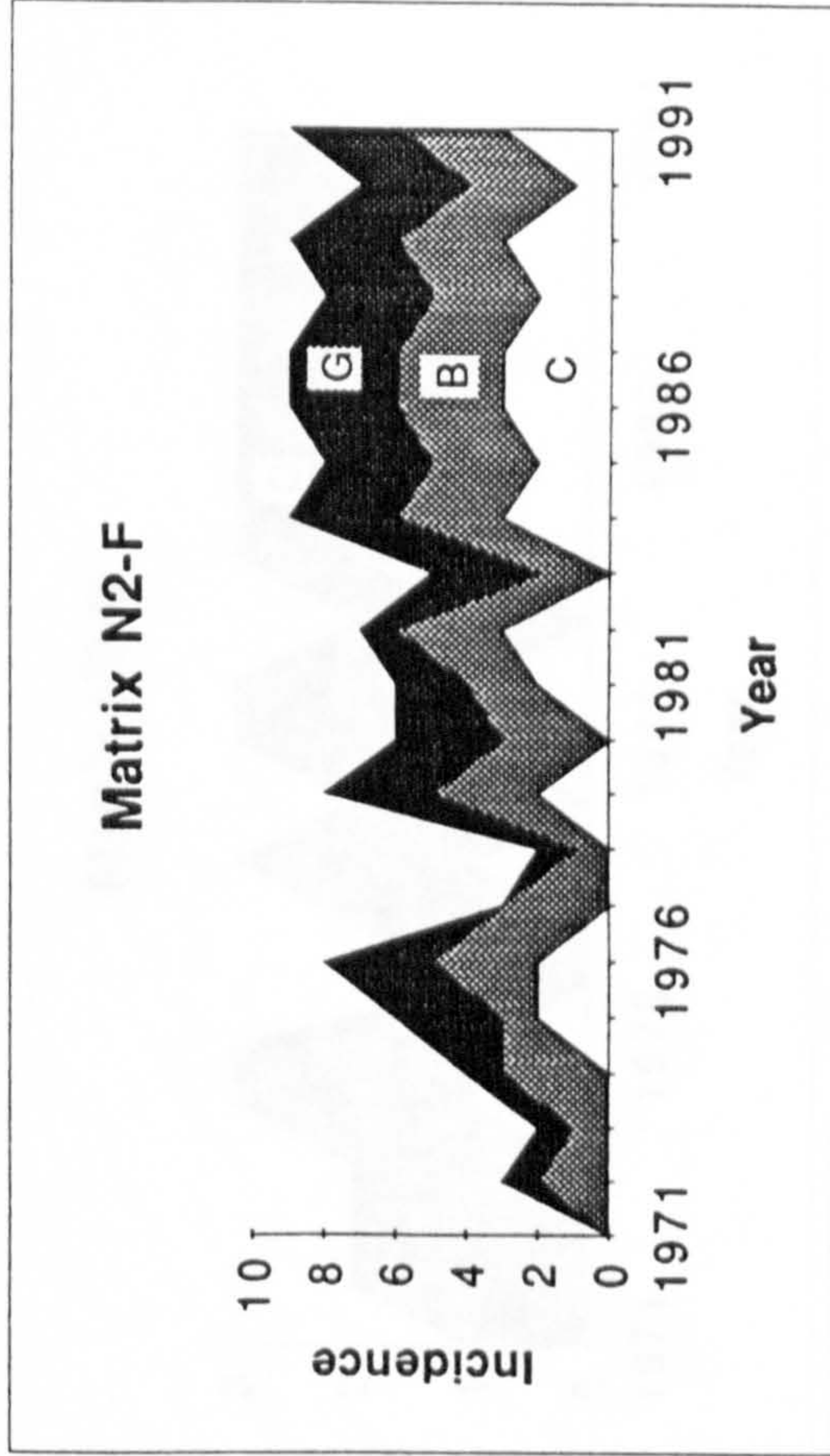


**PROP N2  
MATRIX N2-F**

**Matrix N2-F**  
**Incidence of 3 major dyads being in network**  
**(direct and referrals)**  
**(Valued matrix - extent of communications, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	2	2	0	0	2	0	2	3	0	3	2	3	3	2	3	1	3	13
B-G	0	2	1	3	1	3	3	1	3	3	2	3	2	3	3	3	3	3	3	3	3	20
G-C	0	1	1	1	3	3	0	1	3	3	2	1	3	3	3	3	3	3	3	3	3	19
	0	2	2	2	3	3	1	2	3	2	3	3	2	3	3	3	3	3	3	3	3	52

**Key**  
 1 : just direct  
 2 : just referral  
 3 : both direct and referral  
 0 : nothing

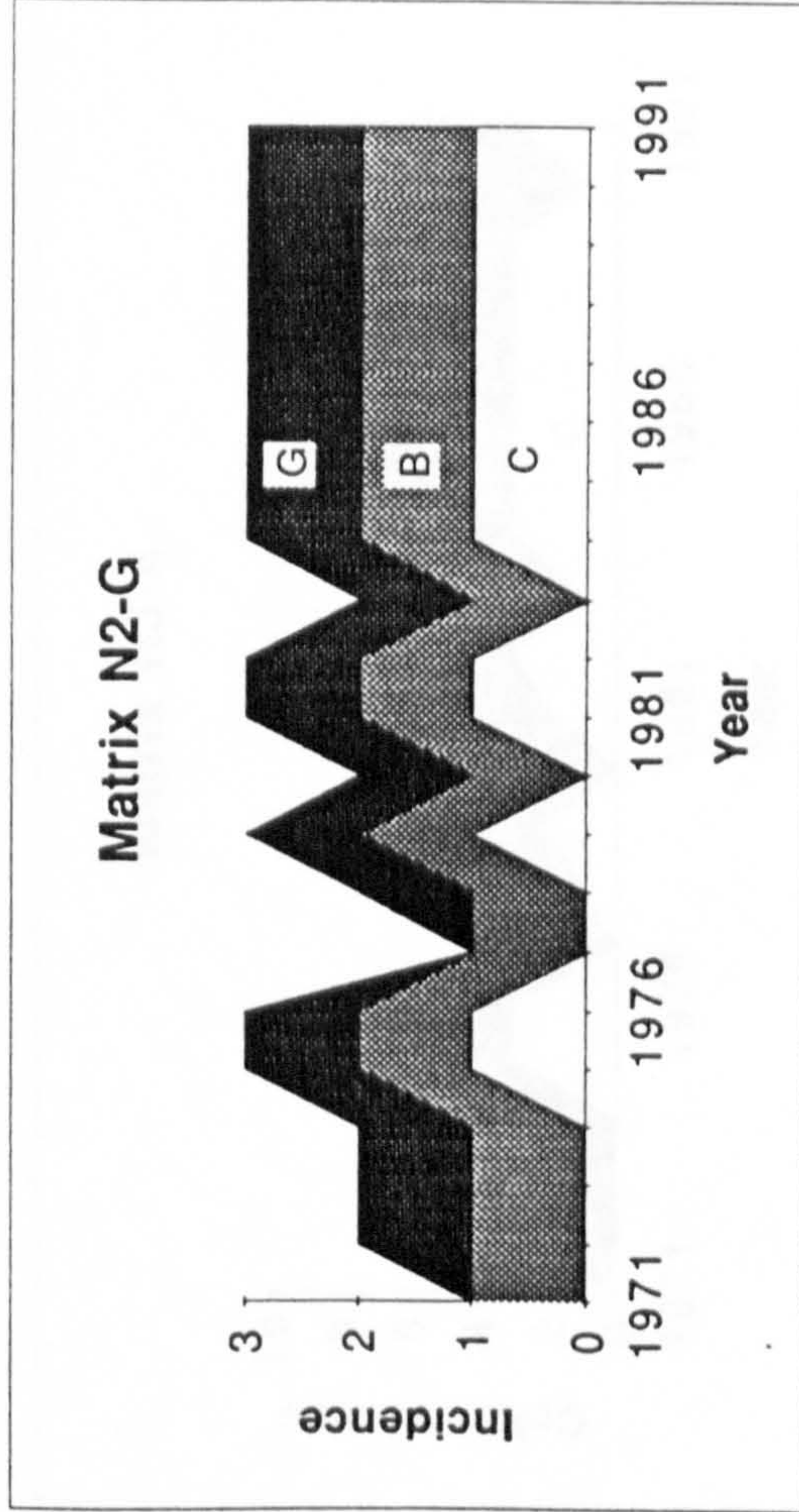


**PROP N2  
MATRIX N2-G**

**Matrix N2-G  
Incidence of 3 major dyads being in network  
(direct and referrals)  
(Binary matrix, includes b-b and g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	1	1	0	0	1	0	1	1	0	1	1	1	1	1	1	1	1	13
B-G	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	21
G-C	0	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	19
	1	2	2	2	3	3	1	2	3	2	3	3	2	3	3	3	3	3	3	3	3	53

**Key**  
1 : yes  
0 : no



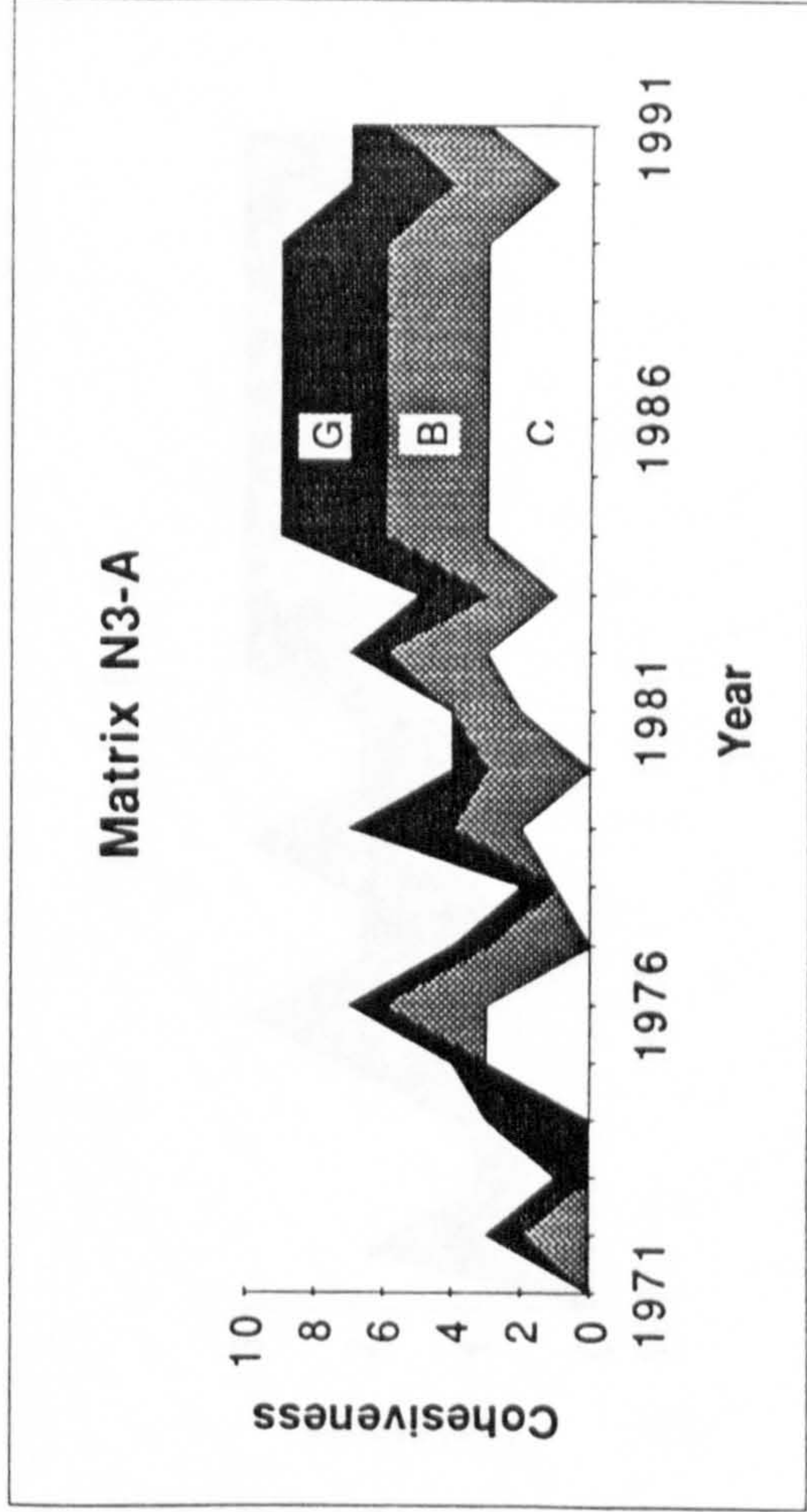
**PROP N3  
MATRIX N3-A**

**Matrix N3-A**

**Cohesiveness of network from aggregate perspective  
(Valued matrix, does not include b-b or g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	3	3	0	1	2	0	2	3	1	3	3	3	3	3	3	1	3	15
B	0	2	0	0	0	3	3	0	2	3	2	3	2	3	3	3	3	3	3	3	3	16
G	0	1	1	3	1	1	1	1	3	1	0	1	2	3	3	3	3	3	3	3	1	19
	0	2	1	3	3	3	3	1	3	3	2	3	2	3	3	3	3	3	3	3	3	50

**Key**  
 1 : implied cohesiveness  
 2 : inferred cohesiveness  
 3 : strongly cohesive  
 0 : diffuse

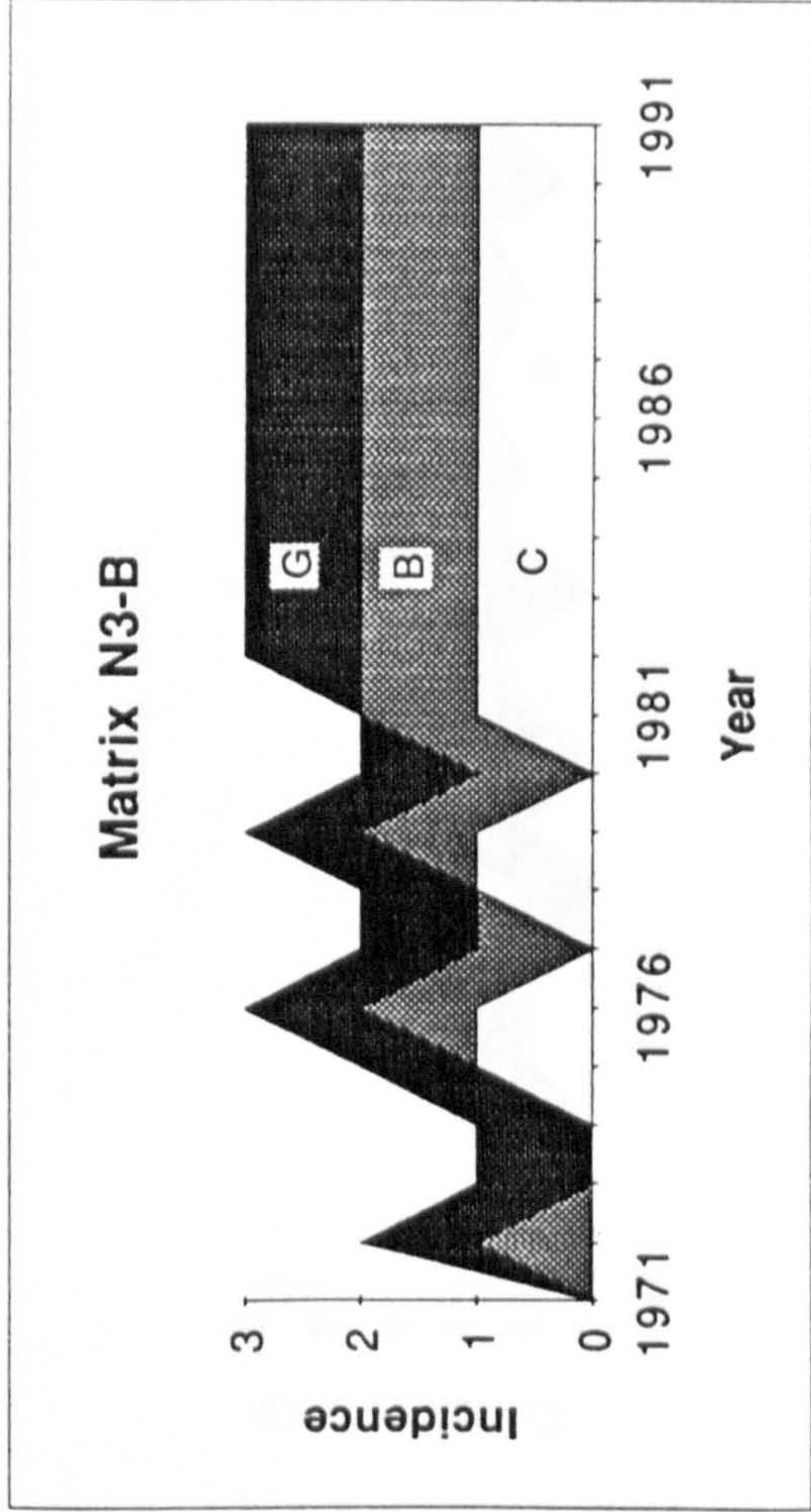


**PROP N3  
MATRIX N3-B**

**Matrix N3-B**  
**Incidence of aggregate stakeholder being in network**  
**(direct and referrals)**  
**(Binary matrix, does not include b-b or g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C	0	0	0	0	1	1	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	15
B	0	1	0	0	0	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	16
G	0	1	1	1	1	1	1	1	1	0	0	1	1	1	1	1	1	1	1	1	1	19
	0	2	1	1	2	3	2	2	3	2	2	3	3	3	3	3	3	3	3	3	3	50

**Key**  
 1 : yes  
 0 : no

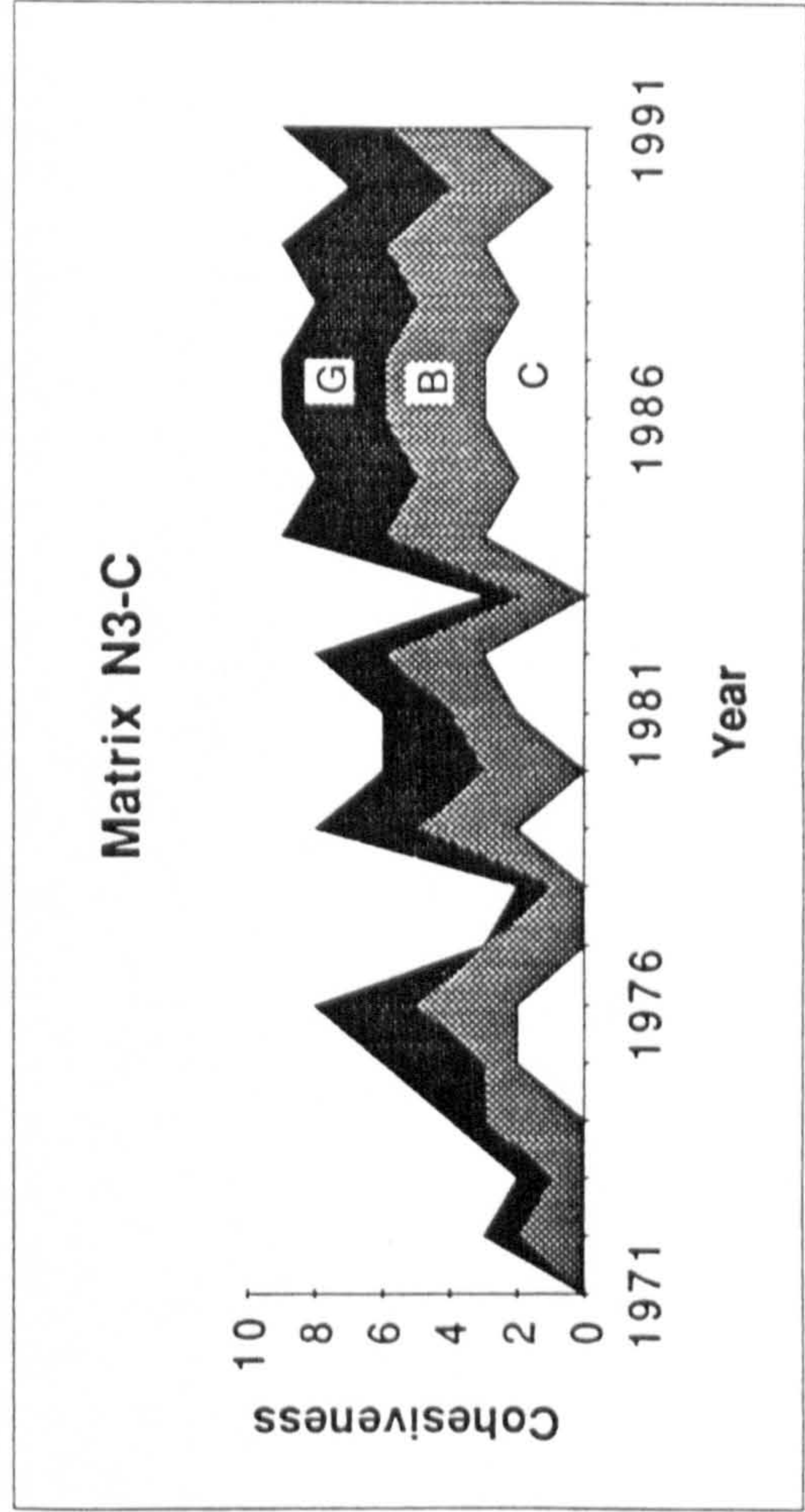


**PROP N3  
MATRIX N3-C**

**Matrix N3-C  
Cohesiveness of 3 major dyads  
(Valued matrix, does not include b-b or g-g)**

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	Total
C-B	0	0	0	0	2	2	0	0	2	0	2	3	0	3	2	3	3	2	3	1	3	13
B-G	0	2	1	3	1	3	3	1	3	3	2	3	2	3	3	3	3	3	3	3	3	20
G-C	0	1	1	1	3	3	0	1	3	3	2	2	1	3	3	3	3	3	3	3	3	19
	0	2	2	2	3	3	1	2	3	2	3	3	2	3	3	3	3	3	3	3	3	52

**Key**  
 1 : implied cohesiveness  
 2 : inferred cohesiveness  
 3 : strongly cohesive  
 0 : diffuse



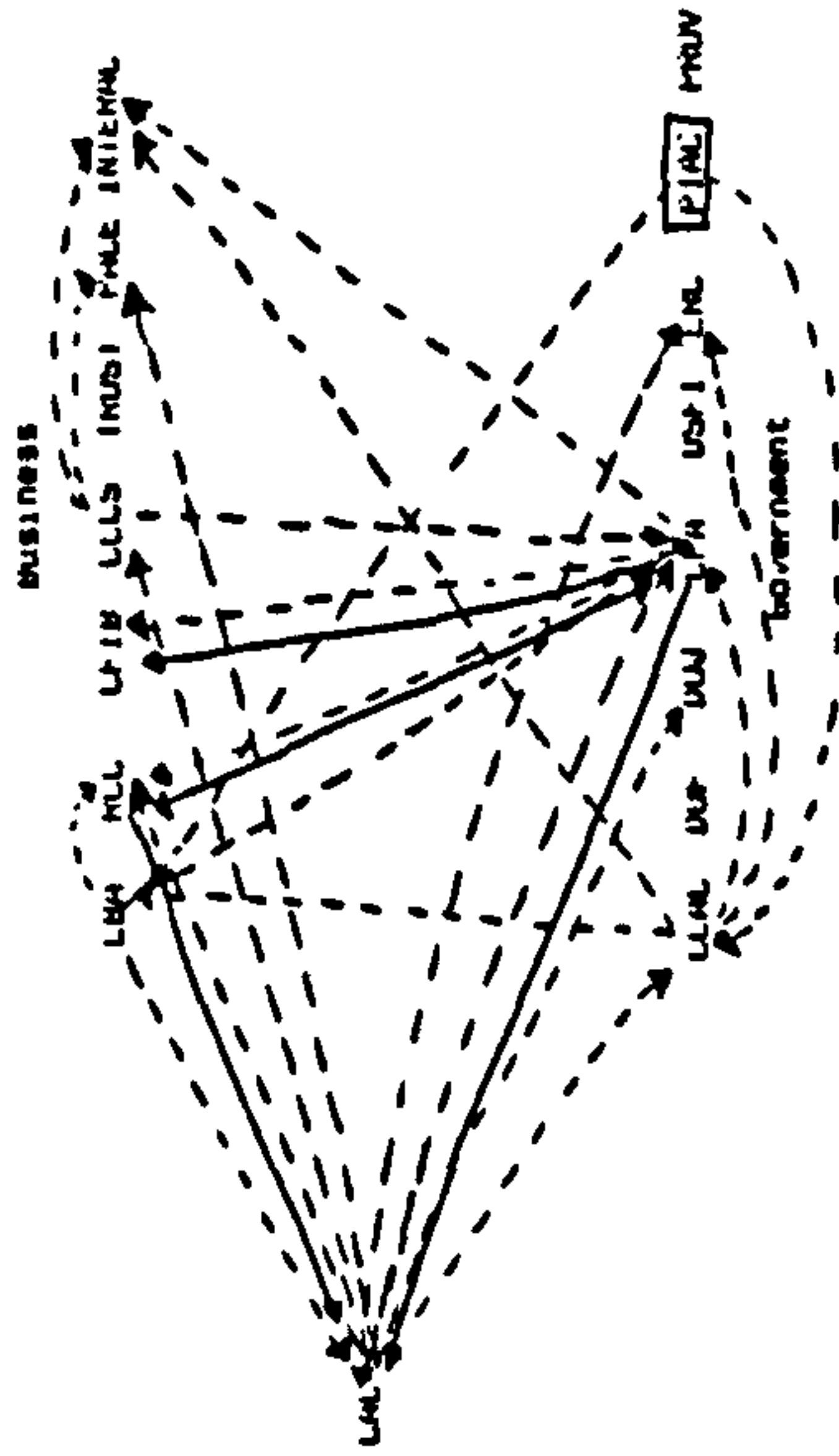




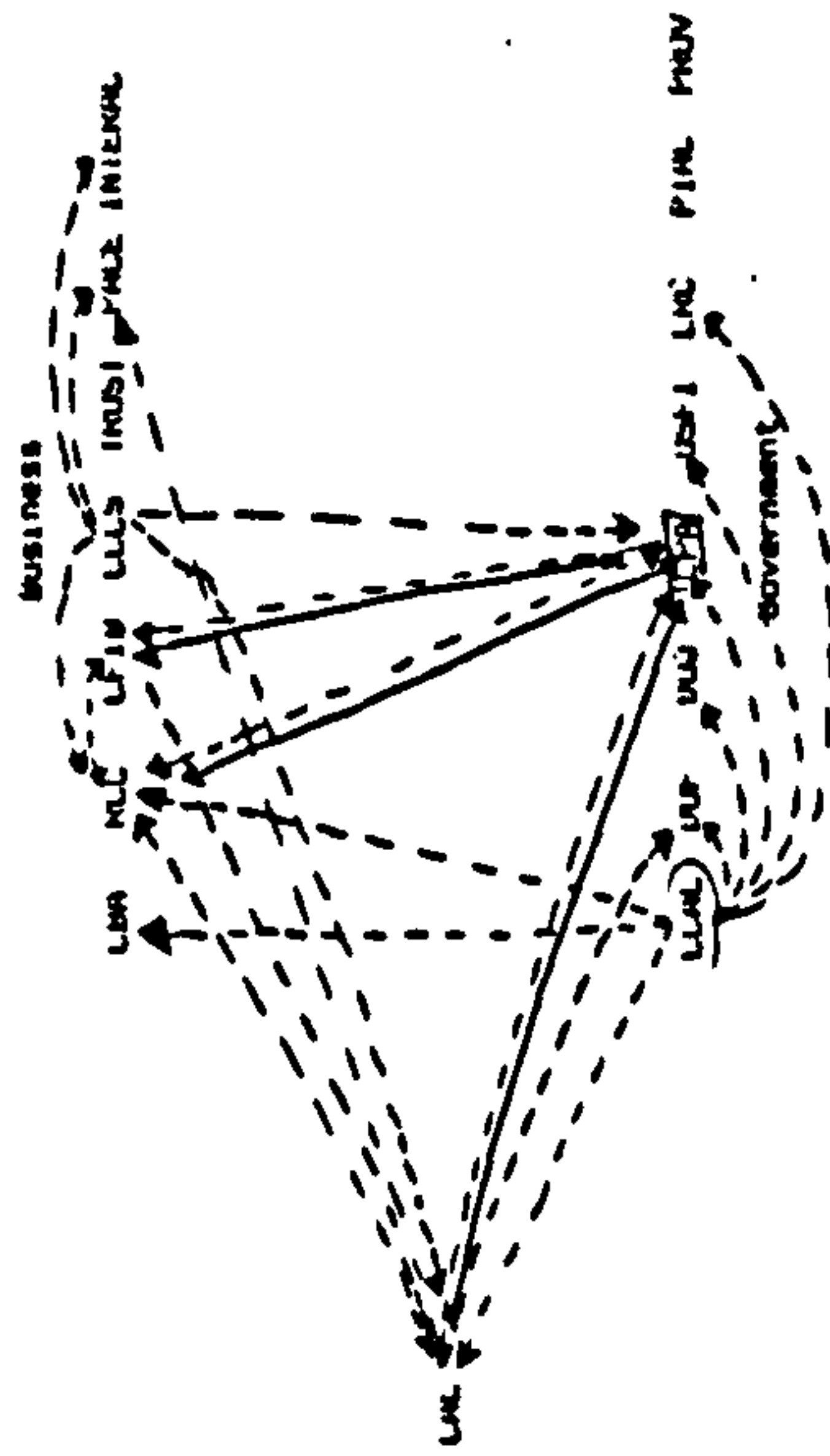
**PAGE  
NUMBERING  
AS ORIGINAL**



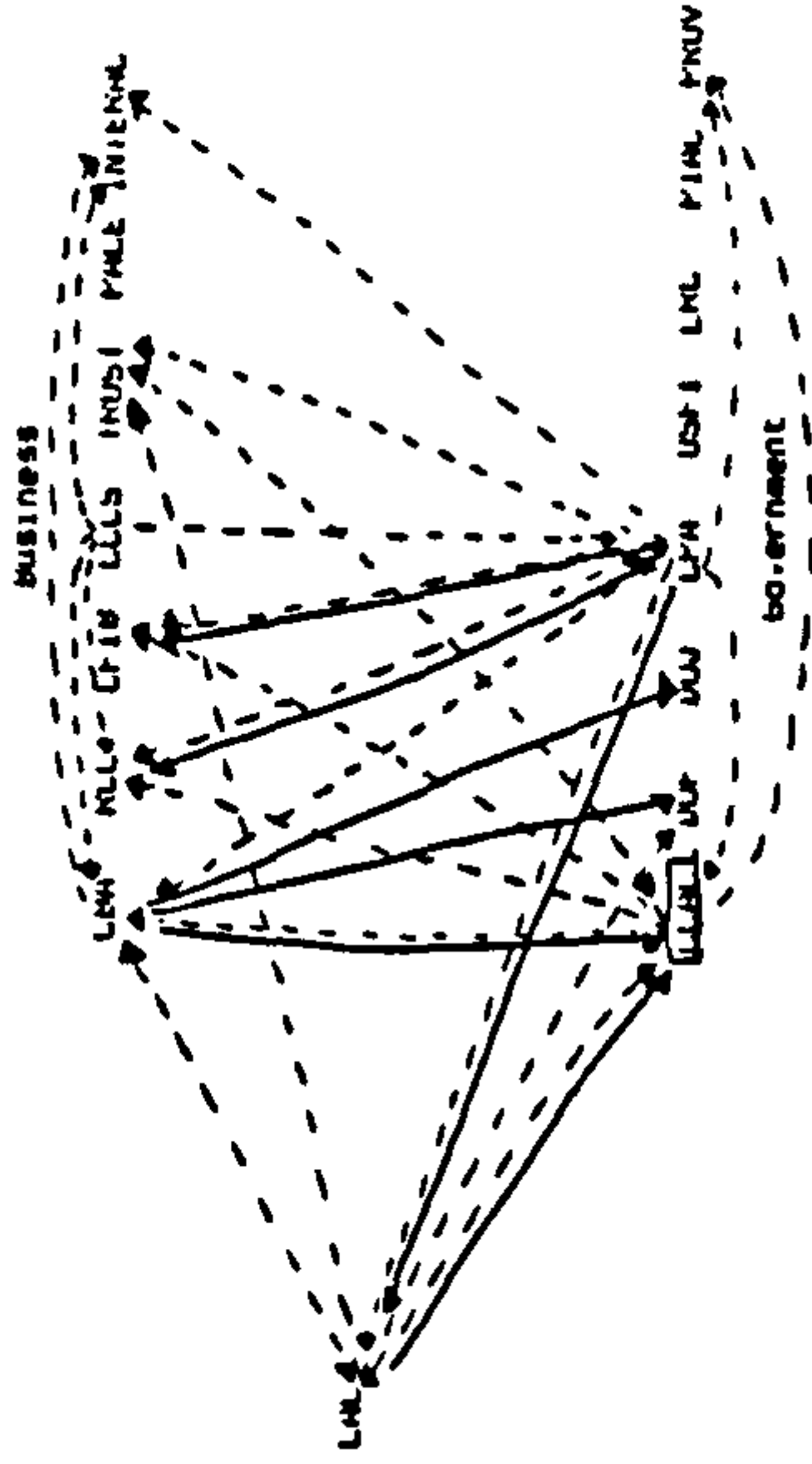
year 1987



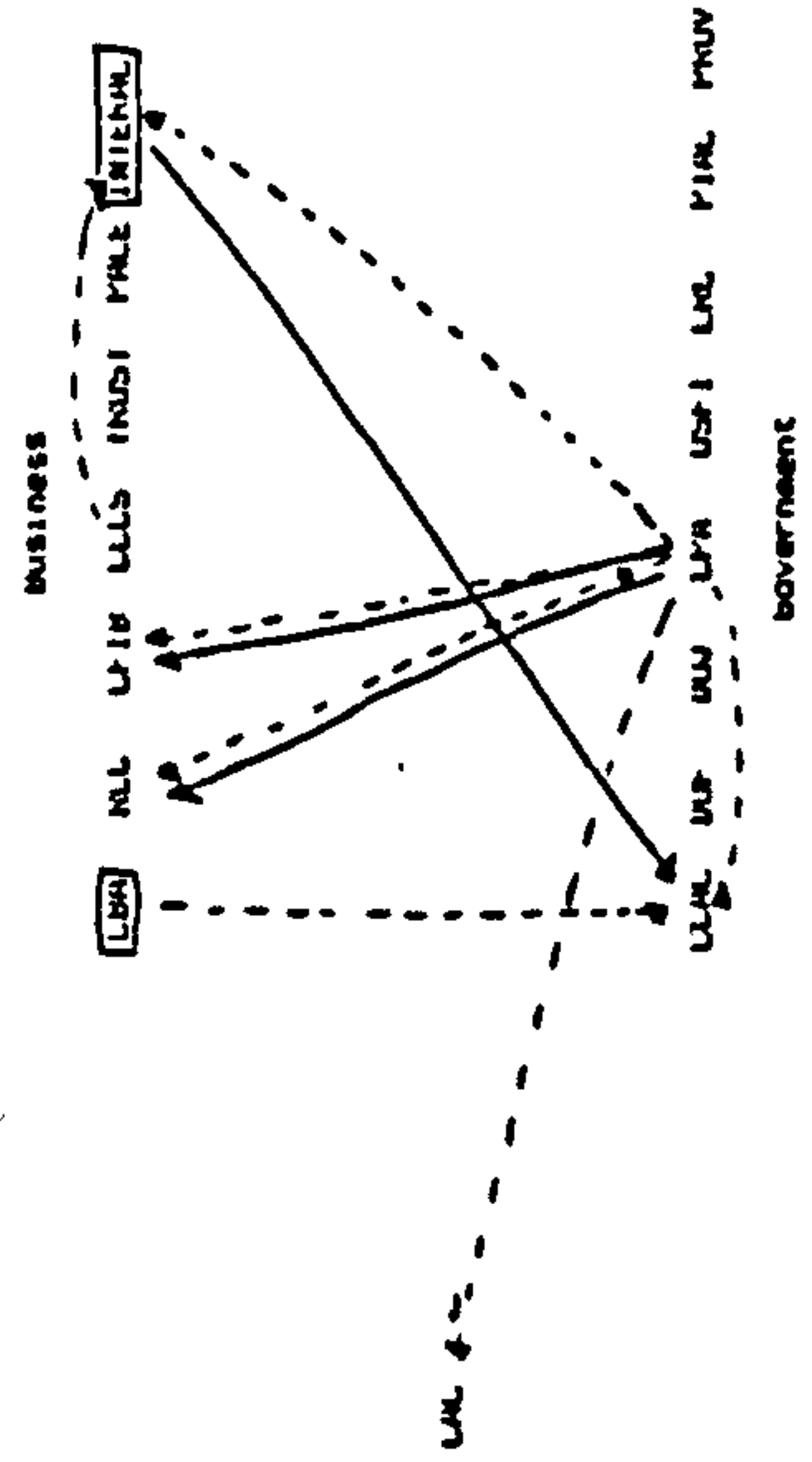
year 1988



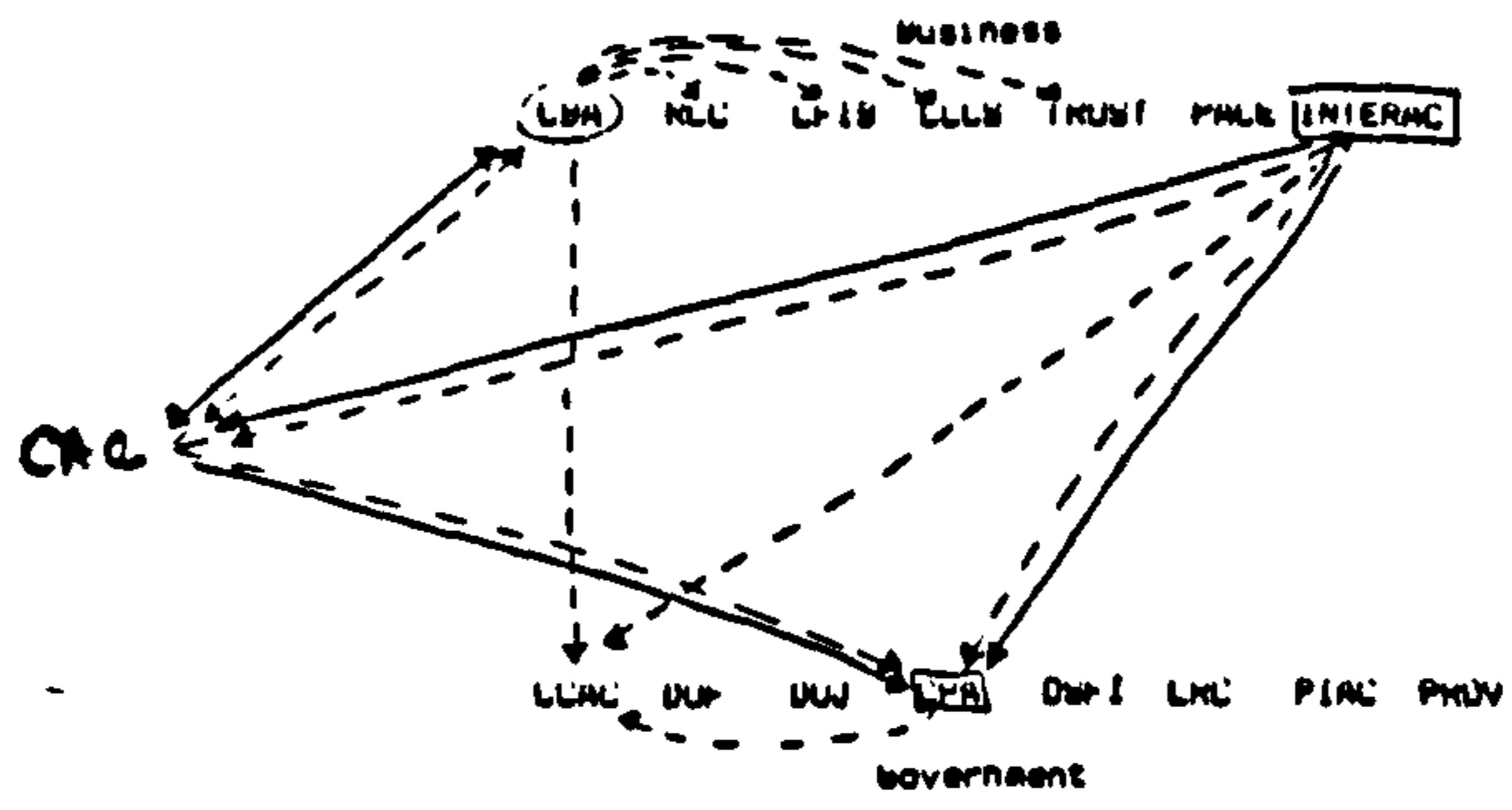
year 1989



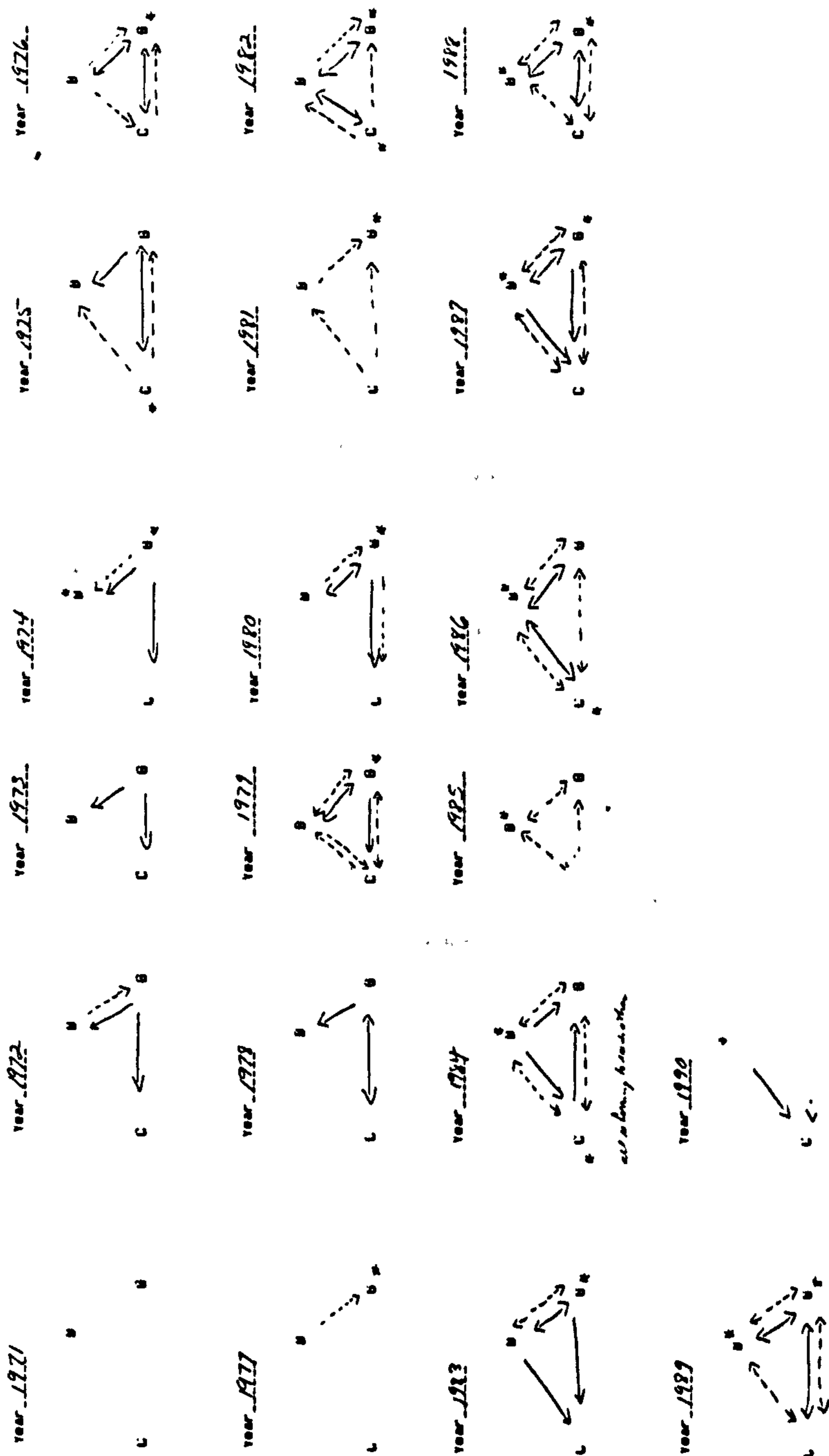
year 1990



year 1991



# Aggregate Graphs for D3 Proposition<sup>6</sup> Cumulation of D3 preparatory Graphs



6

Key: A solid line (————) indicates a first order communication and a broken line (-----) indicates a second order communication. Parallel solid and broken lines mean that both direct and second order communications occurred between the two stakeholders in that given year. An astrict (\*) beside the stakeholder represents the generation of an internal document by said stakeholder.

# Preparatory Constituent Graphs for D1 Proposition<sup>4</sup>

year 1971

BUSINESS

LBA KLC LPIB LLS TRUST PALE INTERNAL

LAL

LLAL DUF DUJ CPA OSFI LAC PIAC PROV

GOVERNMENT

year 1972

BUSINESS

LBA KLC LPIB LLS TRUST PALE INTERNAL

LAL

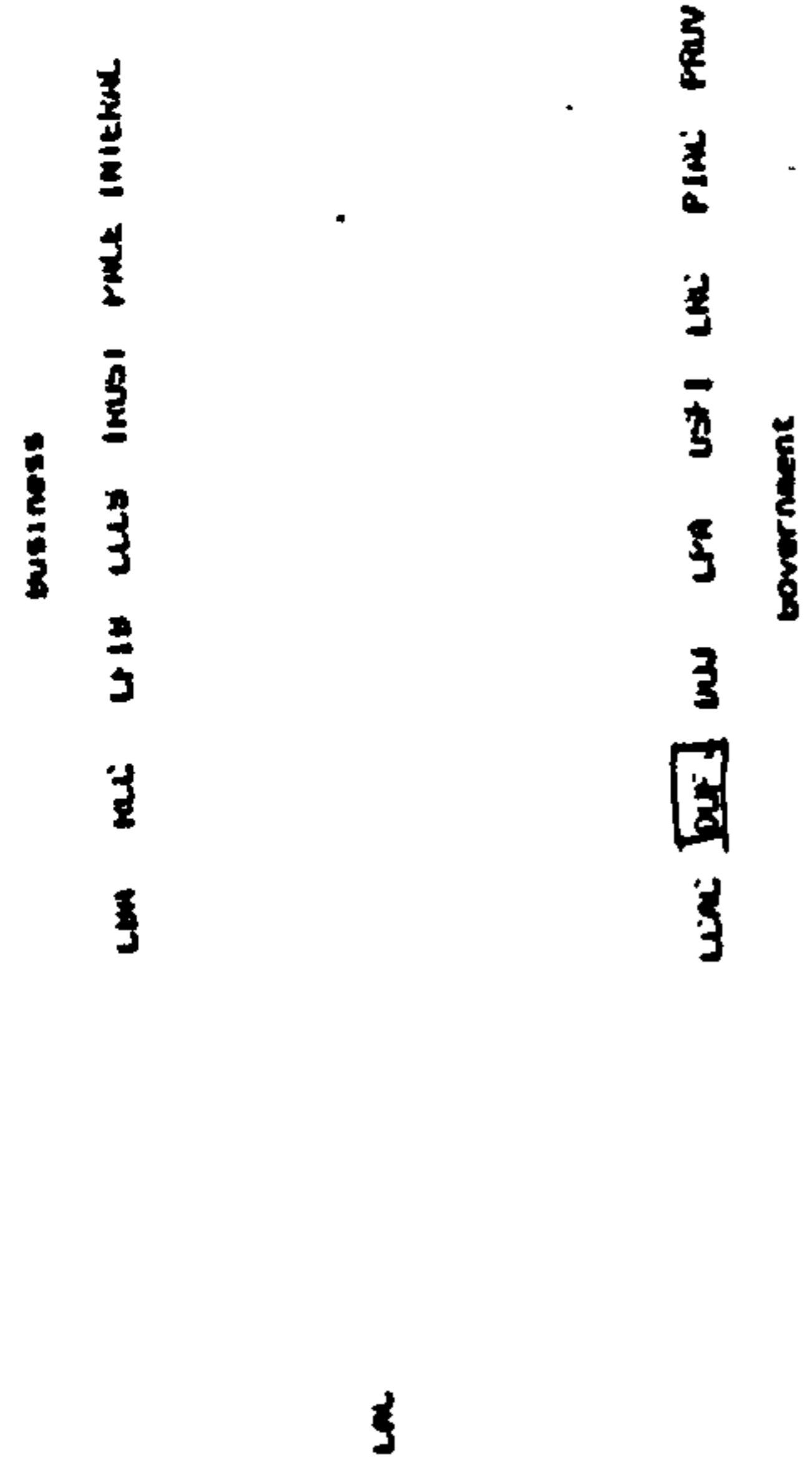
CLAC DUF DUJ CPA OSFI LAC PIAC PROV

GOVERNMENT

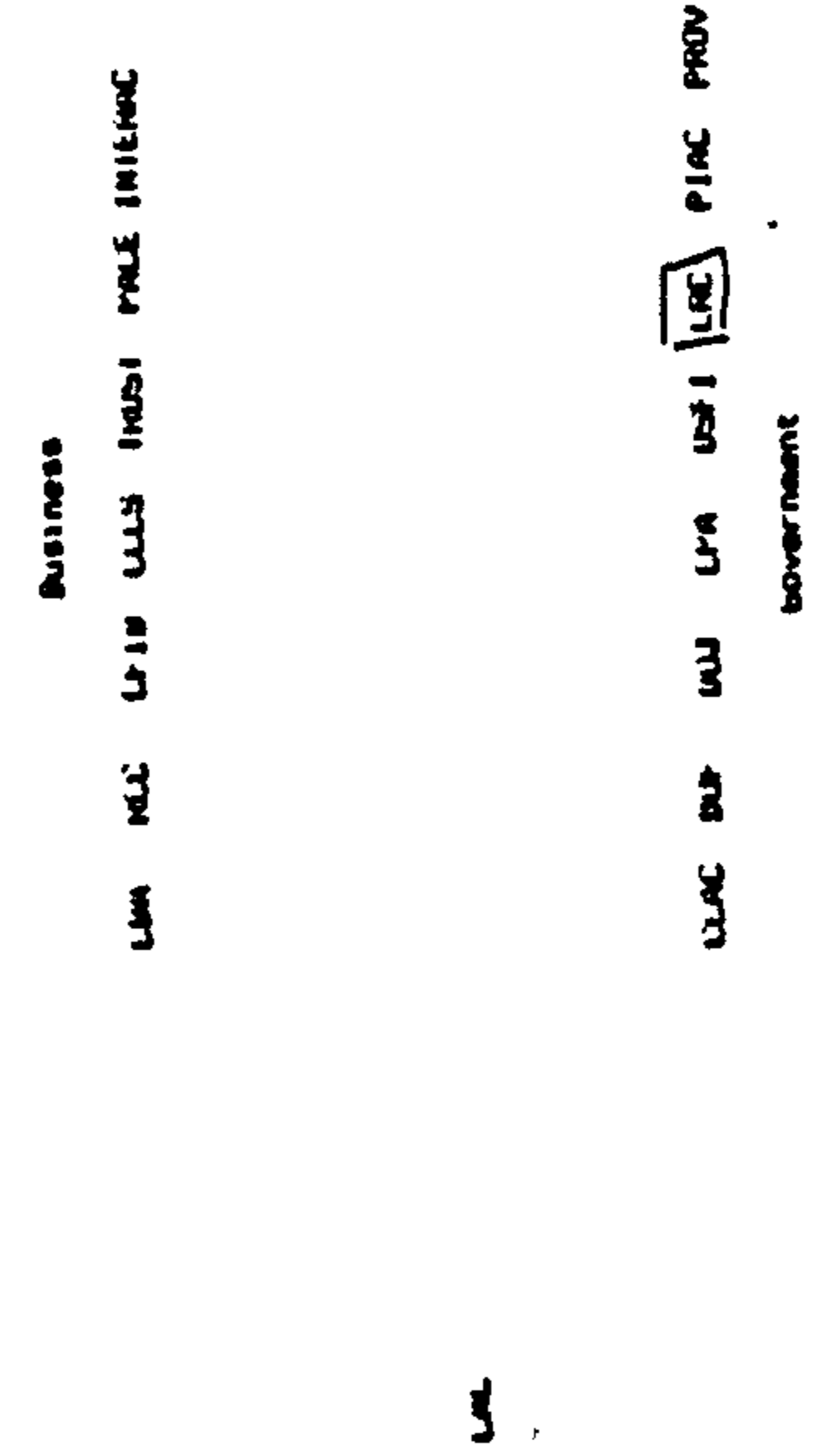
4

Key: A solid line between stakeholders indicates direct communications. This is not a measure of referrals. The arrow indicates the sender of the communication. A box around a constituent stakeholder indicates the release of a public document not targeted to anyone in particular and available for all. No lines are provided to represent this communication.

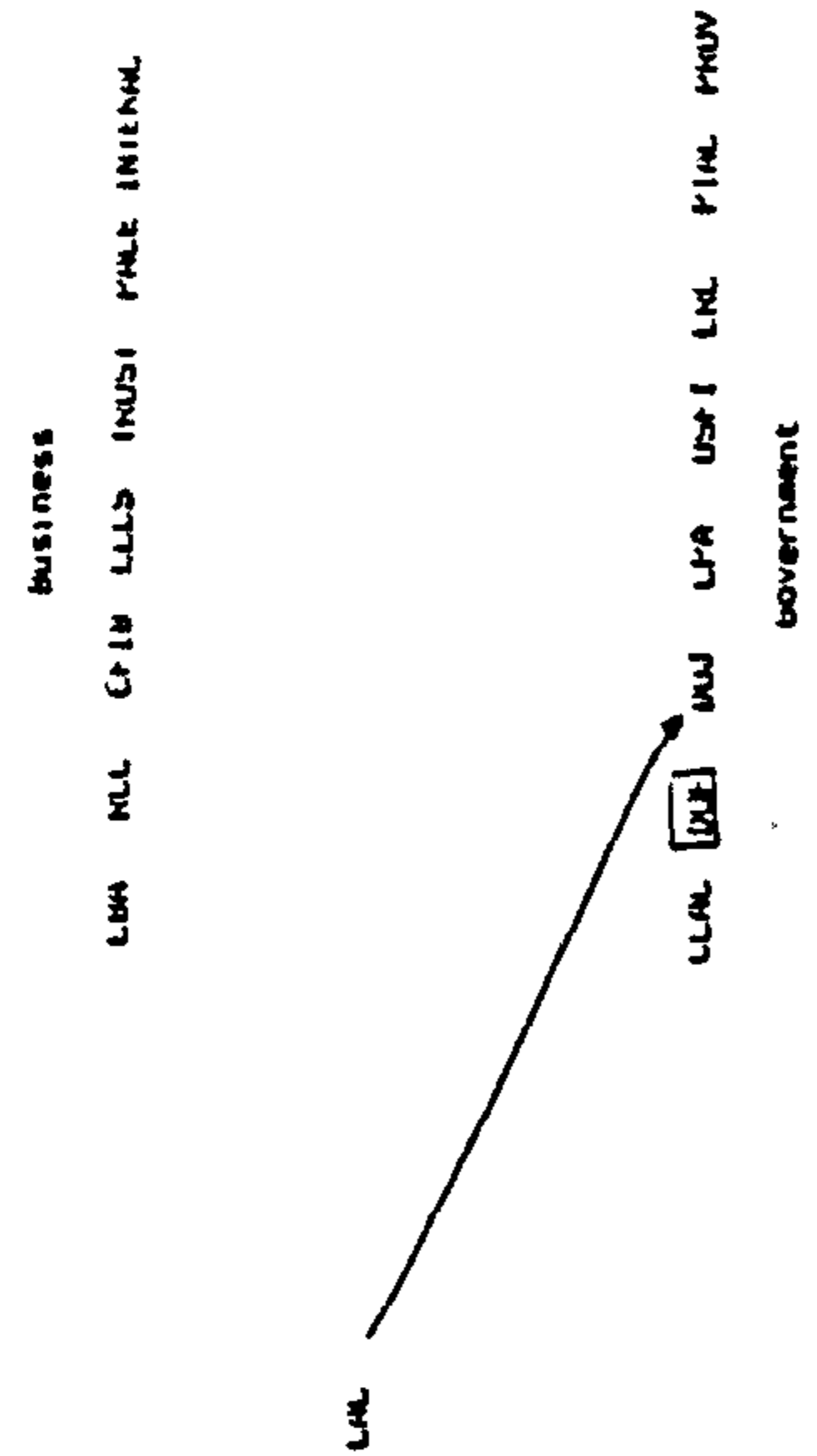
Year 1973



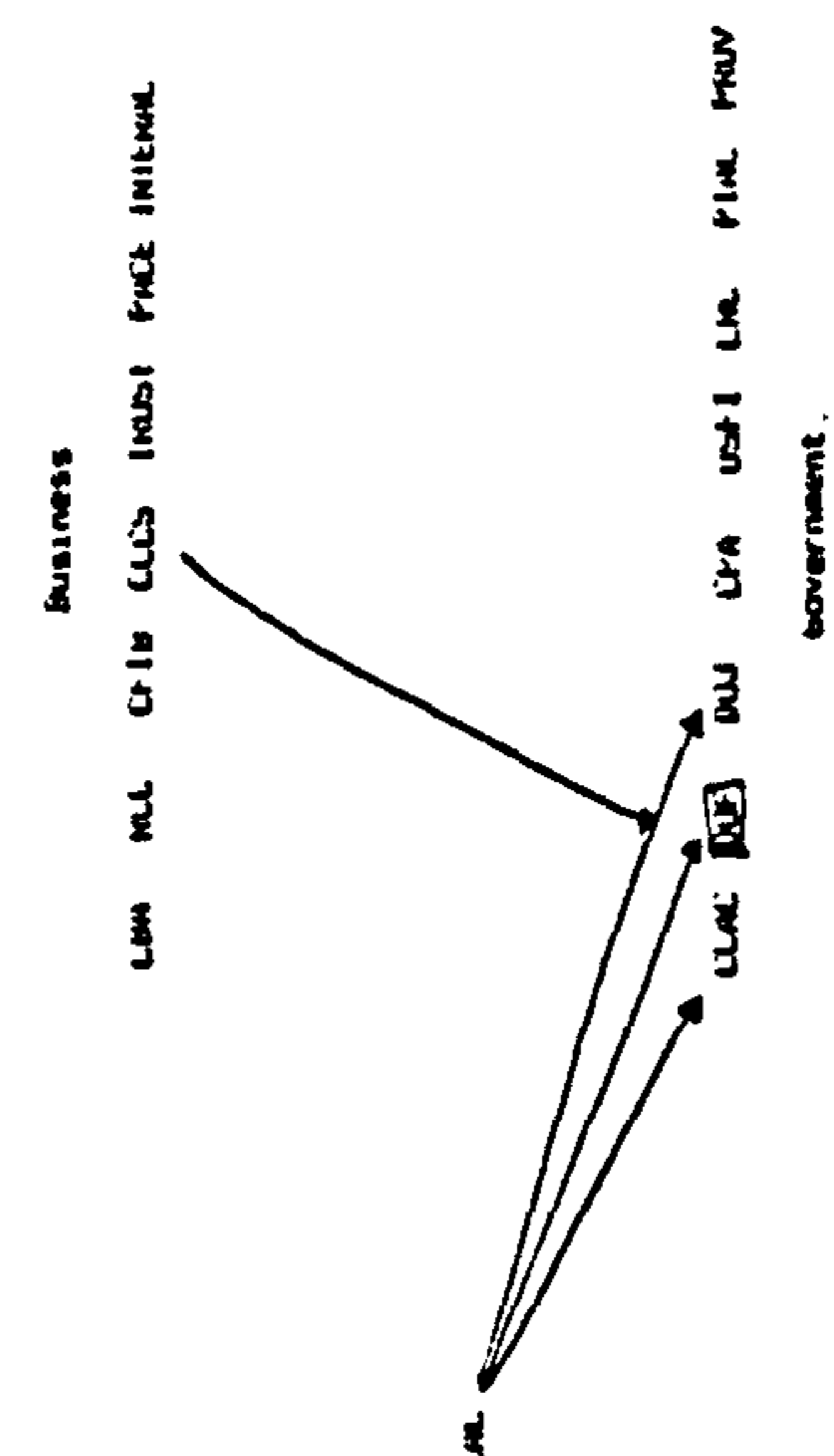
Year 1974



Year 1975



Year 1976



year 1977

Business  
 LWA MLL UF19 ULLS INUSI PMAE INIENAL

Government  
 UUAL DUJ CFA USFI LAC PIAC PROU

LWA

year 1977

Business  
 LWA MLL UF19 ULLS INUSI PMAE INIENAL

Government  
 UUAL DUJ CFA USFI LAC PIAC PROU

LWA

year 1978

Business  
 LWA MLL UF19 ULLS INUSI PMAE INIENAL

Government  
 UUAL DUJ CFA USFI LAC PIAC PROU

LWA

year 1980

Business  
 LWA MLL UF19 ULLS INUSI PMAE INIENAL

Government  
 UUAL DUJ CFA USFI LAC PIAC PROU

LWA

Year 1983

Business  
LEMA MLL LP1B LLLS INUSI PMAE INIENAL

LAL

6-1-83  
6-1-83

LLAC LUP BUJ CFA USFI LMC P1AC PHOV  
Government

Year 1984

Business  
LBA MLL LP1B LLLS INUSI PMAE INIENAL

LAL

LLAC LUP BUJ CFA USFI LMC P1AC PHOV  
Government

Year 1981

Business  
LBA MLL LP1B LLLS INUSI PMAE INIENAL

LAL

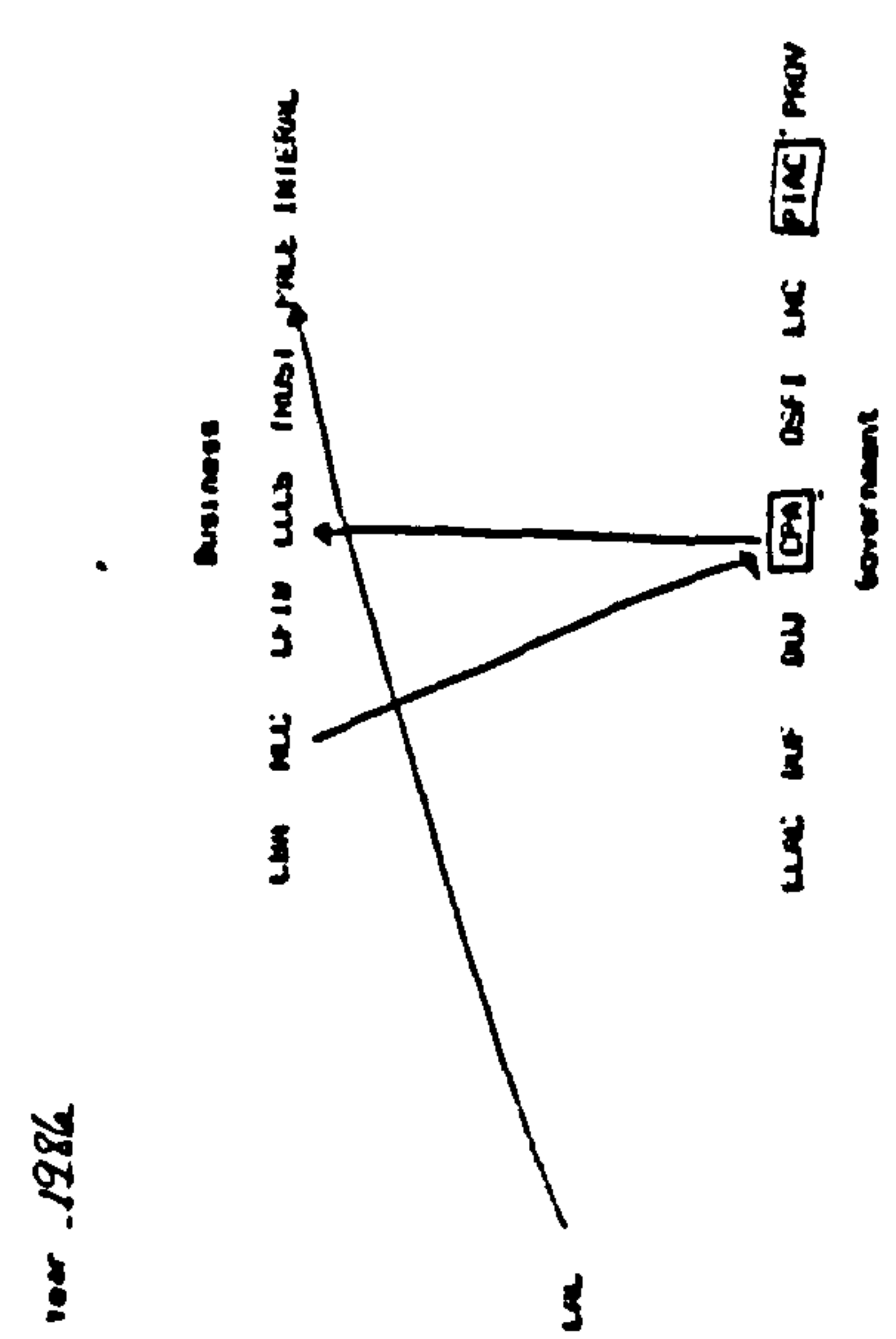
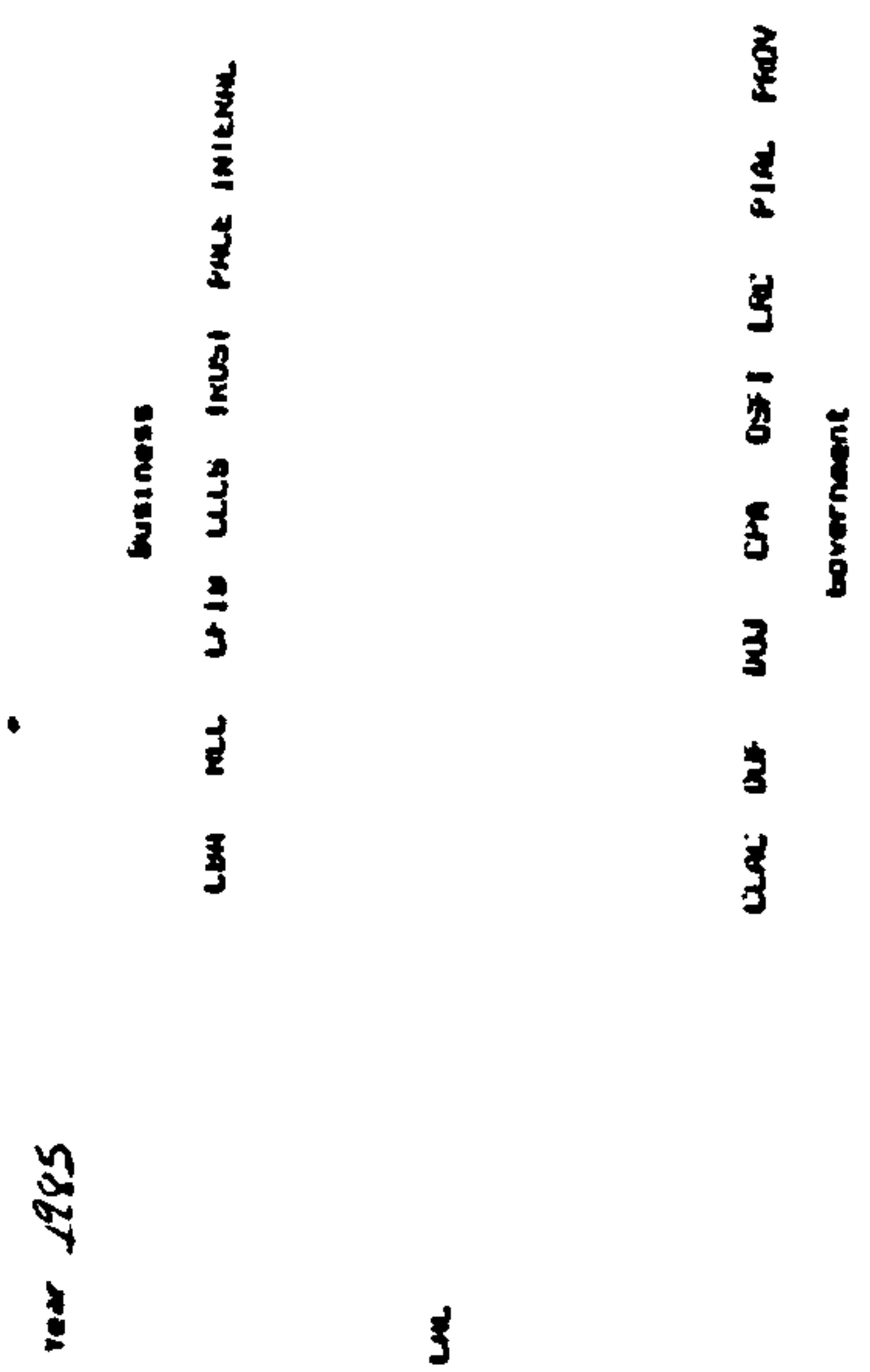
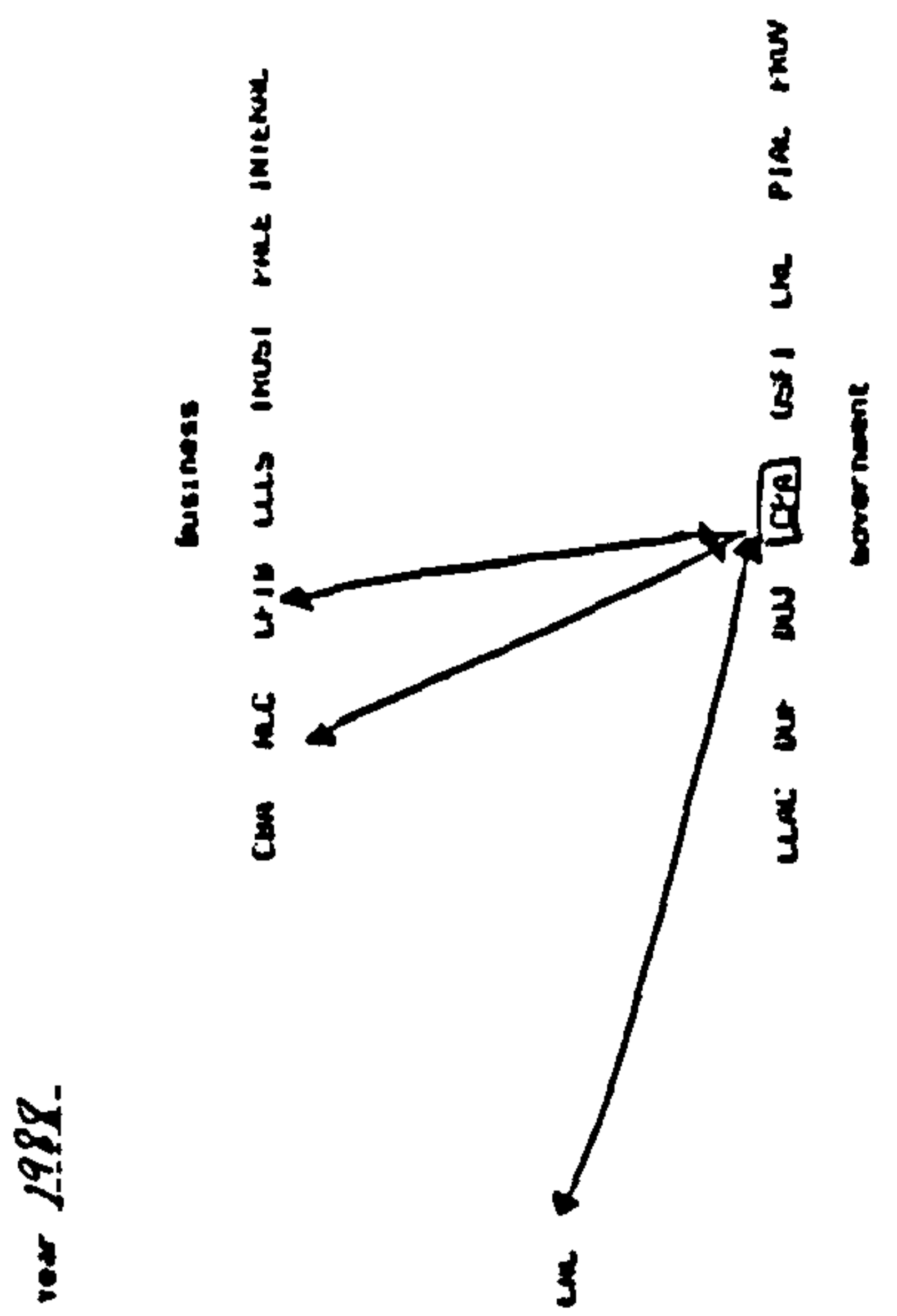
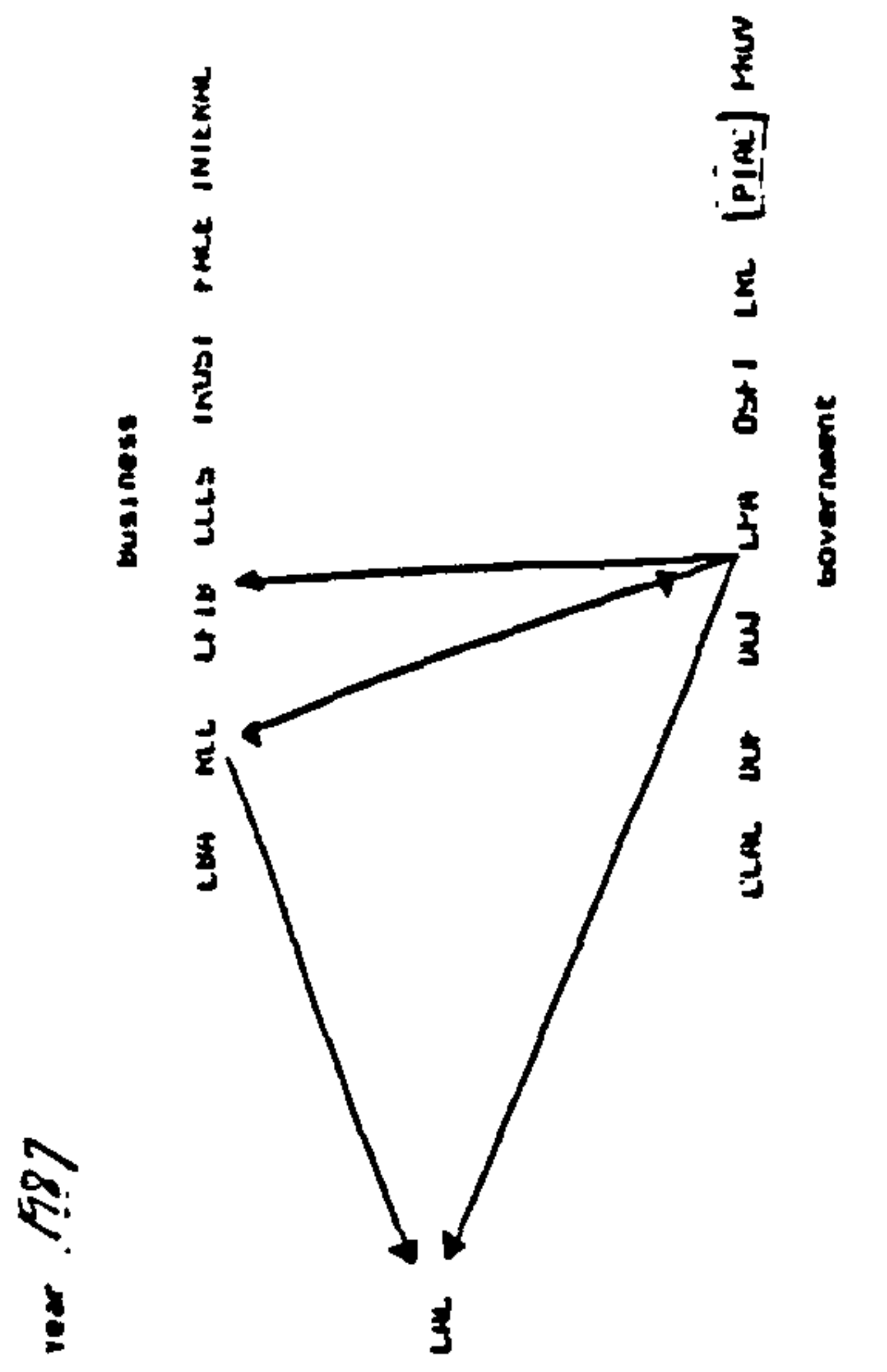
LLAC LUP BUJ CFA USFI LMC P1AC PHOV  
Government

Year 1982

Business  
LEMA MLL LP1B LLLS INUSI PMAE INIENAL

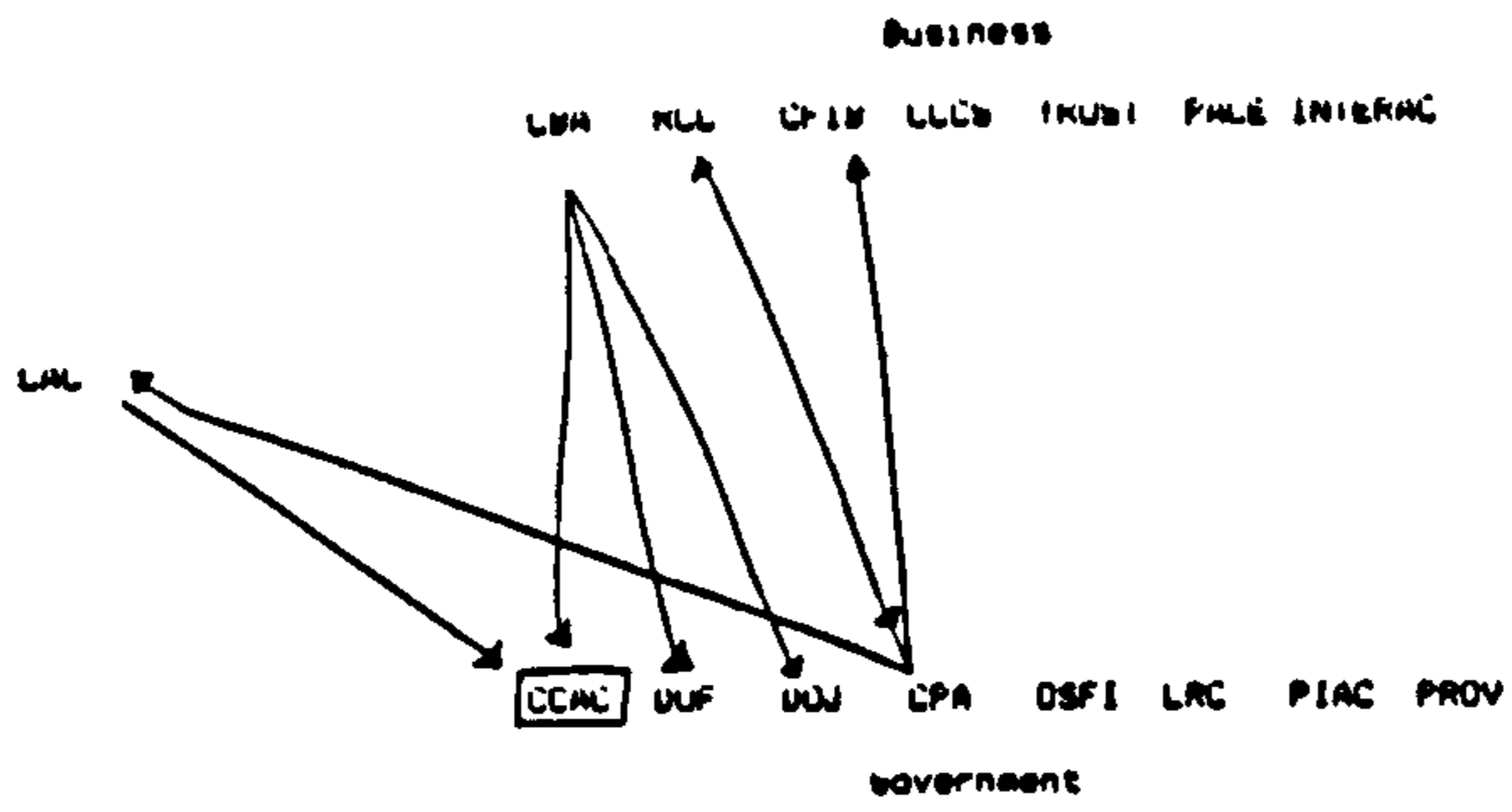
LAL

LLAC LUP BUJ CFA USFI LMC P1AC PHOV  
Government

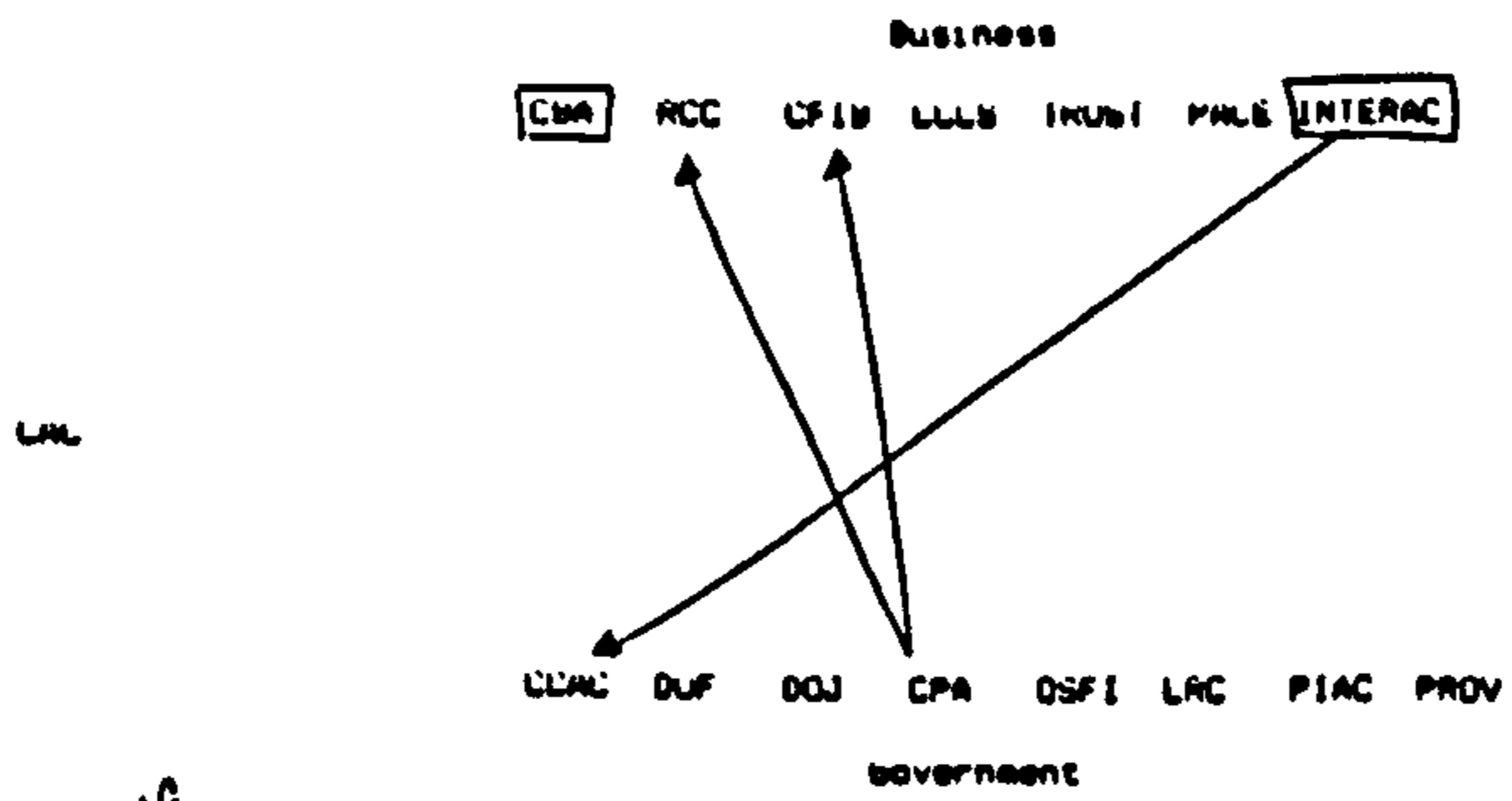




year 1989

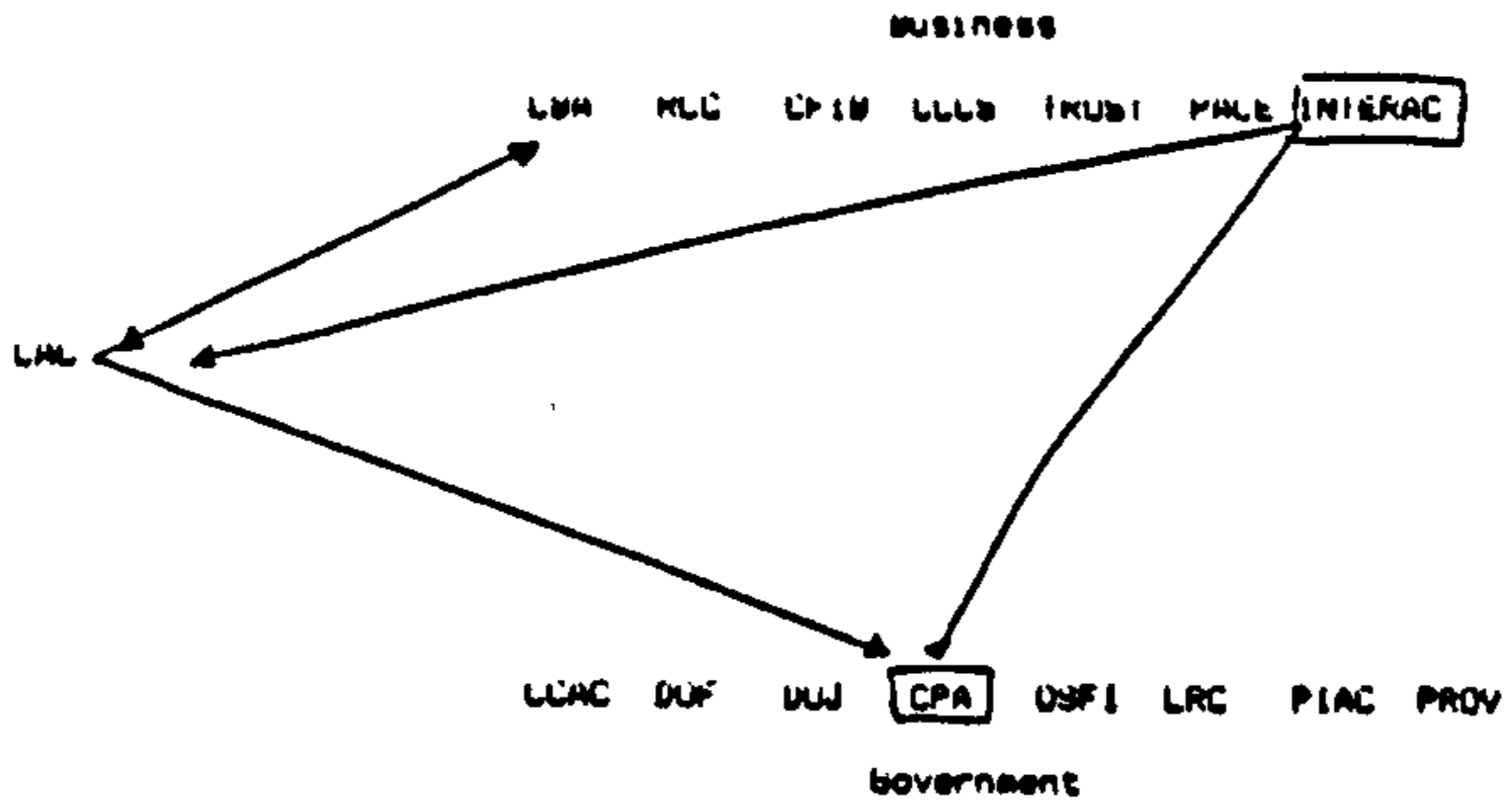


year 1990

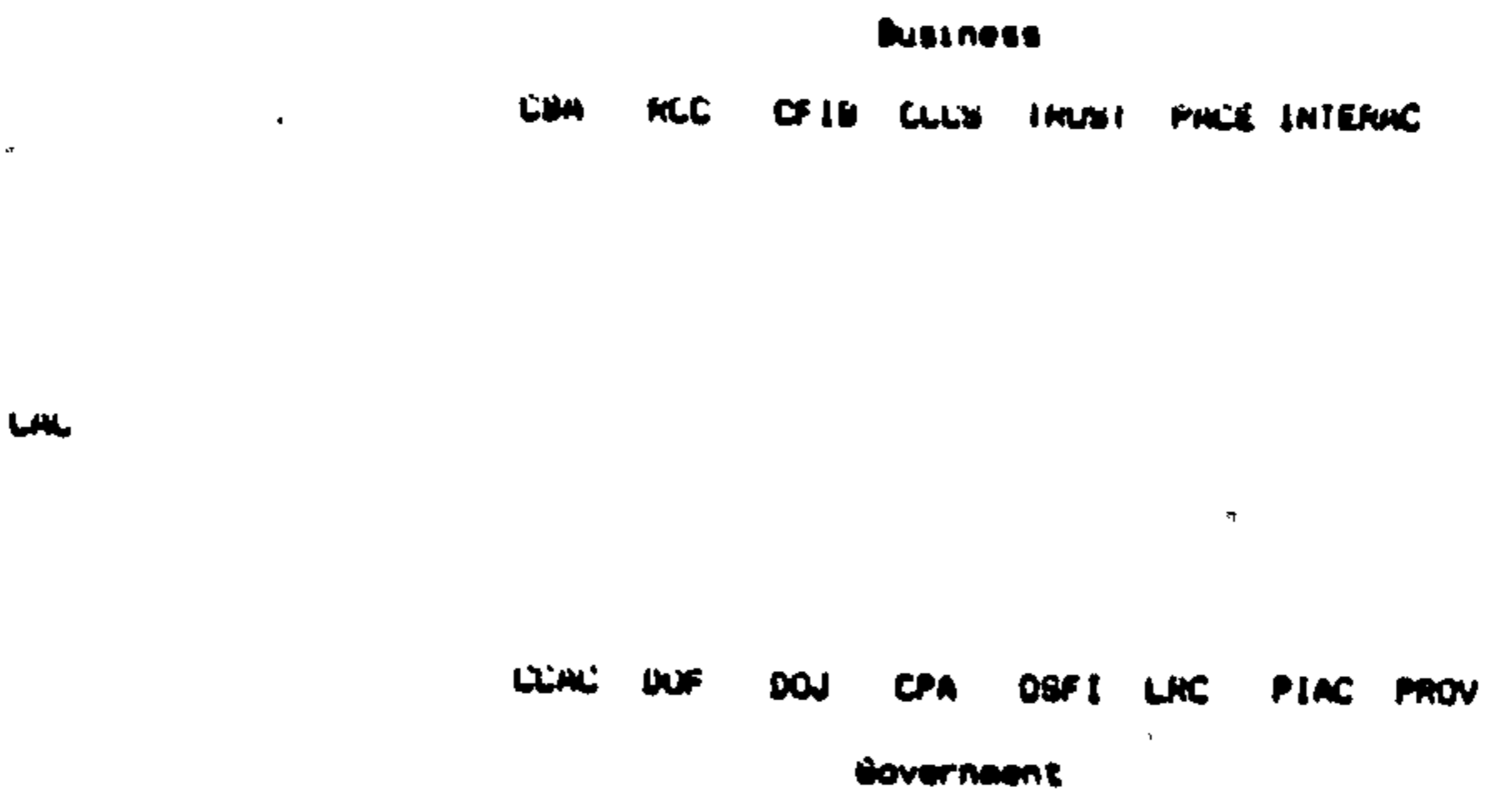


stuff on WG  
not available

year 1991

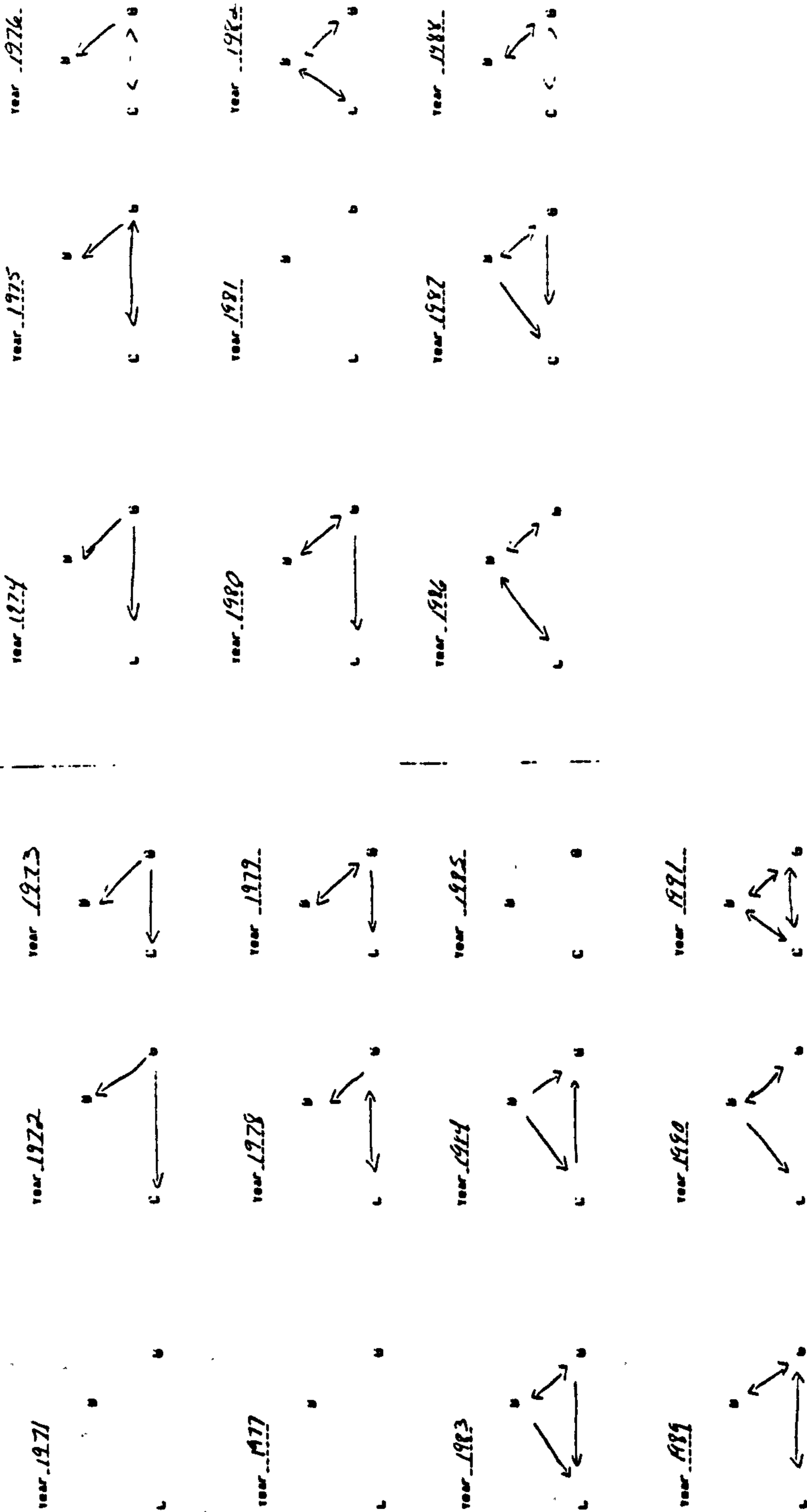


year -----



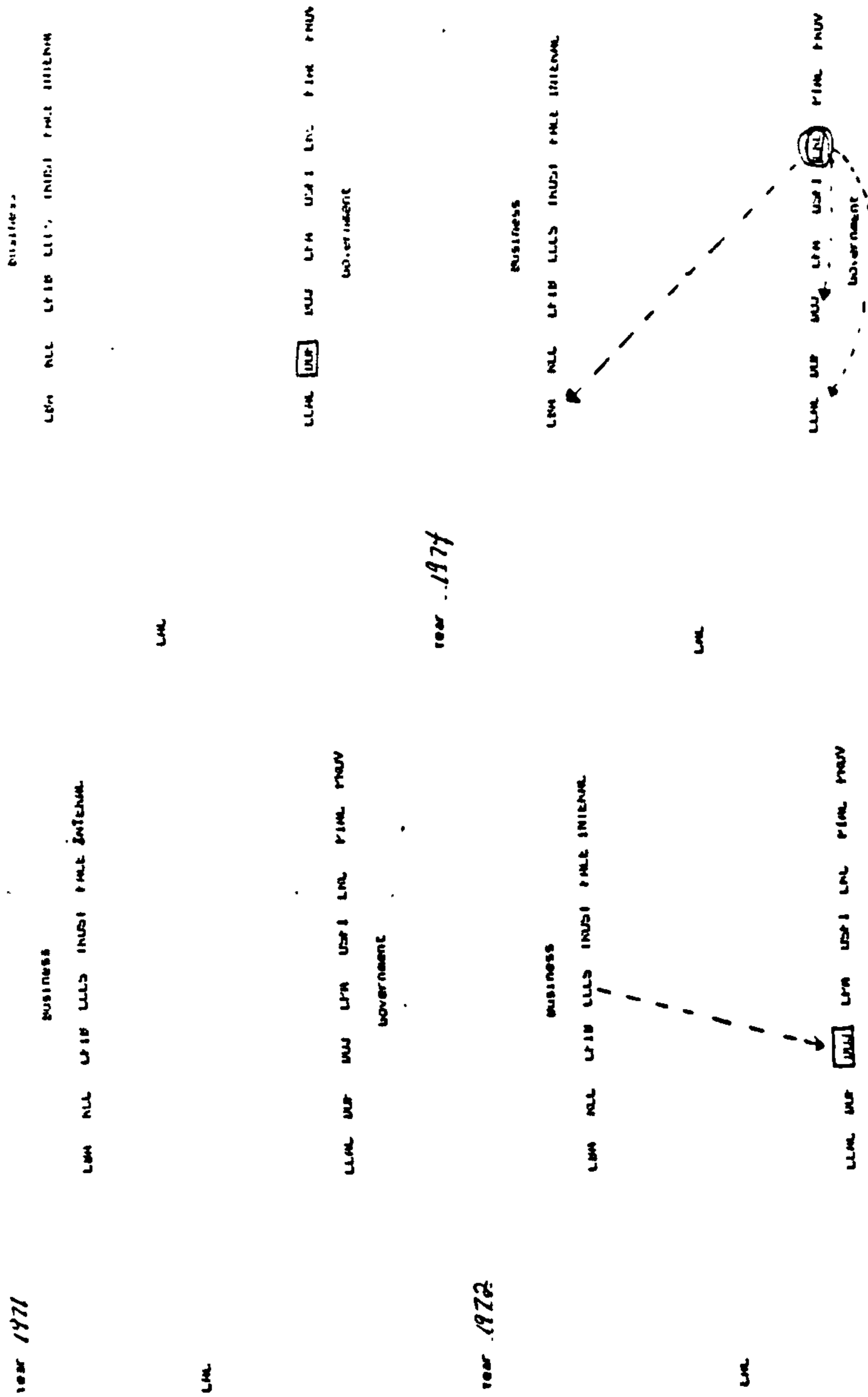
# Aggregate Graphs for D1 Proposition<sup>5</sup>

## Cumulation of constituent graphs



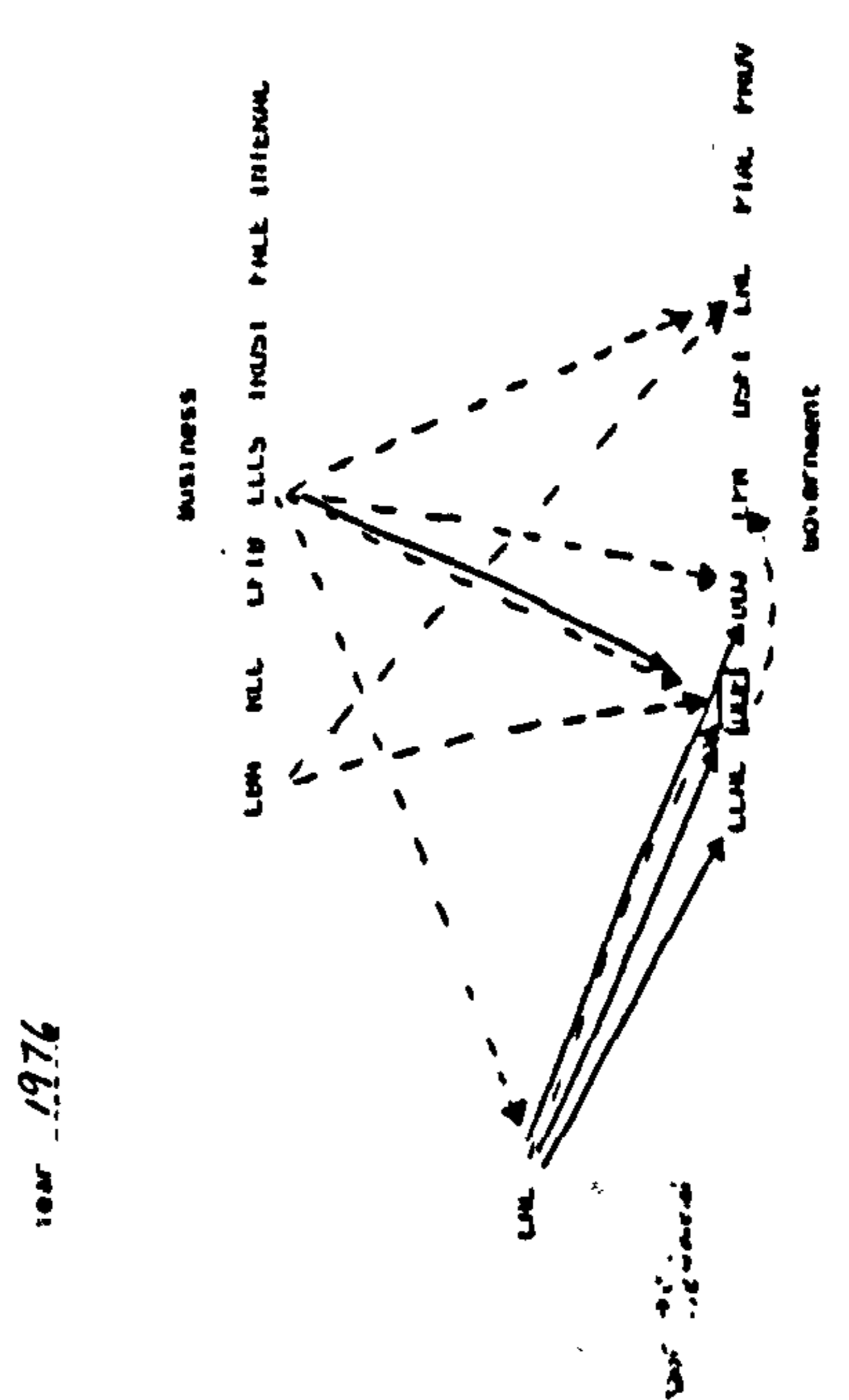
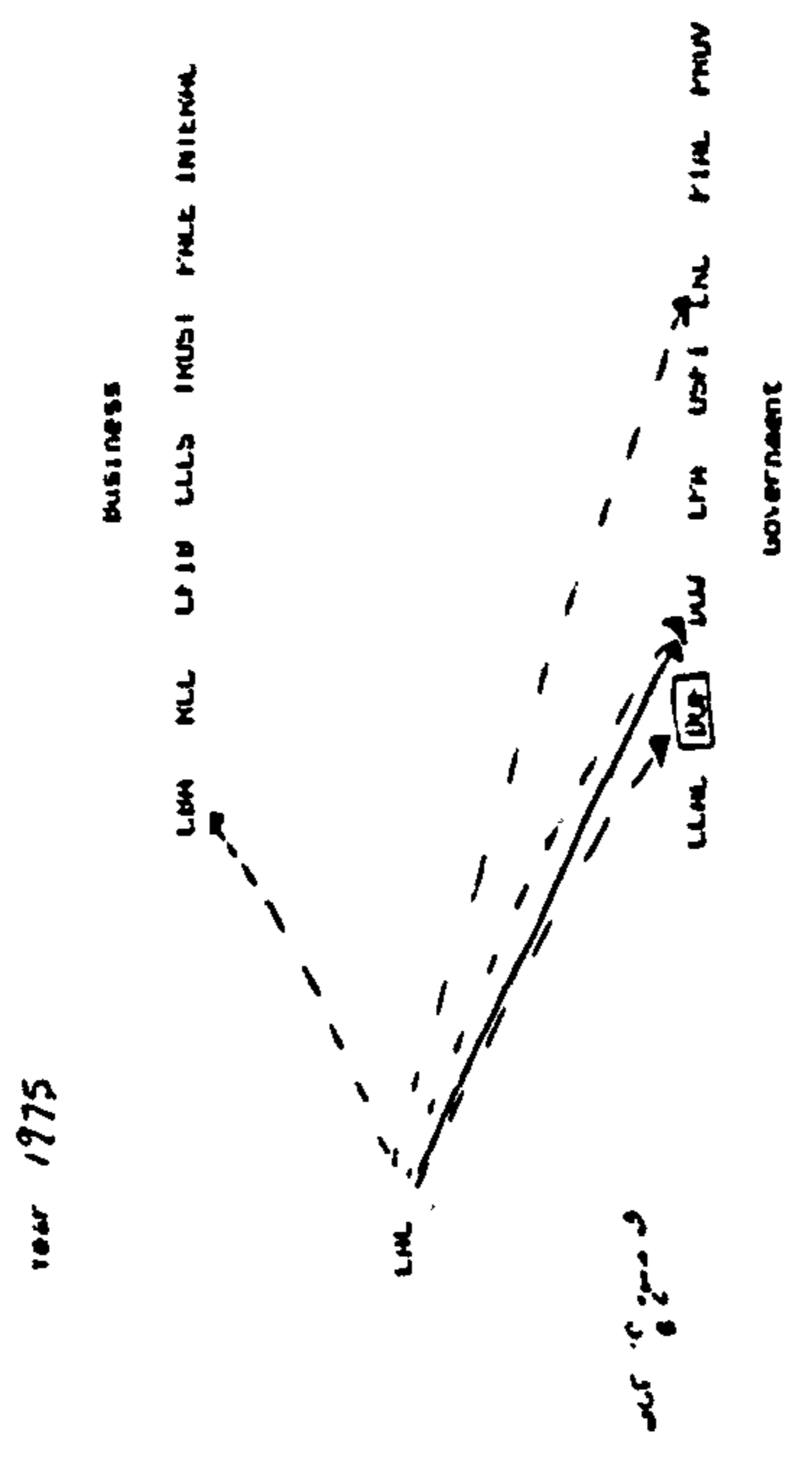
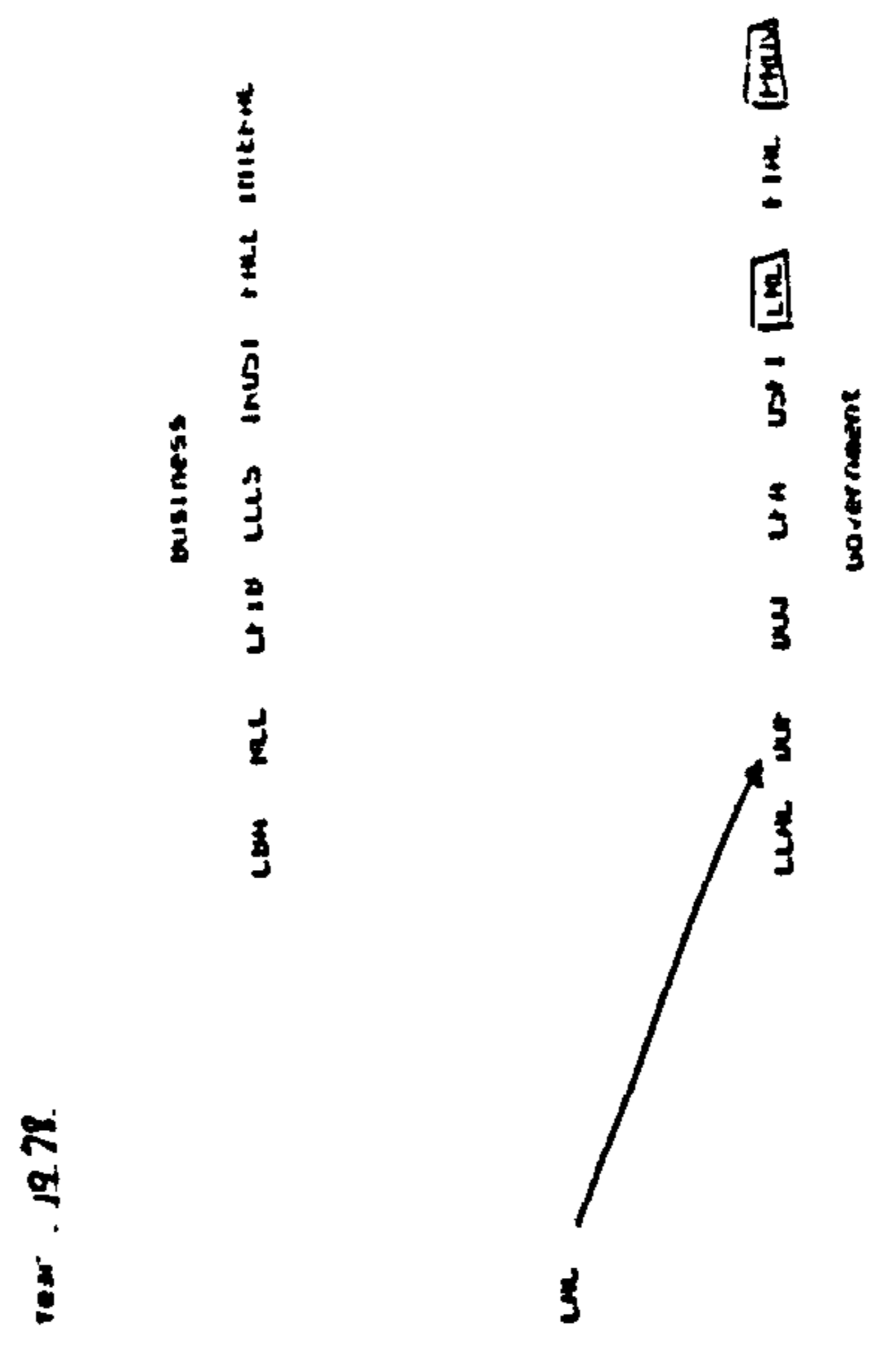
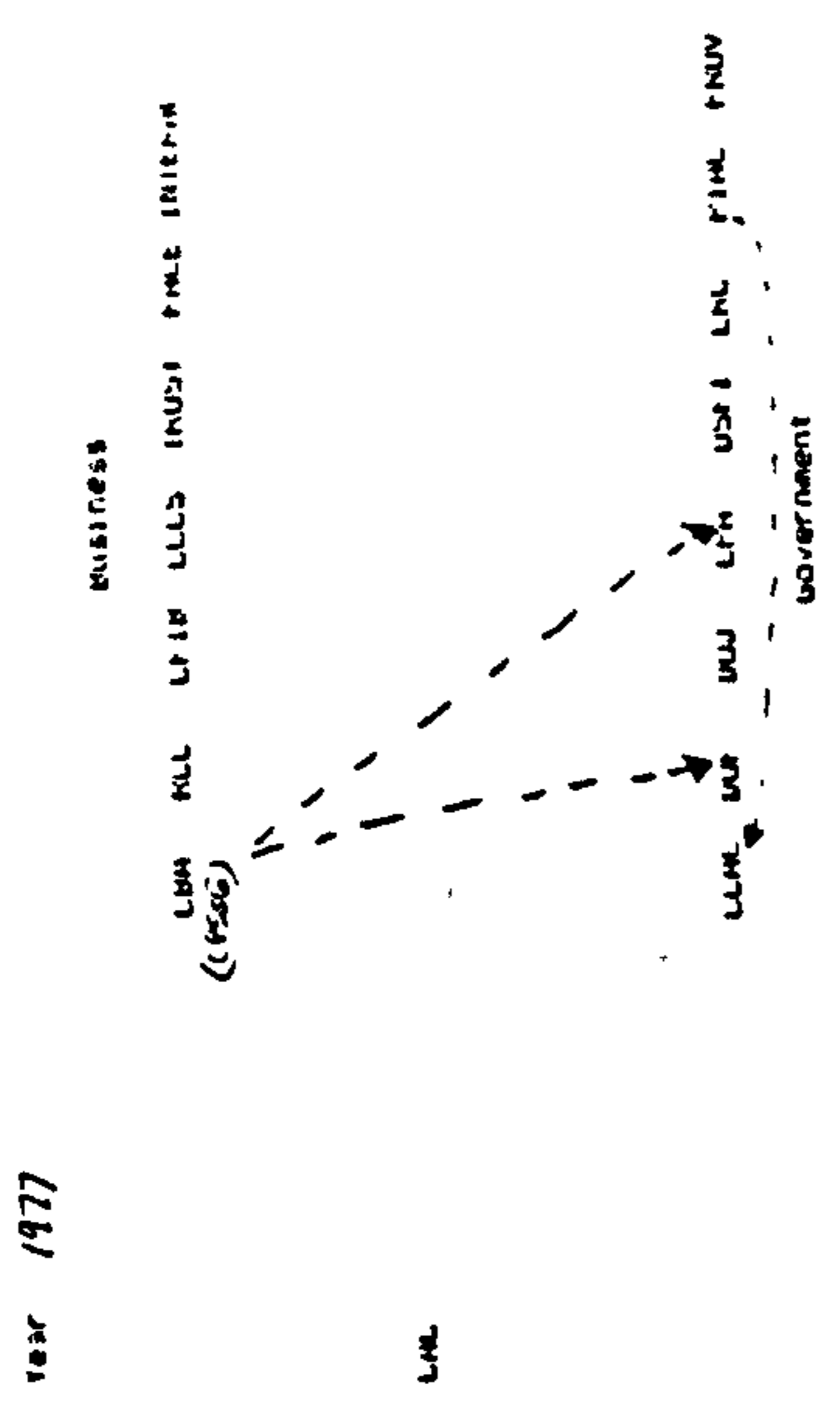
<sup>5</sup> Key: A solid line indicates a first order communication between stakeholders. The arrow indicates the sender of the communication.

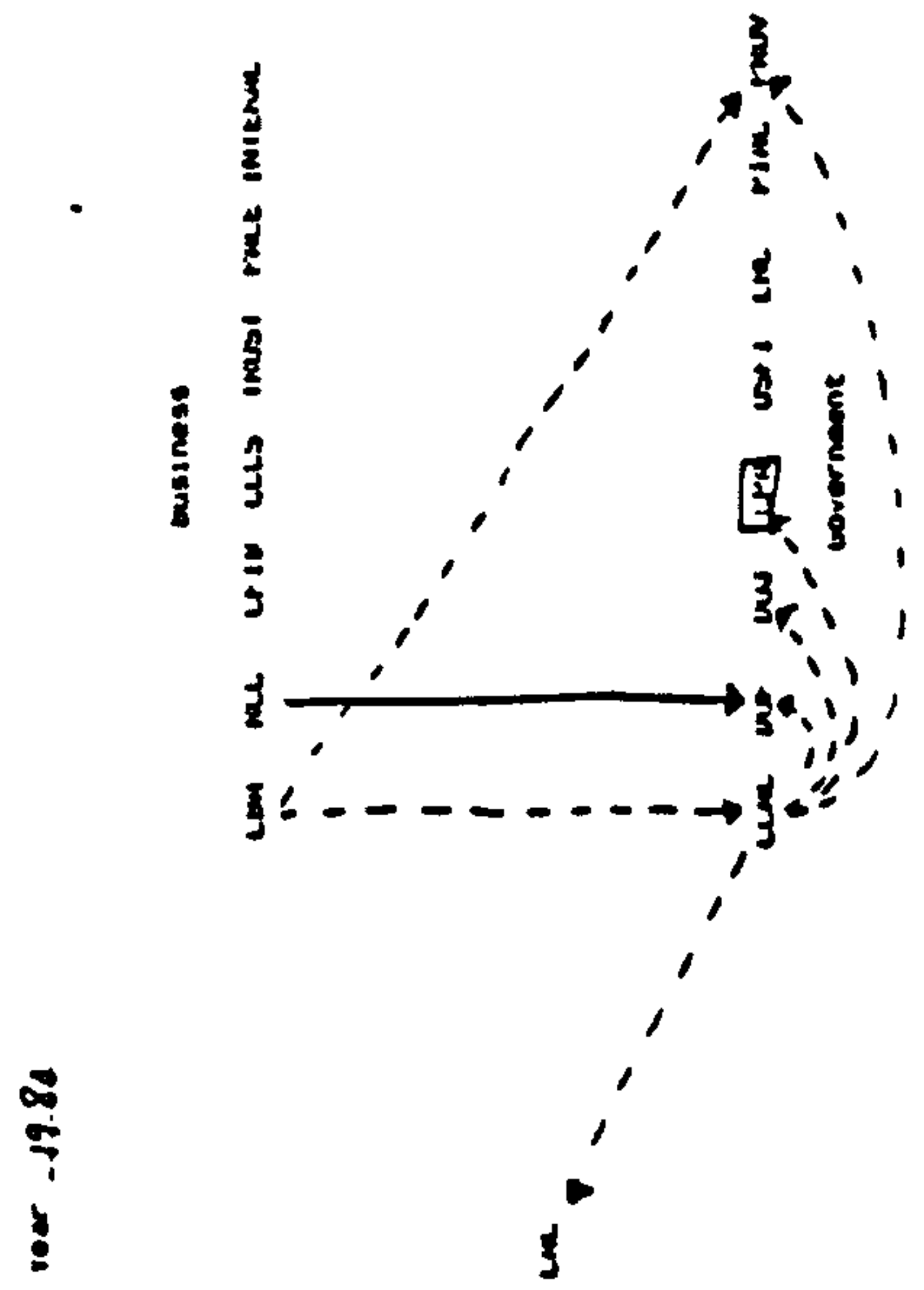
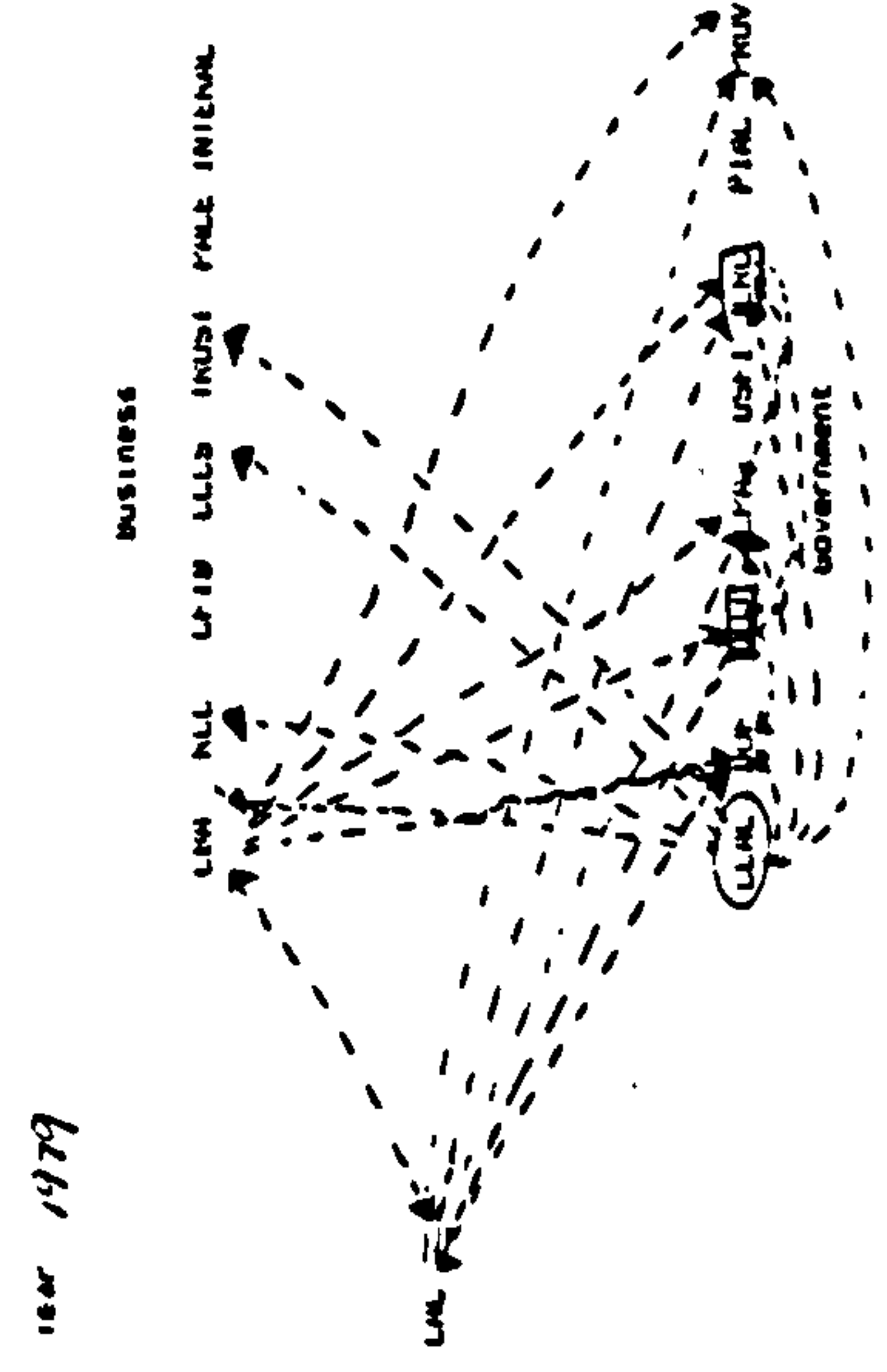
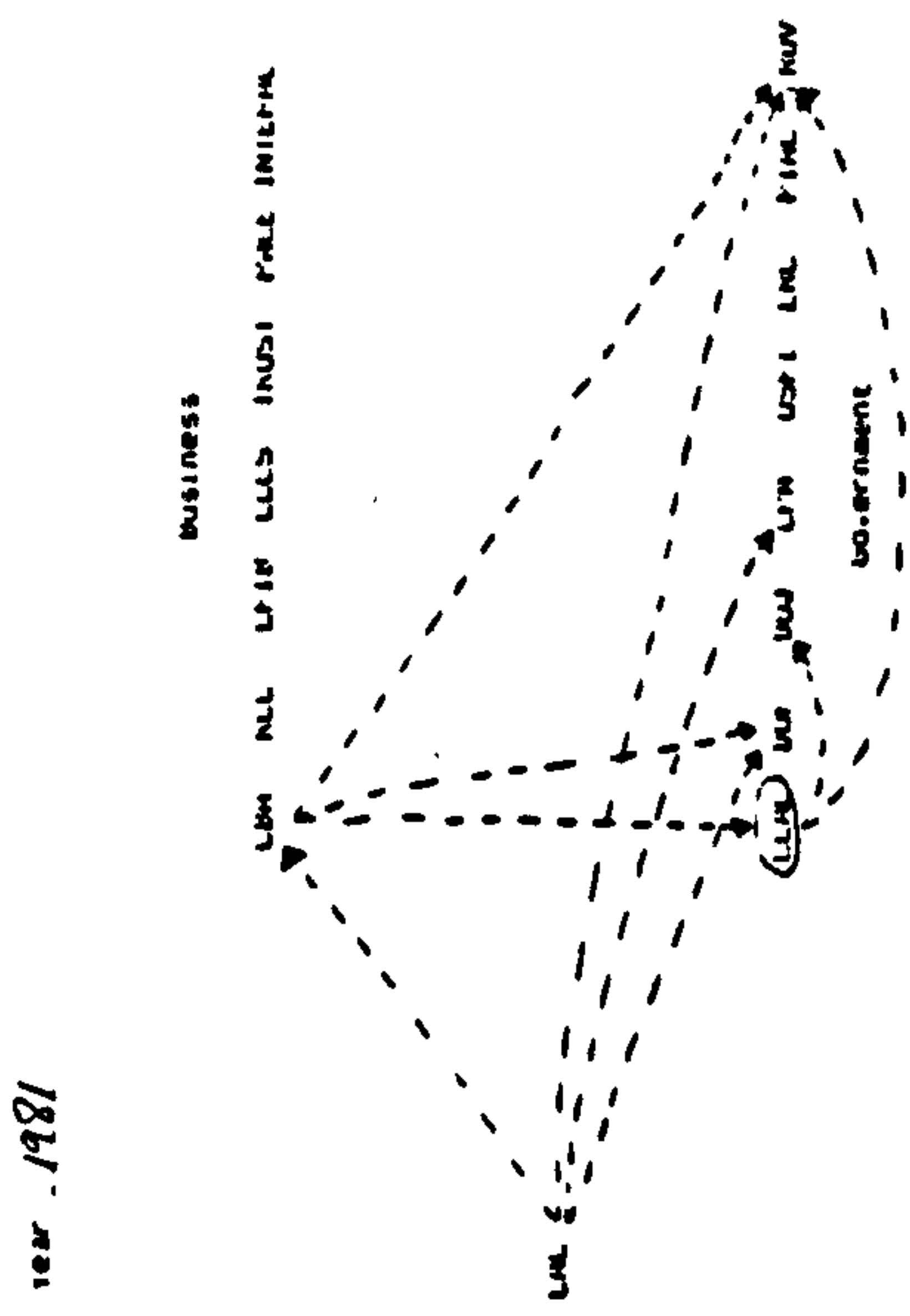
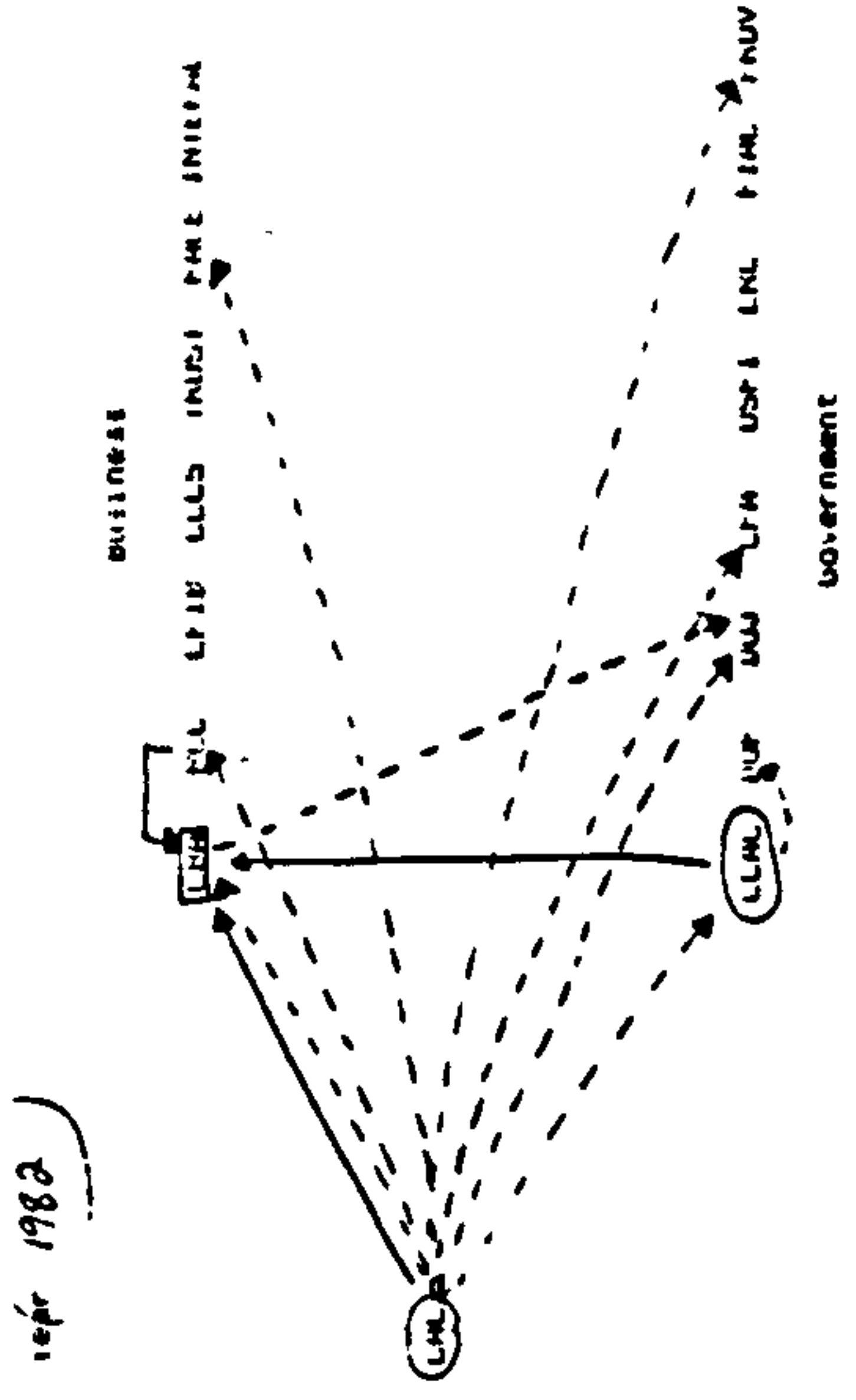
Preparatory Constituent Graphs for D3 Proposition<sup>5</sup>



5

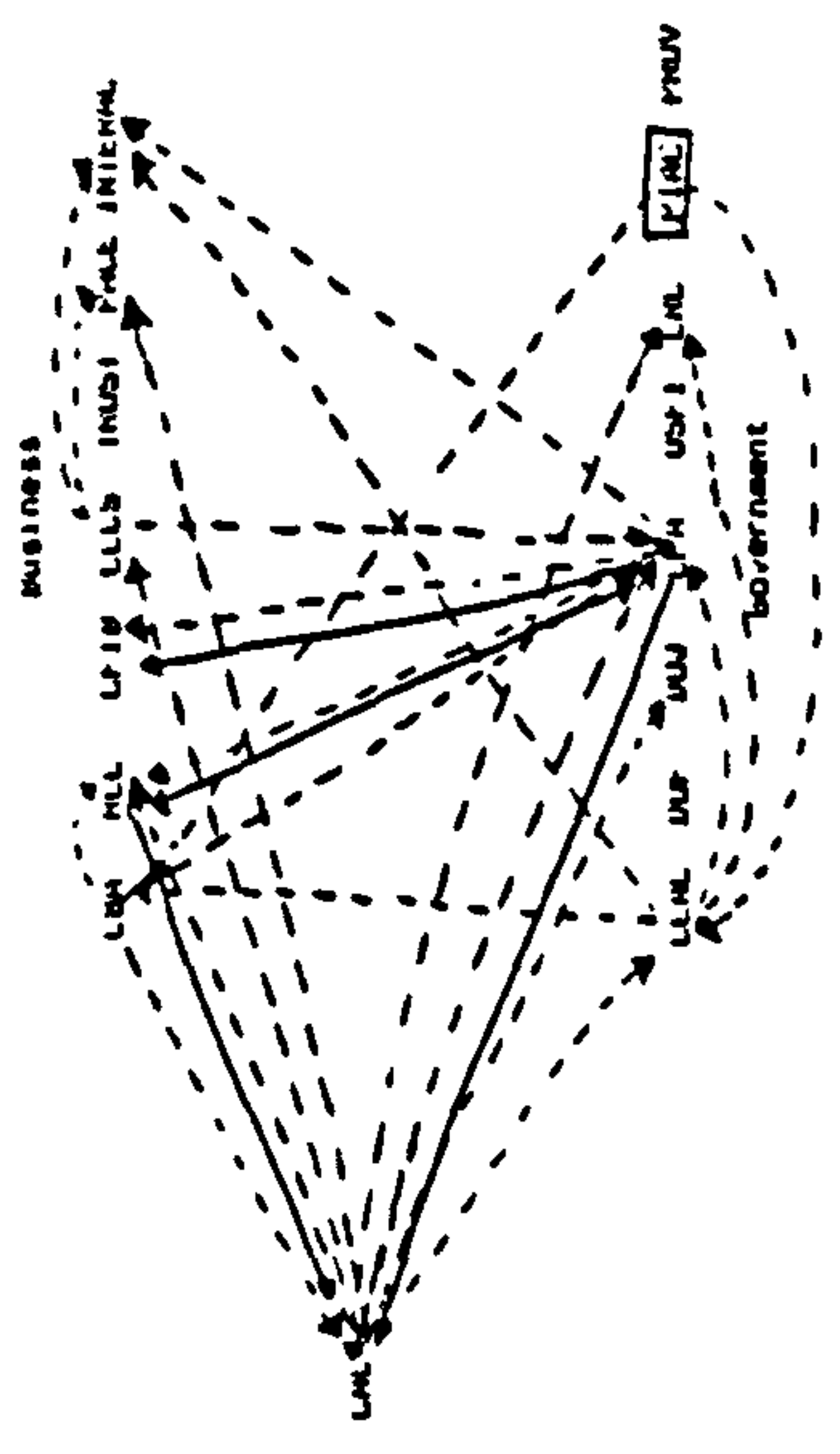
Key: A solid line (\_\_\_\_\_ ) indicates a first order communication and a broken line \_\_\_\_\_ indicates a second order communication. The arrow indicates the sender of the communication. A circle around the stakeholder represents the generation of an internal document by said stakeholder. A box around the stakeholder indicates that the release of a public document not targeted to anyone in particular and available for all. No lines are provided to represent this communication.



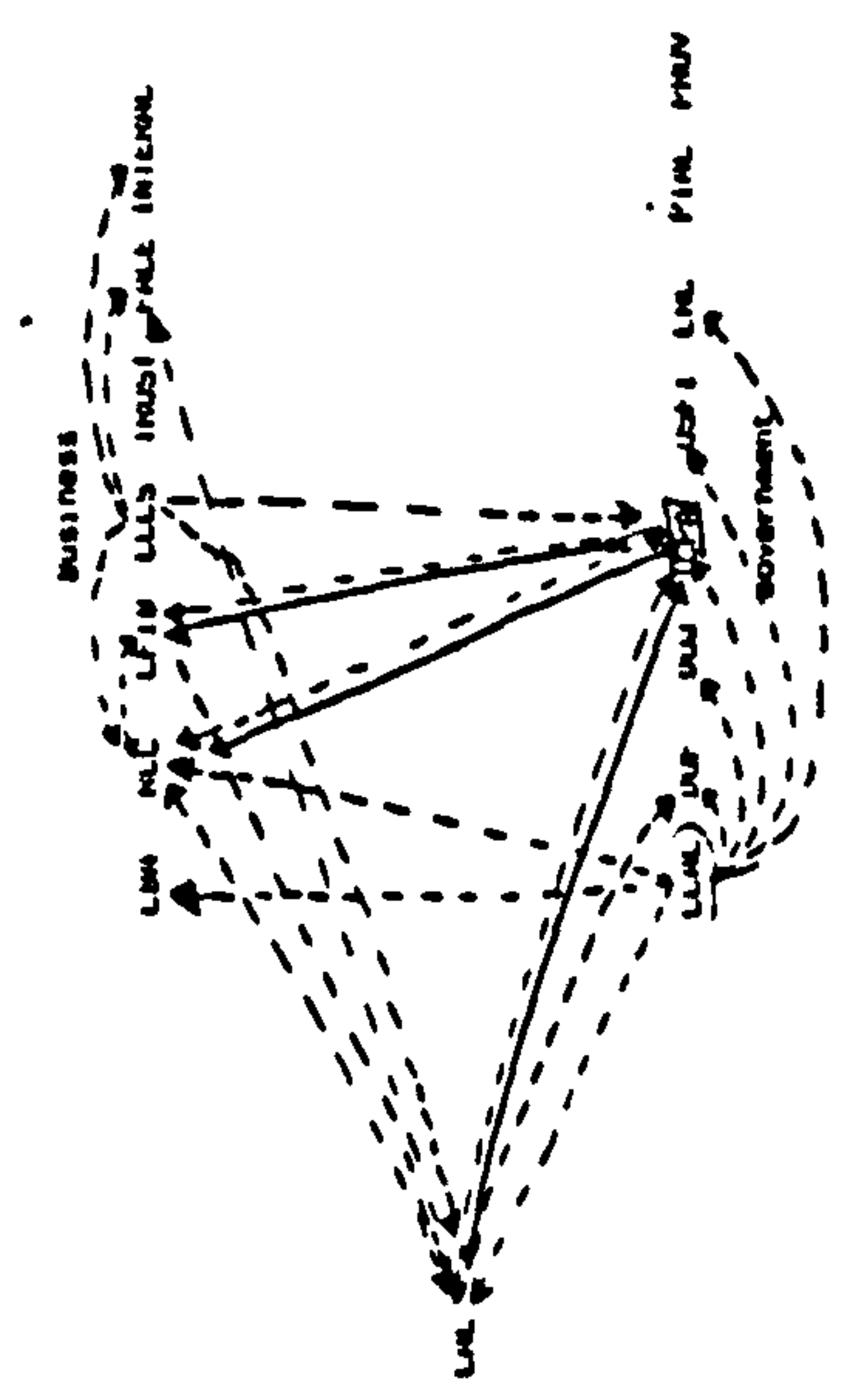




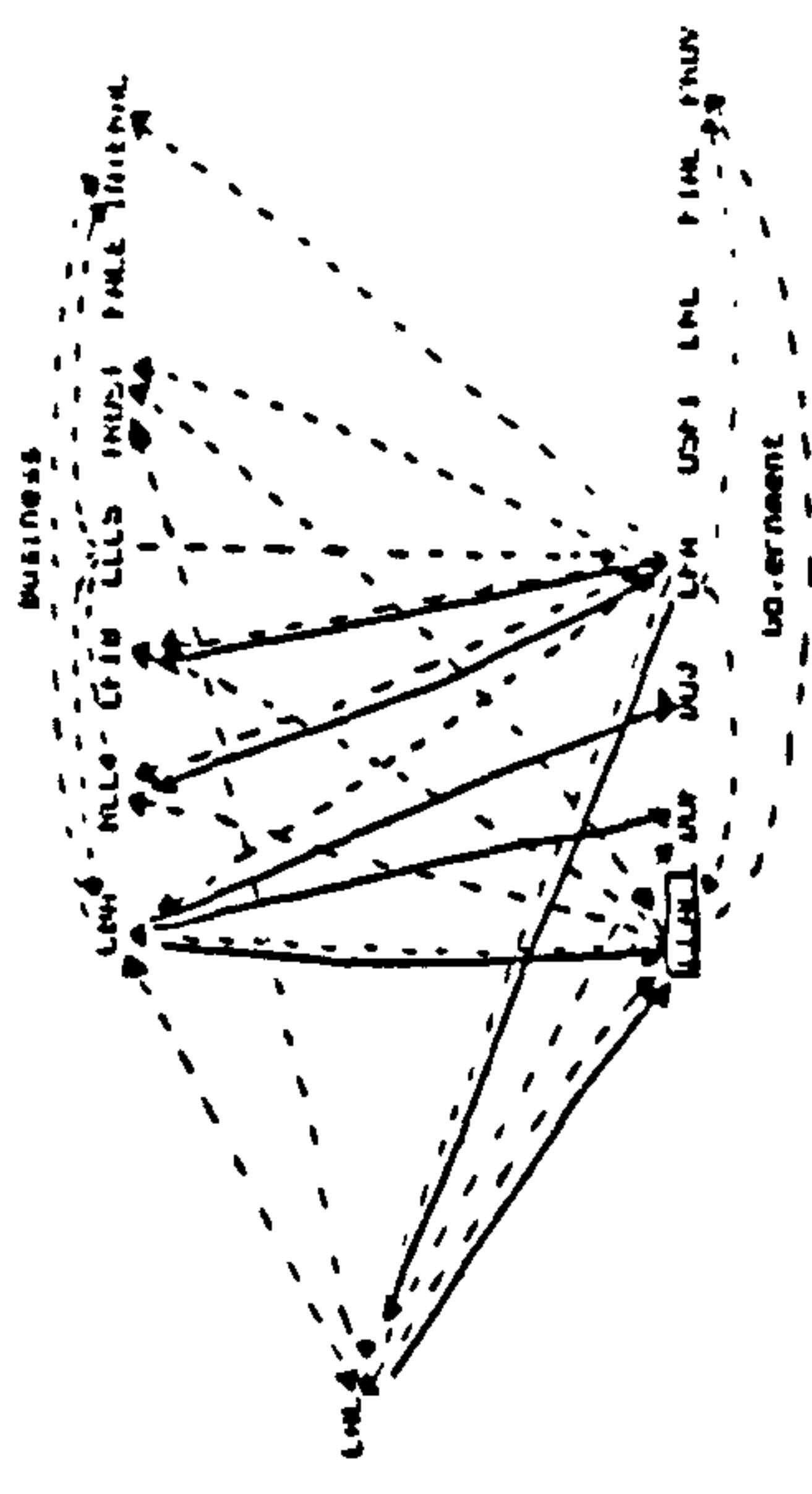
year 1987



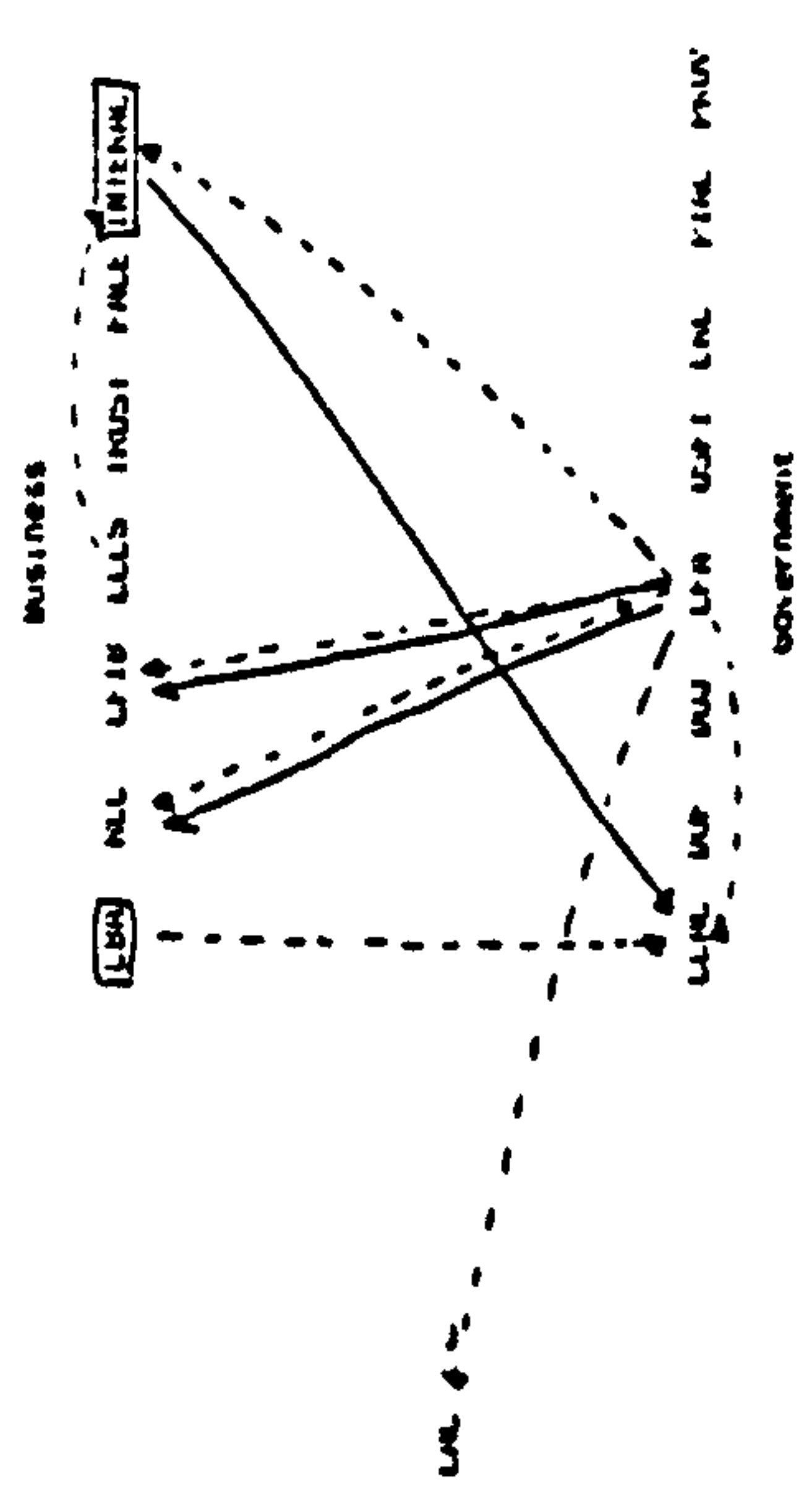
year 1988



year 1989

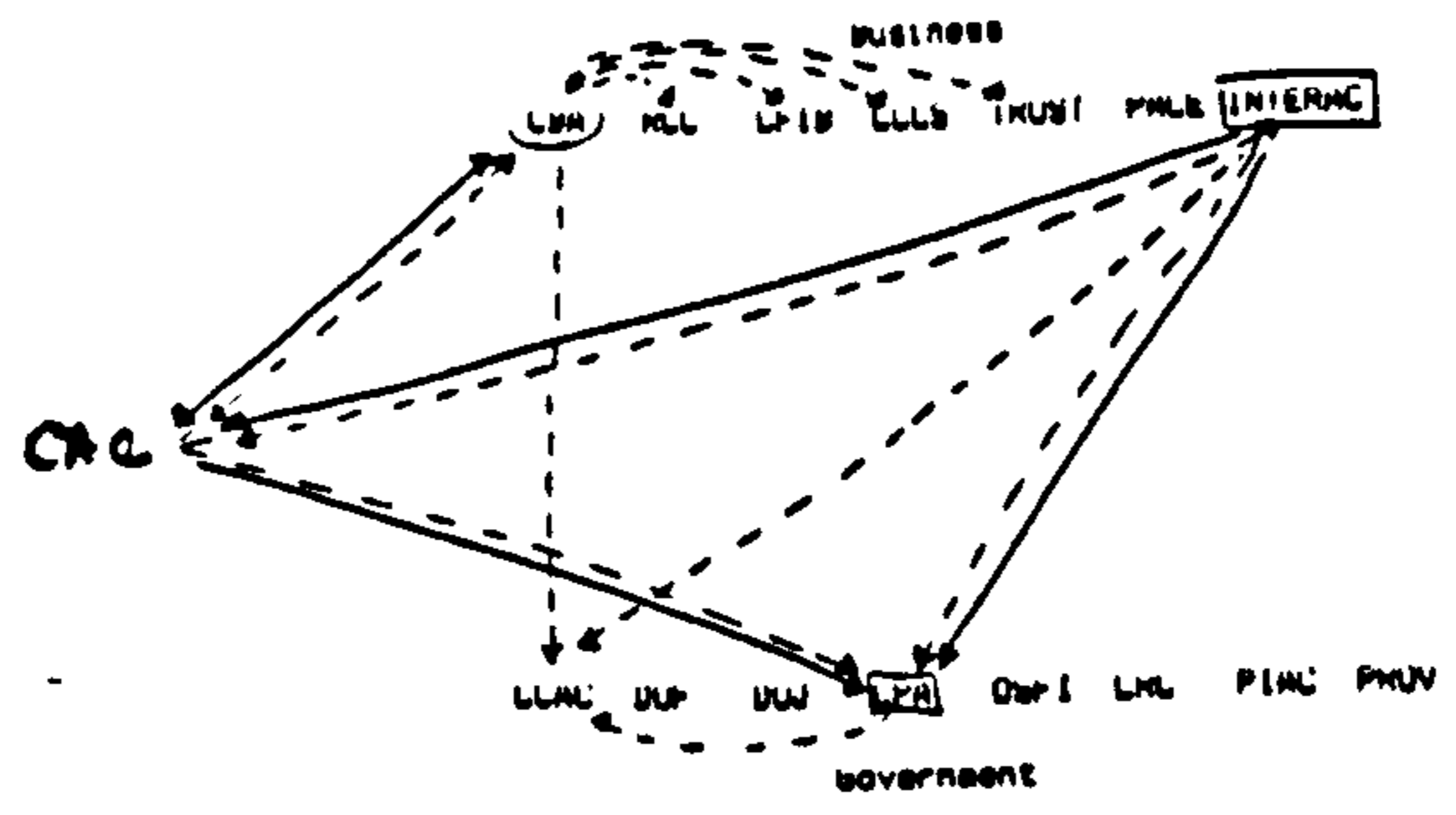


year 1990

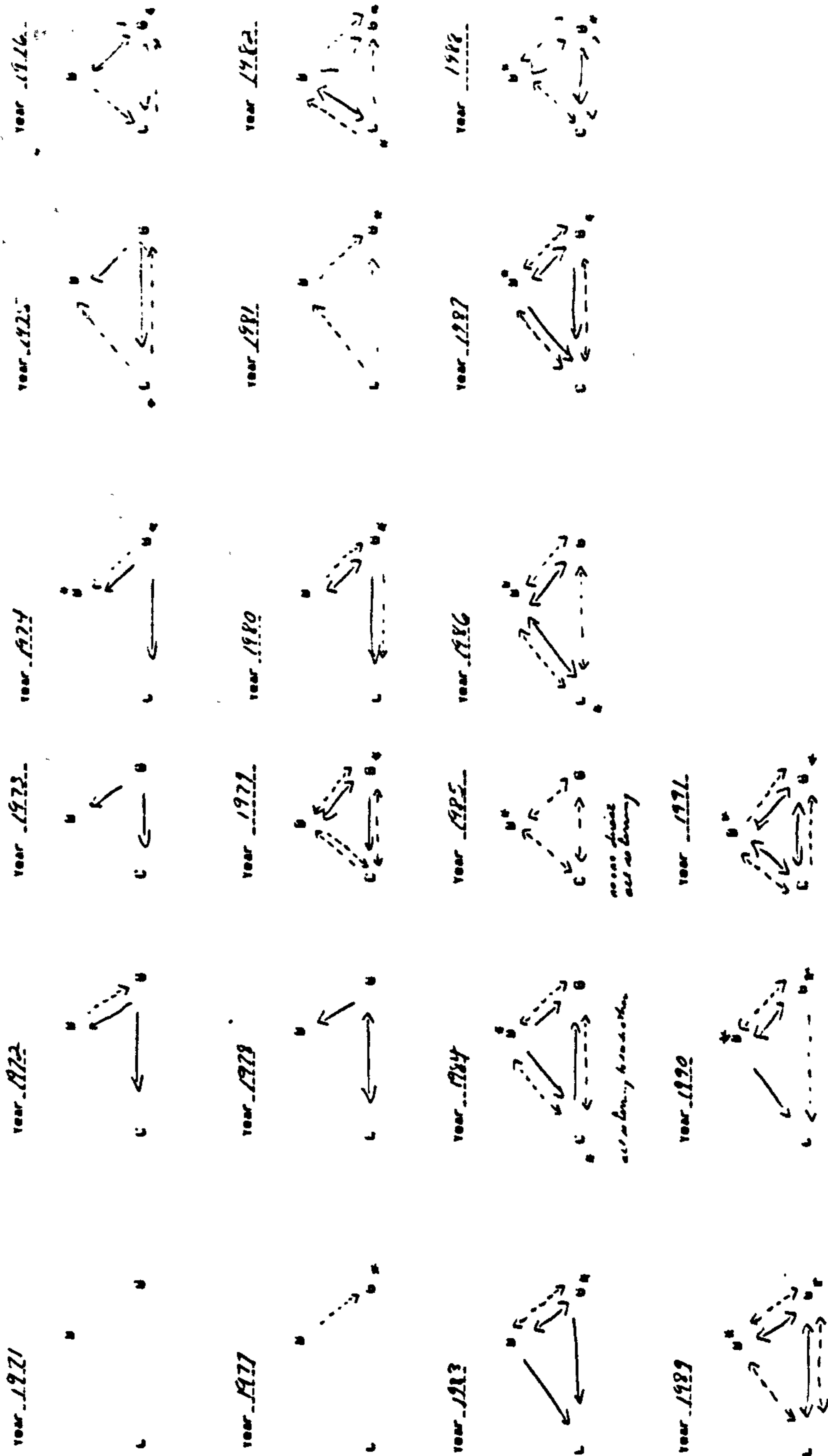




year 1991



**Aggregate Graphs for D3 Proposition<sup>6</sup>  
Cumulation of D3 preparatory Graphs**



6

Key: A solid line (————) indicates a first order communication and a broken line (-----) indicates a second order communication. Parallel solid and broken lines mean that both direct and second order communications occurred between the two stakeholders in that given year. An astrict (\*) beside the stakeholder represents the generation of an internal document by said stakeholder.

## APPENDIX SEVEN

### SYNOPSIS OF CHRONOLOGICAL CASE STUDY

This appendix will recap the principal milestones leading to and shaping the Canadian policy process for EFTS. This process entailed initiatives by each key stakeholder (whether they be the developers of or the users of the system) as they attempted to advance their respective interests in the rapidly changing financial marketplace. This overview will provide the context for the ensuing network analysis and is in fact a synopsis of the chronological case study without the explicit details necessary to measure the interaction patterns between the stakeholders. It will flow chronologically except in instances when the flow is enhanced if events are noted a bit out of sequence. The reader can retrieve the entire 100+ page case, complete with references and extensive citations, from the investigator upon request.

Historically, the Canadian payment system was paper based, comprised mainly of cash, cheques, drafts, travellers cheques, and money orders. In attempts to achieve economies of scales and due to an increase in the volume of transactions in the Canadian economy and marketplace, financial institutions began to centralize and computerize the transaction process in the late 50's and onward into the nineties. This was manifested, in order of evolution, by computerized batch processing systems, on-line terminals for human tellers, daily interest accounts, magnetically encoded cheques, credit cards, cash dispensers, pre-authorized debits and payments, automated teller machines, debit cards and, recently, smart cards.

#### 1960s

In 1964, the Porter Commission recommended the establishment of an association to manage the developing clearing system. In 1969, the Canadian Bankers Association established a special committee on the changing payment system and predicted that by 1980 or 1990 the payment system would be completely computerized.

#### 1970s

Specifically, the LRC and the Department of Justice (DOJ) were the first government agency and department to become involved with EFTS. In 1971, the LRC, upon conducting a preliminary examination of the payment system, recommended issues that should be considered, given that these issues could impact on the formation of legislation to deal with the computerization of the payment system.

In the same year, the DOJ released a joint report with the Department of Communications (Task Force on Privacy and Communications) regarding the problems evolving as a result of the computerization of the payments system. One year later, the Department of Finance (DOF) and Department of Communication jointly released a Green paper representing the government's perception of a computer/communications policy to react to the continuing development of the payments system. In fact, the paper established a Working Group of the Interdepartmental Committee on computer/communications. This committee was charged with developing recommendations on the continuing development of the payments system. Their efforts lead to the substance of the Blue Book (a DOF and Department of Communication document to be discussed shortly).

In 1974, the LRC released an influential study paper on the Canadian payments systems which shaped policy discussions in the mid 70s. The LRC acknowledged the assistance it received from CCAC, DOF, and the CBA as it developed this study paper. The CAC used this paper extensively when it developed its initial policy position on EFTS in 1975. It was learned that during the development of the LRC paper, evolutionary discussions between the LRC, the DOF and the Bank of Canada resulted in the generation of the idea for an institution to deal with the evolution of the Canadian payment system (later to be implemented as the CPA). Also, in the mid 70s, the Trust Companies Association of Canada established its file on EFTS as did the balance of stakeholders. Few explicit intra or inter organizational units were developed until after 1975. Prior to 1975, policy activity centered around (a) monitoring the EFTS activities in the United States (b) monitoring each others activities, and (c) informal preliminary dialogue and exchanges - sort of a testing ground for ideas.

The dialogue surrounding EFTS began in earnest in 1975. The DOF (Bank of Canada) held preliminary meetings with the perceived stakeholders in the payments system during the mid 70s. It is believed that consumers were not included at this point in time. Subsequent to these meetings, the DOF (in conjunction with the Department of Communications) released the controversial Blue Book in 1975 (so called for the color of its cover). This Blue Book (Towards an Electronic Payments System) was the government's first official federal position on the evolution of the payments systems and is still (1992) considered to be one of the two authoritative public documents on this topic. The other document was the 1976 White Paper on the revisions to the Bank Act which led to the establishment of the CPA in 1980.

From this position paper (the Blue Book) came the

establishment of three committees which profoundly shaped the development of the Canadian Payments system. First, the 'Implementation Committee' comprised of the users and suppliers of payments system, reported to another committee, the Interdepartmental Steering Committee on the Electronic Payment System. A third committee investigated the legal and contractual relationships among the deposit taking institutions and a fourth group (headed by the Department of Justice and using a consultation model) was to deal with the legal and consumer issues raised by the growing use of electronic methods in the payments system.

The following is an overview of the history of the three committees established after the release of the Blue Book. The Implementation Committee evolved into the Canadian Payments Systems Standards Group (CPSSG) which then evolved into the Canadian Payments Association in 1980. The Interdepartmental Steering Committee on the Electronic Payment System served as the central coordinating body for the government until it disbanded in 1979. Stanley Goldstein (after much consultation and research on the legal aspects of EFTS in Canada) released the influential Goldstein Report in 1979. The CAC became actively involved with the EFTS issue when it was approached in 1975, directly by Goldstein, to provide the consumer perspective on government's role in the payment system. Even at this early stage, they began their persistent call for a voice in the policy process. In fact, they accused government of withholding relevant information and documentation of its position on EFT at this time.

Many of the stakeholders were involved at this early stage, including specifically the CCAC, DOF, DOJ, the CBA, CAC, and the LRC. In general terms, government, the financial institutions, communications carriers, retailers and consumers were also involved. Government stated specifically that it was taking the leadership role in developing policy to deal with EFTS. The DOF felt it expedient to first put the infrastructure in place for interfacing between institutions and then deal with the legal and contractual relationship between the consumer and the financial institutions (both through a consultative process).

Also in 1975, the CBA held a major conference on the Canadian payments system. Consumers were not part of this conference although the other major stakeholders were there. The CBA acknowledged that the conference deliberations were dominated by the Blue Book and the implications of the government's new policy initiatives. On the first of several occasions, the banking industry faulted the assumptions that government relied on to

develop their policy position and charged them with imposing their position regardless of what the banking industry wished or felt was appropriate and feasible.

This intense level of activity regarding the institutional changes to the payment system and the admission of other financial institutions to the clearing system continued into 1976. Fast on the heels of the Blue Book, the DOF released a White Paper regarding decennial revisions of Canadian banking legislation (the federal Bank Act). In this paper, the government indicated its intention to intervene directly in the payment system and proposed the establishment of the CPA which would take over standards development from the Canadian Bankers Association. In 1976, the CAC acknowledged the three government committees sitting but critiqued them because there was no consumer representation. The CAC asked four government departments (CCAC, DOF and DOJ and Communications) for joint funding to conduct a national survey of consumer concerns related to EFT. There was no documentation on the results of this request. CAC also published a comprehensive consumer oriented article on EFTS in their magazine. In this article, they expressed concern that the position and power of the banks in the payment system, relative to the 'near banks', would increase disproportionately.

During 1977, the CPSSG agreed that the CBA manual would serve as the basis for the CPA operation of the clearing system. In December, 1978, the CPSSG disbanded and in 1980, the CPA was established by an Act of Parliament as the organization responsible for developing standards for and planning the evolution of the Canadian payments system. The CAC were severely ridiculed by the banking community for having the audacity to ask for a voice in the operation of the CPA. They did this via a submission to the House of Commons Committee on Finance, Trade and Economic Affairs. In a brief to Goldstein's committee, CAC noted that they felt that government should be the source of the legal framework for the payments system. This is the first of many calls for legislation to protect the consumer.

During 1978 and 1979, the CBA published a series of six informative articles in which they developed their position on the proposed amendments to the Bank Act, specifically, the establishment of the CPA. For until now, the CBA was the key player in the payment system. The new CPA would change the playing field considerably. The series, entitled "Automation in Canadian banking", culminated in an extensive discussion of the reaction of the CBA during the early stages of the debate on public policy and the payments system. They noted their reaction to both the Blue Book (1975) and the White Paper (1976),

in separate articles. In the final article they declared that the government had played the role of advocate for consumer and 'near banks' and that government documents had dominated the public debate on the issue. As well, the CBA began voicing their preference for market based solutions to any ensuing consumer problems. In a 1979 Working Paper, the LRC cautioned that any rules developed by deposit taking institutions regarding the computerization of the payments system would have to reflect the new rules proposed in the White Paper (1976).

Another historic publication released in 1979 was the Goldstein report, a 400 page document prepared by the Department of Justice contemplating the role of government in the evolution of the payment system. Goldstein presented thirty seven recommendations that would enable the government to legislate in the area of EFTS. This report was still being figured into the debate on the role of government as recently as 1988.

Another government department, CCAC, also released a report on EFTS in 1979 - the Lambie Report. In this report, the CCAC contradicted the position assumed by the DOJ. Instead of calling for legislation, the CCAC called for monitoring of the situation and reliance on the market mechanism as a policy position. The CCAC was very aware of the positions of all of the other stakeholders and after weighing all of these, the CCAC recommended that the future of the payments system should be handled by private interests with government intervention as a last resort. In 1979, the CCAC was active on the aforementioned Interdepartmental Steering Committee. Further, the existing CCAC Federal/ Provincial Task Force on Consumer Credit assumed responsibility for the issue of EFTS in 1979. Using this forum as a vehicle, the CCAC began to actively analyze the issues germane to EFTS and consumers. As a matter of interest, in the 70s the Bureau of Competition was involved with EFTS. In the mid 80s this changed to the Bureau of Policy Coordination, Policy Analysis and Liaison Branch and then to the Bureau of Consumer Affairs.

In the late 70s, the CAC was getting quite frustrated with the slow momentum of the government as regards EFTS. They lamented that, to the detriment of the consumer, there was a real danger that the EFT system would continue to evolve in a legislative environment designed solely for paper based transfers. In 1979, they continued to strongly advocate for a voice in the CPA, but to no avail. They maintained that it was totally unacceptable that only one interest was represented in the CPA - the private interest.

At this point in time, the acrimonious debate between the

Retail Council of Canada (RCC) and the financial institutions gathered speed and temperament. The financial institutions were implementing computerization because of anticipated economies of cost. The RCC rejected computerization of the payment systems because of anticipated increases in their costs. But it was accepted that it would have to be part of the system despite its reluctance to do so. This disparity between sharing costs and the right to a voice in the decision process was the basis for a heated debate during the 80s (especially between the RCC and the CPA, which is made up of financial institutions).

The LRC continued to investigate the impact of the computerization of the payments system on the existing legislative framework. In 1979 it released a Parliamentary Report on the cheque (the basis of the paper based money transfer system). It recommended that Parliament amend the Bills of Exchange Act to accommodate the changes in the payments system due to computers. In 1979, the TCAC set up an EFTS committee to formalize their involvement with EFTS. The Credit Unions continued to monitor the activities of other stakeholders and the American situation.

#### 1980s

As we move into the next decade, the debate on EFTS policy continued on many fronts. The CCAC continued its internal policy analysis process mainly via the Federal/Provincial Task Force which had assumed responsibility of the issue. During the 80s, CCAC also co-sponsored several studies and consultative reports on EFTS including the Socioscope Report, the McCormack report, the Larratt and Associates report, the Payment Systems International (PSI) study, the McDonald and Smythe Report, and the Gowling and Henderson report.

The big milestone in 1980 was the establishment of the CPA. This entailed a major change in the configuration of the players in the payments system. The responsibility for managing the system shifted from the CBA to the CPA. Now, for the first time, the 'near banks' (credit unions, trust companies and caisse populaires) were allowed access to the payment and clearing system without needing a bank to 'sponsor' them.

In the early 80s, an explicit consumer voice was absent from the CPA policy process, although not for lack of trying on behalf of the CAC. It should be clarified that the CPA would develop technical standards for interfacing between the deposit taking institutions and the retailers. Its mandate did not include consumer policy per se, rather technical policy. It is significant to



note that Canada was the first country to bring the different types of institutions together in a single organization. It was announced that the CPA would adopt a consultative planning mode with members. Hence, initially, the CPA rebuffed requests from the CAC and the RCC for a voice in the CPA (due to their non-member status).

In 1980, as in 1975, the CBA continued to charge the government with flawed analysis of the EFTS issue, specifically the issue of privacy. In this instance they critiqued the Ontario provincial government McLaren Report and the CCAC Lambie Report. The CBA accused the government of exaggerating the extremist position and of fuelling the fires of speculation and misunderstanding as regards EFTS issues. They again claimed that a market based approach would provide adequate consumer protection. In fact, the CBA claimed that government attempts to determine the relationships between the stakeholders would be counterproductive.

Just as the CAC was rebuffed when it appealed for a voice at CPA, so was the RCC. The DOF also expressed astonishment that the RCC wanted a voice in the policy process. This paralleled their earlier opinion that the idea of the CAC having a voice in the proposed CPA was 'monstrous'. As was the CAC, the RCC was frustrated to discover that the government initially could not see any link between banking and payment systems in retail stores.

In 1982, the CBA, grounding their position on the basis of information in the ten year old 1972 report of the Task Force on Privacy and Computers, claimed that the banks did not have to rely on government regulations as regards privacy issues. The market and the CPA would provide sufficient consumer protection. In fact, the CPA and the CBA jointly held a conference on the Canadian Payments system in 1982. Subsequent to this one, the CPA has held an independent conference, every two years. In another first, the CCAC presented its position on EFTS publically for the first time at this conference. The CCAC recommended the necessity of consultation between business and government so as to ensure more harmonious relations between consumers and business. The CCAC also noted that they would be adopting a role of monitoring the EFTS situation and relying on the market to balance the interests of the stakeholders. Government would adopt a facilitating role in conjunction with reliance on the existing legislative framework. Note that this is in direct contradiction to the recommendation, a few years earlier in 1979, of the DOJ for new legislation in the area of EFTS but it parallels the position of the DOF that the responsibility for EFT should fall on the

financial community.

In the early 80s, the CAC continued to petition for a voice in the policy process and criticized government for moving too slowly on the legislative front. Actually, CAC was quite active during the early years of this decade on the issue of EFTS. It presented a paper at the aforementioned CPA/CBA conference on the payments system, held an inhouse seminar on EFTS and represented its position on EFTS at several public forums and professional association meetings. They also decided that the CAC would continue to push for a voice at the CPA table and designated a volunteer to deal specifically with this issue. This volunteer eventually represented the CAC in the policy community which evolved to deal with EFTS consumer issues.

Also during 1982, PACE was founded. PACE is a private association concerned with EFTS issues compared to CPA which is a public association. Whereas the CPA initially excluded the RCC and the CAC from its policy process, PACE included these two stakeholders but excluded government from its membership. Instead, it was a vehicle for interfacing between financial organizations, consumers, retailers and equipment suppliers. PACE was specifically concerned with Electronic Fund Transfer at Point of Sale (EFTPOS - debit cards, rather than automated teller machines). Of interest is the fact that the TCAC requested membership in PACE but were refused because PACE wanted larger operating companies rather than an association of companies. Yet, it gave membership to the RCC which is an association of large retailers in Canada. There was and still is a very strong link between PACE and the RCC.

The DOJ was one of the first government departments to become involved with EFT in the Canadian marketplace in the early 70s. Ten years later, in the early 80s, the focus of the DOJ shifted from the domestic to the international arena. This shift occurred because the CPA took over the domestic situation leaving DOJ free to move into the international arena. Specifically, they represented Canada at the United Nations Commission on International Trade Law (UNCITRAL) and continue to play a very visible role.

In 1982, a special committee was established within the CPA to deal with planning the evolution of the payments system. It was and is known as the Senior Planning Committee (SPC) and it liaisons with sectors of the economy not represented in the CPA (specifically the CAC, the RCC and the CFIB as well as the communications industry and the equipment suppliers). Remember that initially the CPA excluded these stakeholders from the decision process because they were not members of

financial institutions.

The 1983 McCormack consultancy report advised CCAC that it should continue to maintain a monitoring role and begin to encourage the development of standards for interchange and interconnections through the CPA. The authors of this report cautioned CCAC that PACE may usurp some of the mandate of the CPA but that they felt it would make a positive contribution to future EFT developments.

In the same year, the CAC, at its annual meeting, adopted a resolution to urge the government to enact legislation for EFTS and to continue to push for a voice in the consultative policy process. In 1983, the credit unions launched the first debit card pilot in Canada (MASTERCARD II) and began an ongoing dialogue regarding a future shared network of automated banking machines.

There was a lot of activity concerning EFTS in 1984. During 1984, the CPA Board decided to entertain the notion of formalizing their contact with the CAC, the RCC and PACE. After initial meetings with each of these stakeholders (the first stages of CPA's consultative process) the CPA opened up two Plenary Sessions per year to these non-member stakeholders four years later in 1988. PACE held their first conference on EFTS in the same year. As well, the CAC gained full observer status in PACE and were requesting observer status in the CPA. CAC held theme workshops on computerized banking at their annual meeting. The Ontario branch of CAC held a special conference on EFTS in the same year. At all of these functions, there was a lot of cross-attendance and sharing of information and viewpoints, especially between consumers and business (both financial and retail).

Government was still working in house on the issue in 1984. Specifically, the CCAC commissioned a study on EFTS by a Toronto law firm, and received a legal perspective on EFTS in the Gowling and Henderson report. It was previously noted that the CCCS were reporting on the notion of a shared ABM network. In 1984, the inception of INTERAC took place, the largest of the shared ABM networks. It became operational in June, 1986 and is now very influential in and on the leading edge of the development of technical aspects of EFTS and EFTPOS.

During 1985, the CPA held their first independent conference on EFTS. Both the consumer and retailer were represented at this conference as well as financial institutions and government. This is an indication of the developing links between the stakeholders of this issue. A matter contributing to the tense debate between retailers and the CPA occurred in 1985 - INTERAC came

into existence. The existence of INTERAC portended the introduction of debit cards and a new role for retailers in the payment system. INTERAC links 95% of the payment cards of financial institutions in Canada and will also serve as the link between the cash registers of retailers and the financial institutions when debit cards are introduced. Its membership is restricted to members of the CPA (financial institutions). Retailers, even though they are the interface between consumers and financial institutions (via their cash registers), cannot be members of INTERAC. There is a conspicuous overlap in membership between the CPA and INTERAC, and the RCC is excluded from both of these organizations.

PACE established a proactive research program in 1985 comprised of three project teams with members from each of financial institutions, retailers and consumers. This format was to ensure cross fertilization of ideas regarding EFTS. Nothing more was available about this initiative.

In 1985, the credit union debit card pilot progressed from a paper based system to a fully automated system. The CCCS began organizing the next PACE conference and announced that the registrants of the conference would receive a copy of a recent survey of consumer attitudes towards EFTPOS conducted by PACE. The CCAC became involved at the international level by engaging in the work of an OECD Working Group on EFTS. CAC announced in its magazine that it was continuing to monitor the EFTS situation, at the same time they were expressing the views that CAC held on the issue to the other stakeholders and the media. The CAC was fulfilling the role of consumer advocate.

PACE held its second conference in 1986. Many members of PACE are also members of INTERAC with retailers acting as key members of PACE. So there is an indirect link between INTERAC and PACE as regards the RCC. In keeping with the central tenet of the debate between the RCC and financial institutions, a strong message at this conference was the inherent role that the RCC played between the consumer and the financial institutions. Both the RCC and the CAC complained that they were being left out of the decision process as regards EFTS policy. The CAC also claimed that consumer concerns surrounding EFTS were not adequately being addressed by government or the financial institutions. There was now a call being put out by stakeholders to work together. This idea had not been frequently expressed to this point in time. Another idea expressed at this PACE conference was the fact that trust and credibility were beginning to be developed between members of PACE. One must remember that these stakeholders are each others competitors in the

marketplace and trust is an uncommon emotion to share between adversaries. In 1986, INTERAC announced that it may introduce a debit card pilot to compliment that already on line by the credit unions (MASTERCARD II). It was also studying the technicalities entailed in sharing cash registers as well as sharing banking machines.

A key initiative in 1986 which shaped policy activities was the introduction, by the CPA, of the statement of principles regarding the evolution of the payments system. A real bone of contention with the RCC was revealed when they complained bitterly that they were not consulted by the CPA when these principles were developed. This resulted in the RCC not being able to introduce their own debit cards. Instead they had to provide the machines but accept debit cards issued by financial institutions. They were not at all happy with this state of affairs because they were not allowed access to consumer information passing through their cash registers (for marketing purposes). Consequently, they submitted a document to the CPA outlining what retailers wanted respecting retailer debit cards. The CPA relied extensively on this document during its subsequent deliberations on the topic of proprietary (retailer issued) debit cards.

At the same time that the RCC was calling for a mechanism which would allow all parties to participate in developing rules for the EFT system and for involvement and consultation, the CPA had come to appreciate the same thing. In 1986, the CPA began to address the issue of formalizing the process of liaison and agreed to develop a process for a more systematic means of disseminating information to relevant parties. This effort resulted in the release of a discussion draft process in 1988. This clarified the process considerably for all stakeholders. Now, each time new rules pertaining to the EFT system are developed, this process of vetting drafts of the rules is used by the CPA.

In 1986, the CCAC began examining the EFTS situation in Australia and New Zealand. Working Groups in these countries were developing voluntary codes for EFTS. The CCAC was also analyzing the US situation. The States implemented an EFTS Act in the early 80s and CCAC was interested to know how effective this policy instrument was relative to a voluntary code approach. This activity reflects a shift in the approach of the government. Whereas the CCAC concentrated its early efforts on monitoring the domestic market dynamics, it was now turning to the international scene for appropriate policy directions in the area of EFTS. In 1986, the DOJ was becoming even more involved with the UN Working Group on International Payments, notably the preparation of model

rules for EFT.

An important initiative in 1987 entailed the establishment of an EFT/POS Committee as a sub-committee of the SPC of the CPA. This committee was charged with dealing specifically with debit cards (electronic fund transfer at the point of sale as opposed to transference of funds between accounts via a banking machine). First, the committee established the fundamental elements of EFT/POS to be used in the consultation process. It then set up three operational teams (OPTs) including representation from consumers and retailers (with the addition of the CFIB as well as the RCC). These OPTs were used as vehicles of consultation and resulted in the publishing of Standard 021 (Standards and guidelines applicable to electronic fund transfer at point of sale) in 1990, three years later. This standard guided the technical work of INTERAC as they prepared for the debit card pilot in 1990.

During 1987, the CCAC continued to conduct an extensive and wide ranging internal analysis of specific consumer aspects of EFTS issues. The CAC also concentrated on internal analysis of EFTS issues at their annual plenary sessions. Representative from both the CPA and the RCC presented workshops at the CAC annual meeting in 1987. This is indicative of the gradual development of a working relationship between government, business and consumer as regards this issue. While at this 1987 CAC workshop, the RCC called for a stakeholder task force to plan the evolution of the payment system and the implementation of EFT/POS. The CAC were so annoyed at their lack of access to the policy process that they resolved to issue a press release stating that the CAC had not been allowed to play a meaningful role in the development and introduction of debit cards and therefore lacked information to enable them to evaluate the impact of this technological innovation on the consumer.

At the 1987 CAC workshops, both the RCC and the CPA called for consensus building but each had different perceptions of what constitutes a consensus process and which issues needed to be resolved. Still they said they were maintaining a dialogue and planned to continue this exchange. Yet concurrently, in other venues, the RCC continued to critique the CPA for not allowing retailers a voice in the process and for not recognizing the role that retailers play in the payment system. This, despite the consultations via the OPTs and the pending invitation to two of the annual Plenary sessions of the SPC. It is important to realize that with the introduction of debit cards, the retailer entered the payments system for the first time in the history of the Canadian scene. Prior to this issue, a working relationship between retailers and

the financial institutions was not a governing factor. And the CPA did not even exist as an institution until 1980. It is to be expected that it would take time to develop a working relationship between these two associations.

The CPA held its second independent EFTS conference in 1987. The CPA proclaimed that the planning process for the EFT system was open, accessible and public, due in part to the efforts of the CPA to facilitate free exchange and dialogue. The third PACE conference also took place during 1987 (as did the CAC annual meeting and the CPA conference). Credit unions were concentrating on meeting technical deadlines to join the INTERAC shared ABM network (they were currently linked via the Royal Bank) and of participating in the pending INTERAC debit card pilot. It completed these requirements in 1988. The CCCS is also fully active in PACE, and the CPA. During 1987, INTERAC completed 15 working papers in preparation for the debit card pilot targeted for 1991.

The PIAC (largely funded by CCAC) released a study on EFTS and low income consumers in 1987. The association claimed that unless proactive changes were made in the payment system, these consumers would be excluded from the inherent benefits simply because of their station in life. The DOJ continued to be active in the international arena via aforementioned links with the UN.

Endeavours by stakeholders to advance their interest in this issue did not slack off in 1988. If any thing, they gained momentum. The CBA published a draft Model Privacy Code in 1988. This was done to (a) comply with the OECD guidelines concerning the transfer of personal financial data across international borders and (b) to assure the federal Canadian government that the banks were exercising the principles of confidentiality and privacy. In fact, they vetted the code with CCAC, the DOF and the DOJ, incorporated their feedback and released the final, revised code in 1990.

It was noted earlier that the CPA opened up two Plenary Sessions per year to non-member stakeholders (RCC, CAC, and CFIB) in 1988. It was felt that this forum would provide an institutional framework which would facilitate a free exchange of information and ideas. The CPA recognized that some participants were not all together pleased with the pace of policy development and the access to the process but reiterated that patience and cooperation would win out in the end. This was a consistent message from the CPA over the years.

During 1988, the CCAC changed position again. They now claimed that the present statutory framework was

inadequate to deal with consumer protection issues stemming from EFTS technology. The CCAC noted that neither market forces nor the good will of the market players had afforded the expected balance of interests and it was now time for a federal presence in the Canadian market place as regards this consumer issue. During 1988, the CCAC delivered its second speech to the public concerning its stand on this consumer issue. The speech reiterated the above theme, introduced the notion of a voluntary solution to the issue and suggested the option of a voluntary code, following the New Zealand example. The department was still sending the consistent message - legislation as a last resort.

Continuing the chronicle on the tense situation between the CPA, the financial institutions and retailers concerning proprietary retailers debit cards, these parties reached a compromise in 1988. At the Harbour Castle Accord, these stakeholders were able to accommodate each others concerns and came up with a model which appeased everyone. Both retailers and financial institutions could issue debit cards and at the same time accommodate the marketing needs of retailers (use the data crossing through the cash registers) and the security requirements of the financial institutions.

Fast on the heels of this breakthrough, at the initiative of the CPA, was the establishment early in 1989, of two Inter-industry Groups (comprising CPA and RCC) to work out the implementation details of security and retailer proprietary debit cards. This is indicative of a marked change in the nature of the relationship between the RCC and the CPA. The Groups were to provide a forum for discussion, understanding and documentation of the concerns of all participants. These reports were signed off in November, 1989. The RCC acknowledged, in a speech to an international audience, that, finally, a positive dialogue was developing between the CPA and the RCC. It felt that finally, the CPA was engaging in more outreach to non-financial institutions which have a key role to play in the payment system. Also of interest in 1988, the RCC began to ask for full rather than semi-official status in the CPA and called for an amendment to the CPA act to facilitate this request.

Interestingly, in a 1988 executive summary report by the CPA of matters to date regarding EFTS and EFT/POS, the CPA focused on their interaction with the RCC almost to the exclusion of CAC and the CFIB. However, in their annual report the CPA praised the invaluable participation of all stakeholders for the issue. In fact, the CFIB submitted a brief to the CPA spelling out the position of small and medium retailers relative to that of large retailers as regards EFTS issues. The concern of



the CFIB was more for business to business relations than consumer to business relations.

The CAC was functioning on some of the CAP OPTs in 1988. The CAC openly commented on the acrimonious status between the RCC and CPA and noted that it would be interesting to monitor this relationship in the future. The CAC continued to express distress at the lack of government initiatives on the legislative front. Apparently it was not present when the CCAC delivered its speech noting that it intended to assume a voluntary approach. In the internal newsletter generated by the CCCS, it is obvious that they are also aware of the discontent with the policy and decision process at the CPA being experienced by the CAC and the RCC. Also noteworthy in 1988 is the mention of the CCCS ATM-EFTPOS Committee. Once the CCCS members had settled technical issues, they became active members of INTERAC and their EFTPOS Committee moved on to other pressing matters, in 1989.

In 1988, the CBA successfully argued against being subjected to Quebec legislation concerning privacy and confidentiality of consumer financial information, contending that they had voluntarily developed a Model Privacy Code to address this consumer issue. When approached in 1988, the Canadian Deposit Insurance Corporation (CDIC) confirmed that, even though they insured consumer deposits in some financial institutions, they were not involved at all with EFTS. They felt that it was a contractual issue between the consumer and the financial institution.

Things came to a head in 1989 when the CCAC announced its intention to proceed with a voluntary code approach for EFTS and EFT/POS in its February Workplan. The CPA held their third independent conference on EFTPOS in May and the attendees of the convention supported, in a roundtable discussion, the notion of a voluntary code for EFTS. Most of the stakeholders to the issue were at this conference (consumers, retailers, financial institutions and government) and became members of the policy community for EFTS. In fact, CCAC officially announced its intent to develop a code at a First Ministers conference in September, 1989. The Ministers of Consumer Affairs for all provinces and for the federal government mandated the formation of (a) a Joint Working Group and (b) the development of a voluntary code for EFT/POS by this Group.

The Joint Industry/Consumer/Government Working Group for EFT/POS met for the first time in November 1989 and was comprised of financial institutions, retailers, consumers and government. This was done at the initiative of the

CCAC. The Department of Finance was a member of the group because they said they were too busy to develop legislation, were reluctant to get involved in legislative initiatives, and besides, a code was more flexible and easier to change as the technology evolved. Further, the DOF felt that the responsibility for EFT should fall on the financial community itself.

During the same month that the Joint Industry/Consumer/Government Working Group for EFT/POS met for the first time, the CAC released a paper calling for a voluntary code as an alternative to a legislative approach. The CAC was still criticizing the government for failing to take the legislative route and had been saying so since 1975. They felt that a code was better than nothing. Although all financial stakeholders accepted the invitation to join the Working Group, the CAC reported that these institutions were lukewarm about the idea, sceptical of a code and many wondered why one was even necessary. Nonetheless they all eventually signed the code.

Subsequent to becoming a member of the Joint Industry/Consumer/Government Working Group for EFT/POS, the TCAC set up an EFTPOS Task Force to liaison with the Group. The TCAC also recognized a trend towards corporate self-regulation and supported the voluntary code approach. The recently established OSFI also became a member of the Working Group. The OSFI is responsible for administering legislation governing banks, trust companies and co-operative credit societies. It reports to the Minister of Finance. There was no documentation what so ever by the CCCS or the RCC of the existence of the Working Group even though they were members. The CCCS did mention in 1989, as did the CFIB in 1988, the different nature of the concerns of big and small business concerning EFTPOS. Although the CPA announced that INTERAC would be a part of the Joint Working Group for EFTPOS, the organization did not become a member. Incongruously, INTERAC announced in a 1991 speech at the CPA conference that it was participating fully on the Working Group.

To reiterate, during 1989 the CPA released a discussion draft of Standard 021 (noted previously) and asked for comments from the participants (CAC, RCC, CFIB and other CPA members). All stakeholders signed off the Draft. This standard guided the technical work of INTERAC as they prepared for the debit card pilot in 1990.

### **1990s**

During 1990, 1991 and 1992 the Joint Industry/Consumer/Government Working Group for EFT/POS

was chaired by the CCAC and met on numerous occasions to develop the code. The investigator was denied access to any documentation of these meetings and exchanges. In June 1990, the CBA held its first annual conference ever and called for continued and better communication between customers, governments and the public. Another exciting development during 1990 was the implementation of the INTERAC debit card pilot in Ottawa-Hull (in the provinces of Ontario and Quebec). It was heavily marketed and advertised and much attention was directed to consumer acceptance and technical problems with implementation. A national roll out of debit cards is hinged on the success of this pilot. The CPA was still holding semi-annual Plenary meetings with non-members (CAC, RCC and the CFIB). As a point of clarification, a representative from the CPA noted that, in their opinion, the Treasury Management Association of Canada was also a stakeholder in the payments system. They are part of the Plenary sessions held by the SPC, but they are not actors in the policy community for consumer aspects of EFTS.

Another point of clarification concerns the role of the provinces in the evolution of the payments system. When the ten provinces were approached by the investigator as regards their function in the development of consumer policy, they unanimously concurred that (1) they had no involvement with policy development relevant to EFTS previous to their involvement with the Industry/Consumer/Government Working Group under the auspices of CCAC, of which they are all members (except Manitoba and British Columbia). (2) They all shared the knowledge that this working group is charged with the development of a Voluntary Code of Practice for EFTPOS and that (3) it is chaired by Helen Carson from CCAC. (4) Every province which replied (all, except Manitoba and British Columbia) qualified their response with the caveat that any documents generated for discussion with the Working Group were confidential and not for public consumption.

The exception to lack of provincial involvement with policy development with EFTS is Ontario, which released the McLaren Report in 1978. This report included a summary report and eight working papers and was compiled for the Ontario Government in order to identify policy implications and legislative response for EFT.

The technology for electronic funds transfer has progressed to the point that the CPA joined a newly formed Canadian Smart Card Standards Committee in 1990. This is occurring at the same time that ABMs are in wide use and the debit card is moving towards national implementation.

In 1991, while the EFTS Code Working group was developing the code, the CCAC and Price Waterhouse jointly sponsored a symposium on voluntary codes. CCAC, along with the CBA and other stakeholders, attended a CAC sponsored pre annual meeting "Cards, cards, cards" conference. The message of the CAC had changed tone somewhat. Whereas they historically called for more voice, they were saying in 1991 that consultation required give and take but that the end result was what counted. This suggests that the interaction between the stakeholders in the Joint Working Group may be having a positive effect on the interaction dynamics. The CAC took an active part in the CPA conference during 1991 (delivered a speech reporting a consumer survey of the debit card pilot and took part in a debate) as did the CCAC and the CBA. This type of networking was becoming quite prevalent during the last five years of the policy community.

At the fourth independent CPA conference in 1991, a representative outlined six ways that the Association had facilitated interaction, a forum for dialogue and access to the policy process. These included invitations to regular meetings, permanent Plenary Sessions, conferences, the consultative process, the discussion draft process and the Forum (the CPA newsletter). These venues would continue into the next decade. INTERAC also presented an optimistic overview of the debit card pilot at the CPA conference. It specifically used the term stakeholder to refer to the members of the CCAC EFTS Code Working Group.

The CBA held its second conference in 1991. Just as a representative of the CBA spoke at the 1991 CAC "Cards, Cards, Cards" conference, the president of the CAC delivered a speech at the CBA conference. She acknowledged the amicable, good working relationship CAC had with the CBA, mentioned for the first time the CBA Model Privacy Code and noted that some concerns for its shortcomings had been communicated to the CBA. The DOJ, as well as the CPA now, are still dominate participants at the International level with the UN EFTS initiatives. A representative from the LRC said that the LRC may have to consider becoming involved again with the issue if the debit card and smart card technologies proved to provide a threat to the legislative framework as did ABMs. This will not be possible now, since the LRC was disbanded in February, 1992.

As a matter of interest, the **Canadian Voluntary Code of Practice for Consumer Debit Card Services** was finally released in May, 1992, over two and a half years after the policy community evolved into a triadic network. All stakeholders were signatories to the code (except for a Quebec consumer group). The code will be reviewed not

later than a year after it is published and regularly thereafter. This implies continued interaction between the stakeholders of this policy community, well into the future. It will be interesting to track the continual evolution of this policy community as they live with this policy decision to deal with the challenges to their respective interests in the financial marketplace.